

Report subject	Poole Bridge to Hunger Hill Flood Defence Scheme – CIL Funding Proposal
Meeting date	2 April 2025
Status	Public Report
Executive summary	<p>Poole town centre is at considerable flood risk which will increase over time with the effects of climate change. This Scheme is the preferred option from the approved Poole Bay, Poole Harbour and Wareham, Flood and Coastal Erosion Risk Management Strategy (2014). The strategy identified that within Central Poole Cell there were 573 properties at flood risk in the present day 1% AEP event, rising to over 2,000 properties at flood risk by 2110.</p> <p>Flood defence schemes have been completed from Baiter to Poole Bridge, delivered by the Environment Agency (EA) and Poole Harbour Commissioners (PHC). However, the area remains at risk due to the ageing infrastructure between Poole Bridge and Hunger Hill. BCP Council is responsible for and leading on a proposal for tidal flood defences on the remaining frontage.</p> <p>The current policy of flood defence delivery through regeneration and private development has not provided the required level of investment and protection. Our proposal is to deliver via a single BCP Council led scheme, working in liaison with the various landowners.</p> <p>The costs to build the defences are estimated at circa £29m for delivery of all primary works in a single phase. The scheme has secured £15.95m of Flood defence Grant in Aid and has submitted a bid for a further £6.5m to the Environment Agency. Cabinet has considered the Strategic Prioritisation of CIL on 05 March 2025, of which this scheme is a principal project and £7.3m is being proposed from Community Infrastructure Levy (CIL).</p>
Recommendations	<p>It is RECOMMENDED that Cabinet recommend to Council:</p> <p>a) Approval of the allocation of £7.3m to the Poole Bridge to Hunger Hill Flood Defence Scheme from Community Infrastructure Levy (CIL) for the Financial Year 2025/26.</p>
Reason for recommendations	<ol style="list-style-type: none"> 1. Delivers on our commitment through the approved business case to meet Defra targets to protect households from flooding. 2. Reduces the flood risk for West Quay Road, Old Town and parts of the Town Centre in Poole

	<ol style="list-style-type: none"> 3. Essential for progressing future development in the Twin Sails Regeneration Area, contributing to delivery of the Local Plan. 4. Positive public realm, sustainable transport, and place shaping consistency across the central area of the Poole. 5. Ease viability issues, unlocking land for much needed housing, contributing to council targets. 6. Present day value of damages in a 'do-nothing' scenario is £161m and with a proposed scheme cost of around £29m, the cost-benefit ratio is over 5.5 to 1.
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Portfolio Holder(s):	Councillor Andy Hadley
Corporate Director	Glynn Barton – Chief Operations Officer
Report Authors	Peter Christie – Capital Projects Manager, FCERM Rob Thomas – Senior Engineer, FCERM
Wards	Poole Town
Classification	For Decision

Background

1. In 2014, the former authorities implemented the Poole Bay, Poole Harbour and Wareham, Flood and Coastal Erosion Risk Management Strategy ('the Strategy'). The Poole Bridge to Hunger Hill Flood Defence Scheme ('the Scheme') implements the preferred option from the Strategy.
2. The Scheme will protect 573 properties at flood risk in the present day 1% AEP event, rising to over 2,000 properties at flood risk by 2110.
3. In 2020, BCP Council's Cabinet approved the submission of the business case to the Environment Agency's Large Projects Review Group to seek £12.397m Flood & Coastal Erosion Risk Management Grant in Aid (grant funding) to construct tidal flood defences (Appendix 1).
4. The business case was subsequently assured and the funding approved in writing to Graham Farrant on 11 February 2021 (Appendix 1).
5. The approved business case has three key objectives:
6. **Flood risk mitigation:** Implement the preferred option of the Strategy, thereby mitigating the increasing risk of flooding to people and property in light of the impacts of climate change.
 - a. **Regeneration.** To help unlock land for future development, provide the potential for public realm improvement and contribute positively to BCP Council's sustainability agenda.
 - b. **Environment.** Have full regard for the special environmental sensitivities of the location, seeking to maintain and enhance where possible the condition or integrity of the designated sites.

