

	REPORT TO CABINET TO BE HELD ON 15 OCTOBER 2019
	Key Decision YES Forward Plan Ref No
Corporate Aims People/Place/Prosperity/Council	Cabinet Portfolio Holder Cllr Janet Jefferson

REPORT OF: DIRECTOR (NE) – 19/150

AFFECTED: WEAPONNESS & RAMSHILL

SUBJECT: CLOCK CAFÉ RETAINING WALL AND CHALETS

RECOMMENDATION (S):

Cabinet is recommended to approve:

1. the demolition of the chalets in front of the Clock Café and reinstatement of the wall with a new piled wall or soil nailed solution with masonry facing, to create a development platform for the later reinstatement of the chalets;
2. an increase against the current budget of £345k to undertake the works (taking the budget from £128k to £473k); with £345k being funded from the Council's Insurance Reserve;
3. that officers be authorised to explore the options and business case for the future replacement of the chalets.
4. that officers be authorised to appoint the Council's Flood and Coast Defence maintenance Term Contractor to carry out the design and works within the allocated budget.

REASON FOR RECOMMENDATION(S):

- To continue the process to remove the chalets and make the area safe and attractive.
- To protect the Council's business interest in the Clock Café.
- To promote our heritage and tourism offer.

HIGHLIGHTED RISKS:

- Delays result in chalets not being demolished before summer season 2020.
- Ongoing degradation of the retaining wall and slope.
- Adverse impact on the Clock Café, which is a Council owned asset.
- Reputation of the Borough.

1. INTRODUCTION

- 1.1 In March 2018, a retaining wall adjacent to the Clock Café collapsed, which pushed forwards the grade II listed beach chalets in front causing them to deflect.
- 1.2 At an Individual Cabinet Member Meeting on 17 October 2018 the Portfolio Holder for Major Projects approved the establishment of an initial £78k budget to appoint a consultant to design the demolition and making safe works.
- 1.3 Royal Haskoning were appointed as consultant designer and project manager for these works and a basic scheme design which will address health and safety within the area by replacing the wall with a regraded slope to a shallow angle, whilst noting that the chalets would not be replaced.
- 1.4 A key priority for the new administration is heritage and tourism and officers have been requested to consider an alternative option, to determine whether it is possible to reinstate the wall using the insurance reserve and develop a business case for the reinstatement of the chalets.
- 1.5 This report presents the findings for members to consider.

2. CORPORATE AIMS

- 2.1 Removing the dereliction around the Clock Café chalets and retaining wall supports the Corporate Plan key priority of protecting and improving the environment.
- 2.2 It also supports developing a prosperous and innovative Borough by linking to the visitor economy and the masterplan for the south cliff area.

3. BACKGROUND AND ISSUES

- 3.1 Following its collapse, investigations were undertaken into the cause of the failure of the retaining wall. The investigation ascertained that a wetter than average winter had increased water ingress into the ground behind the retaining wall, causing the water pressure to increase. This increased pressure has caused the wall to tip over, and eventually pass the point of equilibrium and fall against the beach chalet structures in front.
- 3.2 The chalets are listed buildings, and whilst intact, would have required listed building consent to be demolished. That permission was not expected to be received until May 2019. However, on 27 November 2018 the chalets collapsed of their own volition due to continued pressure from the retaining wall to their rear.

- 3.3 Subsequently, on 29 November 2018 the Chief Executive signed an Urgent Decision to approve the immediate demolition of the chalets and the establishment of a £50k initial budget for the demolition works. At that point the works to design a scheme to remove the chalets and retaining wall and regrade the slope to a safe angle of repose were accelerated.
- 3.4 Following the Chief Executive's Urgent decision, discussions with contractors identified that the site of the collapsed chalets could be netted off to make the area safe; offering an interim, cost effective solution whilst the designs were being progressed and investigations continued into the slope stability.

4. CONSULTATION

- 4.1 The Director (LD) and Portfolio Holder for Major Projects have had ongoing dialogue with the tenant of the Clock Café since the collapse.
- 4.2 In a meeting in September 2018 the phasing of the works was discussed in detail, with the options of working whilst the café is open to complete the works earlier, or demolishing over winter.
- 4.3 A site meeting took place with the Ward Councillor, officers, and the café tenant again in June 2019 to discuss the works and the tenant stated that some demolition/construction noise may be acceptable, however officers would be concerned with the impact of dust on customers who prefer to dine outside during the summer weather.
- 4.4 Officers recommend that the demolition be undertaken out of season when the café opening hours are reduced. If Cabinet approve the proposals officers would commence the demolition works immediately to remove the dereliction from the area before the summer season 2020.
- 4.5 There will be further consultation with the café tenant, other affected tenants in the vicinity, Ward Councillors and key internal services such as Regeneration and Estates prior to the works commencing and whilst the works are ongoing. Assistance can also be provided to the tenant with manual handling of deliveries whilst the works are ongoing. Further dialogue will be held with the café tenant regarding restricting vehicular access to prevent any further deterioration of the surrounding infrastructure.
- 4.6 Consultation has, and will continue to take place with the previous occupiers of the chalets in relation to the future sale or rental of the new chalets.

