

**COUNCIL 15 NOVEMBER 2016 FOR INFORMATION**

**BOROUGH OF POOLE**

**CABINET**

**1 NOVEMBER 2016**

**PROVISION OF NEW BEACH HUTS AND SEAFRONT FACILITIES: REPORT OF THE HEAD OF CULTURE AND COMMUNITY LEARNING**

**1 PURPOSE**

- 1.1 To update Members on the ongoing investment to improve Poole's seafront assets through provision of refurbished and additional new beach huts and facilities. To seek support to extend the project, carry out essential infrastructure works and maximise the financial benefits.

**2 DECISIONS REQUIRED**

That Cabinet recommends to Council:

- 2.1 The investment of a further £1.79m to improve seafront infrastructure.
- 2.2 Note that this investment is in addition to the £3.62m Council committed to in July 2015 to develop new beach huts.
- 2.3 Note that this investment will support complementary work to the original beach hut proposal such as those associated with seafront infrastructure; the mitigation of future maintenance liabilities; improve public catering and toilet facilities as well as extending the scope of the original project.
- 2.4 Delegate to the Chief Financial Officer the ability decide on the final funding mix of the scheme between the use of the Council's Capital Contingency or prudential borrowing.
- 2.5 Delegates to the Head of Culture & Community Learning the final progression of individual schemes within the programme.

**3 BACKGROUND**

- 3.1 In July 2015, the Council decided to spend £3.620m to develop new beach huts & seafront facilities. The project aims to meet some of the demand for huts and enhance localised sites in line with the objectives of the 'Sustaining Poole's Seafront' Supplementary Planning Document.
- 3.2 High level capital and revenue forecasts showed the project could make a significant contribution to the Council's MTFP however, the final project scale, construction and budget were subject to ground & building surveys, planning and procurement.

- 3.3 A key risk (medium-high) was that adding a 1<sup>st</sup> floor to some existing huts may not be possible due to poor building and/or ground conditions. Further analysis has subsequently shown there are fundamental underlying issues with ground conditions along the whole of Canford Cliffs seafront, requiring significant additional work in order to achieve the project objectives.

3.4 The project scope has also increased in scope and been amended in light of: other emerging physical & technical issues; planning advice; operational requirements; and customer market analysis.

## 4 INFORMATION

### 4.1 Revised Project Proposals

4.1.1 The business case for the original project was based on the construction of up to 178 new additional standard size beach huts predominantly on 1<sup>st</sup> floor. This has had to be revised with the following key changes:

1. Rebuilding a significant number of huts rather than refurbishing them
2. Reducing the overall number of new additional huts
3. Incorporating larger huts within the building design to meet planning requirements and emerging market demand

4.1.2 Table 1 below summaries the original and revised proposals, please see Appendix 1 for further details.

Table 1	Original Proposal		Revised Proposal	
	Huts	Details	Huts	Details
Sandbanks	6	Addition of first floor to existing block.	6	Construction completed
Flaghead	12	New huts on vacant land with public realm enhancement.	4	Reduced following further planning advice and feasibility analysis.
Canford Cliffs (West)	107	Addition of 1 <sup>st</sup> floor to existing blocks. New café + toilets in pavilion.	94	Proposed mix: 6 x Delux, 20 x Super 68 x Standard huts + Café & Toilets
Canford Cliffs (East)	45	Addition of first floor to existing blocks.	37	Proposed mix: 4 x Delux, 8 x Super 25 x Standard huts
Branksome	4	Extend current block.	0	Development not feasible following tender returns
Branksome Dene	4	New huts on vacant land + enhanced public realm	4	Expected to be delivered as planned

### Project Outputs

Additional Huts	178	145
Refurbished	131	28
Rebuilt	8	147

4.1.3 The precise details of the works remain subject to planning permission and/or other technical or environmental issues.

### 4.2 Ground Conditions

- 4.2.1 Based on information gathered during the construction of huts in 2014/15, an important principle of the business case for the project was that a 2<sup>nd</sup> floor could be added to existing huts at Canford Cliffs, without the need for large scale work to the existing substructure.
- 4.2.2 More detailed investigation works have however shown there are underlying issues with the quality and depth of the substructure along all of Canford Cliffs and it is not possible to add additional weight to the current foundations.
- 4.2.3 The substructure has suffered serious erosion over the years, creating underground voids which compromise the integrity of the foundations. These voids are likely to need addressing in the medium term to sustain current provision and revenues and/or sufficiently support the construction of two storey buildings.
- 4.2.4 Various options for addressing this issue have been investigated, including the provision of wooden or prefabricated huts. Technical specialists from a range of disciplines have however concluded that to provide a cost effective range of long term high quality assets, the current huts would need to be demolished and replaced with new two storey 'block & brick' buildings on piled foundations.
- 4.2.5 Other options such as the injection of a resin compound to fill the underground voids could potentially be delivered at a similar cost however, it would not provide the same level of financial certainty or the structural stability required to substantiate a long term investment.