Description of the issue

7. The Scheme's business case was written in 2019-20 prior to significant change and inflation. Rising costs of construction and complexity in delivering a unified scheme adjacent to existing businesses and landowners has increased the costs above the forecasted contingency allocated.
8. The cost of the scheme has increased from an outline business case estimate of £12.397m in 2019 to a full business case cost of £29.405m in 2025.
9. The project team has submitted the Planning Application (following extensive pre-application advice), a Marine Licence application, completed detailed design and has a contractor on-board with pricing and programme agreed in principle. The stakeholder engagement has been extensive, including public consultation and BCP Council are discussing Heads of Terms and construction planning with directly impacted stakeholders. In effect, the Scheme is almost ready to commence construction and the funding issue has become critical path for the delivery to programme.
10. The Scheme is critical to the Local Plan to enable planned regeneration in Poole Town Centre. Allocations within the new Local Plan rely on this flood defence being built within the next one to two years. There are 868 more planned homes within the Poole Town area between 2024 – 2029. Without the Scheme, these homes (and the subsequent regeneration) will be subject to various flood risk mitigation issues and an incoherent quay frontage, making connected places, sustainable travel and the Local Plan aspirations harder to obtain.

Options and Analysis

Do Nothing:

11. Do nothing means that we rely on developments to come on board and our planning policy to enforce consistent development and flood protection. We hand back grant funding and do not deliver on the assured business case.
12. The CIL level for this frontage currently stands at 0% which has only incentivised one development in 15 – 20 years. We keep properties and infrastructure at risk of flooding for the foreseeable future, undermine the BCP Local Plan and potentially realise the forecast economic damages of £161 million over 100 years.

Do Less:

13. Deliver part of the flood defence or reduce the height. The business case provides a 1 in 200 year flood defence for 100 years' time. Any reduction or removal of defence levels could be met with a reduction in homes protected, which directly impacts the economics and would highly likely mean a reduction in grant funding available.
14. The Scheme is part of a series of interventions governed by the Strategy. For Poole Town Centre to be successfully defended over a 100 year period, other interventions will be needed, and planning requires that new developments are safe for their lifetime up to the 1 in 200 year flood event. Hence doing less now may make gaining planning approval for further homes more difficult and / or mean that further work (to bring the defence up to the currently planned standard) will be needed in the future.

Do Something:

15. Secure the funding for the unified scheme through additional grant in aid and CIL spend and implement the expected standard of protection as per the business case.

Summary of financial implications

16. In response to the funding issue, BCP Council bid for additional £3.5m in grant in aid and was successful. This was [announced in February 2025](#) and picked up by national and local media. This totals £15.75m secured in funding from the Environment Agency (EA) and Local Levy.
17. Since approval in 2020, capital fund has been expensed to carry out pre-construction activities. This is forecast to be £4m. There will be financial implications if we are unable to fully deliver this scheme.

18. BCP Council reviewed the Environment Agency's inflation guidance and have assessed our capacity to seek further grant in aid due to inflation, of approximately £6.531m. This brings the potential total Grant in Aid from the EA to £22.105m for this project – significant investment for Poole Town.
19. The additional inflation grant bid has been submitted to the Environment Agency for review in February 2025 and should be eligible for the 2026-27 financial year, subject to assurance by the EA's Large Projects Review Group. The Environment Agency regional team have advised that they support our additional bid of £6,351m, however, those funds may not be available in financial year 2025-26 and could be profiled for financial year 2026-27, meaning that the CIL bid is imperative to securing the funds to commence works in financial year 2025-26.
20. No further funding from the Environment Agency will be available as we have reached 100% on our partnership funding score for the scheme. If we were to drop below 100% then we would not be eligible for any of the funding.
21. It is proposed that this CIL be provided to the project in the second 2 quarters of financial year 2025-26. Obtaining this £7.3m from CIL, gives much greater chance of securing the full £22.1m of grant funding from the Environment Agency for Poole Town and meeting the construction programme. The economics of the scheme are only viable under the Environment Agency partnership funding with this CIL bid.

22. CIL Forecast

Quarter	Amount
Q3 25-26	£3.3m
Q4 25-26	£4m

23. Costs to deliver the scheme have increased from £12.397m to £29.405m, an increase of £17.008m. As noted in the table below, this has been for many reasons, most notably the rise in construction costs and materials. There are also other factors that were not accounted for at the Outline Business Case (OBC) stage, including potential compensation claims for business loss, the time it would take to deliver the scheme therefore increasing our lead-in costs, and an increase in the amount of site investigation and survey the design would require.

