

Denbighshire Coastal Defences: Project Factsheet

Deal information

Deal announced	November 2024
Sector	Water
Location	Rhyl and Prestatyn, Denbighshire
Counterparty	Denbighshire County Council
NWF Finance	£92mn
Product	Local Authority Lending

Location Of Project



Summary

The £97m project will support the renewal and enhancement of flood defences in Rhyl and Prestatyn, Denbighshire, and are areas which suffers from significant levels of deprivation. NWF has committed £92 million to finance the project, with Denbighshire County Council providing the remainder.ⁱ This is NWF's second investment in UK flooding infrastructureⁱⁱ and our 7th deal through our local authority lending arm.

Sector context

Climate change presents acute threats to Wales over the coming decades. The recent average land temperature is 0.9°C warmer than the mid-1970s -2010s periodⁱⁱⁱ. Annual damages from flooding of residential properties in Wales, c.£95 million, are expected to increase by between 17- 49% by 2080 under a 2°C warming scenario, with current levels of adaptation^{iv}. As such, directing capital investment into flood defences is essential to protect areas from damages incurred by more frequent and severe flooding events and the resultant disruption to the visitor economy. This step-change requirement for capital investment is confronted by headwinds in the sector in part due to the recent material cost price inflation^v, which speaks to the need for alternate financing arrangements.

Impact and additionality

The project will improve the resilience of Rhyl and Prestatyn against flooding events, supporting our climate change and local economic growth objectives. Existing defences are now between 70 years old and 100-120 years old for Prestatyn and Rhyl respectively. As a result of deterioration, rising sea levels, and more frequent and intense storms caused by climate change, these defences are liable to be breached. The proposed set of works will protect c.3000 properties and a further c.1500 static caravans, as well as maintaining the tourism appeal of Rhyl and Prestatyn. These towns are integral to county's tourism and economic strategy: 4.7m visitors in Denbighshire (2023, +8% y-o-y) with total associated economic impact at £736 million (+17%)^{vi}. The scheme has a design life of 100 years and is being built to cover a 1 in 200-year flooding event.

An additionality assessment is not required for our local authority lending.

ESRG considerations

Notwithstanding our proportionate approach taken to ESRG within LA deals, our assessment to date has identified no material ESRG risks.

Impact metrics

Impact	Metric
3	# Deals in the Water sector
£167m	Total Investment in Sector
80 FTE Construction	Jobs created (direct and indirect) ^{vii}
Up to 2,300 FTE Safeguarded	Jobs safeguarded (indirect)
11,900 tCO2e	Estimated Emissions (additional) ^{viii}
2,975	Properties Benefitting

ⁱ Repayment of the loan will be supported by long-term grant funding provided to Ceredigion County Council via the Welsh Government's Coastal Risk Management Programme.

ⁱⁱ NWF has also recently committed £25 million to Ceredigion County Council to help protect the coastal community of Aberaeron against flooding.

ⁱⁱⁱ [CCC \(2023\) Adapting to climate change: Progress in Wales](#)

^{iv} Third UK Climate Change Risk Assessment (CCRA3): Future flood risk. Research undertaken by Sayers and Partners for the CCC.

^v For example, the Environment Agency, which operates solely in England has cut its forecast for the number of additional properties it will be able to protect from flooding between 2021-2027 by 40% (336k to 200k).

<https://www.nao.org.uk/wp-content/uploads/2023/11/Resilience-to-flooding-.pdf>

^{vi} [Denbighshire sees uplift in Tourism Figures for 2023](#)

^{vii} Up to 2,257 jobs attributed to NWF's share of the finance.

^{viii} We have received the construction emissions for the Rhyl scheme. By comparing the Capex difference, we were able to proxy the estimated emissions for the Prestatyn scheme.