#### 4.3 **Improved facilities at Canford Cliffs Beach**

- 4.3.1 An important outcome of the enhanced proposal is to improve catering and toilet facilities for all beach users at Canford Cliffs. This project will provide:
- Refurbished existing toilets
  - A new DDA toilet
  - A new DDA ramp to the toilets and beach huts
  - A new café with decked terrace
  - Public realm improvements
- 4.3.2 The current proposal is that the kiosk would be demolished, additional beach huts constructed on the site and on top of the pavilion and that an enhanced catering service would be provided from the refurbished pavilion. These proposals were positively received at the public engagement events in March.
- 4.3.3 To achieve all these elements requires agreement with the kiosk tenant, the renegotiation of the existing lease & commercial arrangements and therefore may be subject to change. If agreement cannot be reached, the tenant would remain in the kiosk, fewer beach huts would be added and capital & revenue forecasts would need to be adjusted. Every effort will be made to ensure the best use of the assets to support the Council's commercial and strategic objectives.

#### 4.4 **Cliff Management & Environmental Impact**

- 4.4.1 The original project was proposed on the basis that the cliffs were in a stable condition and did not pose a risk to the viability of the project. Following the recent

land slip at Bournemouth's East Cliff, Officers carried out further non-intrusive assessments, supported by an external structural engineer, to assess their condition. Whilst reaffirming the original assumptions, the assessment did identify some areas showing visual signs of weathering or movement which will continue to be monitored.

- 4.4.2 Further investigations have also shown that the retaining wall behind the current beach huts at the base of the cliff (typically 1-1.5m high stone built construction) has bowed and cracked in some areas. Should the current huts be demolished, it would provide the Council with the ideal opportunity to address these issues, which would otherwise be significantly more complicated and expensive to resolve. This has also added pressure to the project budget. The temporary clearance of huts would also enable larger machinery to be used to manage vegetation at the base of the cliff, providing more sustainable habitats which are easier to maintain in the longer term.
- 4.4.3 Work is ongoing with Natural England to ensure that in delivering this project, the Borough upholds its legal responsibilities for protecting and enhancing endangered habitats and species and that appropriate mitigations are in place to manage any impacts. This is considered to be a key strategic project risk (see 9.0) and could affect the precise make up of elements of the scheme.

#### 4.5 **Timeframe**

- 4.5.1 The extent of the substructure issues and resulting design and financial considerations has led to a review of the project timeframe. To ensure that all construction work is completed by the summer months and key project processes can run in the preferred sequence, works would not start at Canford Cliffs until Sept 2017. This has added pressure to the project budget.

### 5 **FINANCIAL IMPLICATIONS**

- 5.1 Additional capital of up to £1.786m is required to deliver the revised full scheme, the main additional pressures being:
- Demolishing existing huts, piling foundations & rebuilding rather than refurbishing
  - Increased capital contingency required for substantial underground works
  - Increased works to 4 blocks (2 rebuilt/extended + 2 refurbished)
  - Costs to stabilise sections of cliff retaining wall
  - Capital to provide the "shell" of the proposed Café
  - Evolving planning and design advice and requirements
- 5.2 Should the increased scale of works and additional funding not be supported, the project could still deliver the forecast £206k annual revenue contribution with a reduced scale of works. This could be achieved by focusing on the elements of the project which provide the highest level of return. However, a reduced scheme would mean a mix of new and old buildings along the seafront and additional pressures with no enhancement of public facilities. The revised full scheme would also deliver 32 more new huts and 50 replacement huts (approx), resolve capital issues and avoid future disruption to Canford Cliffs.

5.3 Table 2 below outlines the proposed capital funding options and outputs:

Proposal	Existing Huts	Added Huts	Revised Capital Cost	Additional Net Income	MTFP Variance	Return on Investment (50 yr life)
Original Proposal	175	178	3.62m	(206k)		
Revised full scheme - Prudential Borrowing	175	145	5.41m	(240k)	(35k)	2.51%
Revised full scheme - Capital Contingency Fund	175	145	5.41m	(294k)	(88k)	2.88%
Reduced scheme	125	113	3.77m	(232k)	(26k)	3.80%