	Task	Current Forecast	OBC	Difference
	BCP Council, Consultant Staff and Site Supervision	£3,473,987.00	£753,000.00	£2,720,987.00
	Site investigation and survey	£450,000.00	£50,000.00	£400,000.00
	Construction	£23,969,001.00	£7,827,000.00	£16,142,001.00
	Land matters & potential compensation	£1,440,000.00	£0.00	£1,440,000.00
	Other (Contract Manager, Consultation)	£143,000.00	£143,000.00	£0.00

Optimism Bias (@40%)	£0	£3,542,000.00	-£3,542,000.00
Total	£29,405,997.00	£12,397,000.00	£17,008,997.00

24. Budget Financial Table

Budget Figure	Budget Secured	Comments
£12,397,000	Yes	Secured via Environment Agency Large Project Review Group
£3,557,043	Yes	Secured via Environment Agency (additional GiA)
£6,151,000	No (planned spring 25)	Submitted as a variation to the EA Large Projects Review Group (with support of local EA team). We cannot secure anymore grant following this.
£7,300,000	This paper	Proposed CIL contribution
Total: £29.405m		

Summary of legal implications

25. Community Infrastructure Levy can be used to fund a wide range of infrastructure, including transport, flood defences, schools, hospitals, and other health and social care facilities (for further details, see section 216(2) of the Planning Act 2008, and regulation 59, as amended by the 2012 and 2013 Regulations).
26. This flexibility gives local areas the opportunity to choose what infrastructure they need to deliver their relevant plan (the Development Plan and the London Plan in London). Local authorities must spend the levy on infrastructure needed to support the development of their area.

Summary of human resources implications

27. No implications identified.

Summary of sustainability impact

28. The proposed flood defences provide a long-term, sustainable, adaptive approach to implementing coastal flood risk management that is technically, environmentally and economically viable, considering future projections of climate change and sea level rise.
29. The scheme has full regard for the special environmental sensitivities of the location (SSSI, SPA, Ramsar) and requires licence and consents as required for defence works of this nature through the Crown Estate, Marine Management Organisation (MMO), Natural England and BCP Council as the Planning Authority.
30. Construction delivery will be strictly administered to minimise carbon footprint. This is embedded in all Flood Defence Grant in Aid schemes and the EA's carbon calculator will be utilised throughout the detailed design stage.
31. Flood and erosion risk is a key factor when considering sustainability of any proposals within BCP Council and forms part of the new Decision Impact Assessment. The fact this

project will mitigate such risk over the whole Poole Town Centre area will ensure an extremely positive 'sustainability impact' is delivered

Summary of public health implications

32. The delivery of the flood defences from Poole Bridge to Hunger Hill will provide significant reduction to the risk of flooding to people and property, which emerging research demonstrates will give considerable public health and well-being benefits. The business case benefits realisation had a large proportion of its value derived from people related benefits (47%), thus demonstrating that the project will deliver a significant positive impact.
33. To put this in another context, if BCP Council does not deliver the required flood defences, there will be considerable negative health implications in future years, both from the mental/emotional impact of flooding as well as a risk to life.
34. The work also involves extensive stakeholder engagement, providing an opportunity to share information and educate local communities about the future risks of flooding and the benefits that flood protection schemes can bring.
35. Additional benefits to communities can be considered to improve public realm as well as provide flood and erosion risk management. The proposed scheme will help deliver the regeneration aims of a continuous seafront access route from the Town Quay to Holes Bay, significantly improving the ability for public leisure / exercise and reducing the volume of traffic in the town centre.

Summary of equality implications

36. An Equality Impact Assessment (EqIA) Screening has been completed. The EqIA Panel assessed the EqIA screening report on 15 December 2022 and outlined a positive impact on the community.

Summary of risk assessment

37. The key risks are outlined in this report.
38. If the required funding contributions are not secured, as the climate changes and sea levels rise, an ever-growing number of properties, roads, footpaths and areas of public realm will be at increasing risk of flooding and erosion over the next 100 years.

Background papers

Not applicable.

Appendices

Appendix 1 - Poole Bridge to Hunger Hill - FCERM2 Approval Letter LDW42886