**Table 2** Capital Funding Options & Outputs

- 5.4 It is possible that there may be some additional financial impacts associated with land gains/losses, over sailing easements, licences for working areas, or changes to commercial tenancy arrangements however, it is anticipated that these would be met from within the project budget.
- 5.5 Provision has been made for reductions in current revenue income as a result of the construction of new huts. Future budget setting will also make provision for increased lifecycle maintenance of the new buildings.
- 5.6 The original £3.620m has been funded by the Capital Fund and S106 monies. Permission is sought to delegate to the Chief Financial Officer the ability decide on the final funding mix of the scheme between the use of the Councils Capital Contingency or prudential borrowing. The application of the entire £1.79m from the Councils capital contingency would leave £1.56m available to cover the risks inherent in the Councils capital programme.
- 5.7 In addition to the development of beach huts and seafront facilities, Poole is part of a joint application to the Coastal Communities Fund (CCF) to carry out wider improvements to the seafront public realm and promenade. 17 other projects form part of the joint bid and Poole is bidding for £1m (total bid value is £5m). The Council will find out whether the bid has been successful during 2017.

## 6 PLANNING IMPLICATIONS

- 6.1 There are various schemes within the project, each requiring planning permission. Based on previous approvals, alignment to the vision of 'Sustaining Poole's Seafront' Supplementary Planning Document (SPD) and overwhelmingly positive feedback from public consultation events held in March, initial planning applications were submitted during October.

6.2 Adopted in December 2015, the SPD sets out a 25 year vision for the development of Poole's beaches and aims to:

1. Conserve the beautiful natural environment
2. Improve the range of facilities to encourage visitors all year round
3. Invest in the ageing infrastructure such as drainage and toilets, to ensure the preservation of core services

## 7 LEGAL IMPLICATIONS

7.1 There are no legal covenants restricting the proposed works however, to achieve the proposals for beach huts and catering provision at Canford Cliffs requires a renegotiation of the current lease with the tenant.

7.2 The Council would require the agreement of adjoining landowners for any permanently over sailing of their land and/or licences to use their land as a working area during construction. To use areas of unregistered land adjoining the development site, a court application will be made under the Neighbouring Land Act.

## 8 POLICY IMPLICATIONS

8.1 In line with the Council vision for Poole 2020 to develop a strategic commercialisation programme, the remedial works to the substructure addition of new huts and will generate more income from the seafront and provide long term, high quality and desirable recreational assets.

## 9 RISK MANAGEMENT

Summary of key strategic risks and responses is provided below:

	<b>Strategic Risk Identified</b>	<b>Action Taken/Proposed</b>	<b>Residual Risk</b>
1	Environmental impact assessment requires changes in design.	Proposals adding to existing development however mitigations required for sites adjacent to Canford Cliffs East SSSI.	Med/High
2	Financial impact if significant changes to individual schemes.	Alternative proposals to be developed to balance any negative revenue impact.	Med
3	Unknown outcome of discussions regarding future catering lease.	Negotiations ongoing.	Med
4	Project costs higher than expected.	Cost advice procured from independent experts. Contingency increased to allow for below ground substructure works.	Med
5	Construction delayed or disruption prolonged.	Construction at Canford Cliffs moved to Sept 2017.	Low
6	Fall in customer demand for beach huts.	Waiting list increasing, positive customer feedback, levels of demand & supply carefully monitored and balanced.	Low
7	Planning Permission is	Proposals developed following pre-	Low

	delayed or refused.	application advice and accord with the vision in “Sustaining Poole’s Seafront”.	
8	Delays due to uncertainty over cliff ownership and/or access rights.	Discussions with Land Lords and title searches ongoing.	Low
9	Movement of cliff.	Observations ongoing.	Unknown

## 10 CONCLUSION

Cabinet are asked to support the recommendations in 2.0 for the following reasons:

- **Finance** – the analysis confirms that the proposals will still generate a revenue surplus for the Council and enhance Poole’s asset base with long term, high quality and desirable recreational assets.
- **Risk** – key strategic risks are mitigated by careful research, planning and due process. A review of the timeframe and the postponement of works at Canford Cliffs has reduced the risk of prolonged disruption into the summer months.
- **Commercial viability** – There is still a high demand for Poole’s beach huts with a long waiting list. There is also emerging demand for differing types of huts with many people seeking large or more luxurious huts.
- **Strategic viability** – The provision of huts support the commitments made following the recent Beach Hut Review and proposals within “Sustaining Poole’s Seafront”.
- **Corporate viability** – By making additional beach huts available the Council is widening access and enjoyment of Poole’s seafront.

### HEAD OF CULTURE & COMMUNITY LEARNING SERVICES

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#### Appendices:

Appendix 1 : Phase 2 - original and revised proposal