5. ASSESSMENT

- 5.1 The option to reconstruct the wall aims to conserve the heritage of the area, whilst allowing for the future reinstatement of the chalets will also encourage tourism in the south bay and south cliff gardens. Members will be aware that the Council also has a concurrent project in progress to deliver a significant refurbishment of the south cliff gardens and this proposes a complimentary design to contribute towards the vision.
- 5.2 Initial engineering appraisals consider that this could be delivered via a

sheet piled solution or a soil nailed solution. The wall would then have to be faced with masonry due to the heritage status of the area.

- 5.3 This solution would create space to allow eleven chalets to be reconstructed on the same footprint as the previous chalets. Given their listed status the reinstatement of the chalets would need to be on a like-for-like basis although internal improvements would be allowed. The Council historically paid for the water and electricity costs for the previous chalets. Any new chalets would be individually metered so that these utility costs can in future be passed on to the chalet owners or occupiers.
- 5.4 The total budget required to deliver the reinstatement of the wall on its own is estimated to be £473k and is recommended to be approved now by Cabinet and Council in this decision.
- 5.5 To later reinstate the chalets will require an estimated additional budget of £243k and it is proposed Cabinet authorise officers to explore a number of different options to deliver this. It would also complement the forthcoming National Heritage Lottery funded south cliff gardens project. The options that will be considered are :
- 5.6 Market research indicates the chalets in the North Bay, which it could be argued are sited in a more prominent location, are currently selling for up to £45k each. If the eleven reinstated chalets could be sold on a long lease, for a prudent valuation of £30k each, a capital receipt of £330k could be achieved. This will be subject to further market testing to determine final valuations and time to sell the units and the potential capital receipt being used to offset the construction cost of the chalets.
- 5.7 Alternatively, the Council could retain the chalets to generate an ongoing revenue stream rather than sell them immediately to generate a capital receipt. This would only be pursued if a detailed risk assessment showed that the retention of the chalets would likely generate a higher rate of return than the one achieved through their immediate sale. This option will be considered under the Council's Commercial Property Investment Strategy and will be subject to further approvals. If the minimum investment criteria and returns are met the £330k foregone from the capital receipt would be funded from the borrowing approved for the Commercial Investment Strategy.
- 5.8 Finally, the Council can explore the viability of a partnership with an external developer who could replace the chalets at their own cost as part of a business case.
- 5.9 It is proposed that demolition works be commenced immediately using the existing approved budget to remove the chalets, with the remaining works following on once Council approval is obtained. As the design for this scheme has not yet commenced there will be a gap between the end of the chalet demolition and the commencement of the reconstruction of the wall. The proposed programme for the works shows that the replacement wall should be completed by July 2020
- 5.10 The replacement of the chalets will follow later after the completion of the options appraisal and business case by officers.

6. IMPLICATIONS

Policy

- 6.1 There are no policy implications arising from this report.

Legal

- 6.2 The procurement of the consultant has been carried out using the open procedure in accordance with the Contract Procedure Rules within Council's Constitution.
- 6.3 This report seeks approval to appoint the Council's Term Maintenance Framework Contractor to carry out these urgent works. The Council's Term Maintenance Framework Contractor has been procured in accordance with the Council's Contract Procedure Rules.

Financial

- 6.4 The financial implications of the proposals are set out within the body of the report and are summarised below.
- 6.5 To date a total budget of £128k has been approved for the design and demolition works associated with this scheme and £55k of this budget has been expended on making the area safe and carrying out the aforementioned investigation and design works.
- 6.6 The cost of reinstating the wall only is estimated at £473k. If only the wall is reconstructed it is proposed that the additional £345k budget required for the works be funded from the Council's Insurance Reserve, monies set-a-side specifically for such uninsured events.
- 6.7 The costs and funding are as follows :

Cost	(£k)
<u>Costs to date</u>	
Making safe and investigations	24
Design	31
Cost to date	55
<u>Future costs</u>	
Design and supervision	63
Demolition and reconstruction works	276
Sub-total	394
Contingency 20%	79
Total Cost	473

Funding	(£k)
Budget approved to date	128
Additional Budget required in this approval	345
Total Funding	473

- 6.8 The Insurance Reserve covers risks, which are by their nature difficult to insure, such as cliff slippage and certain storm damage, and risks which are

generally uneconomic to insure.

- 6.9 The criteria for assessing the adequacy of reserves are set out each year in the Council's Financial Strategy. The minimum balance established for the Insurance Reserve is currently assessed as £1.350m.
- 6.10 The balance of the reserve as at 01 April 2019 was £1.975m. The current uncommitted balance of the reserve stands at £1.85m including base contributions in to the reserve for 2019/20. The revised uncommitted balance of the reserve will stand at £1.505m if the option to reconstruct the wall is pursued (within the pre-determined criteria set by Council).

Equalities and Diversity

- 6.11 There are no equalities and diversity implications arising from this report.

Communications

- 6.12 There will be a communications plan initiated to make local residents, businesses and Ward members aware of the works. This will include content in local media, via social media where appropriate, and in face-to-face meetings with directly affected parties.

Planning

- 6.13 The chalets are grade II listed. The Local Planning Authority has confirmed that due to the collapse of the chalets listed building consent will not be required for demolition due to urgency and the greater interest of both public safety and to help ensure the longevity of the other designated structures in the vicinity.
- 6.14 A retrospective Listed Building application will however be required. This retrospective application will include a Heritage Statement detailing the reasoning for the demolition works. Also, the application will include details as to the short and long term finish of the land in question. A planning consent will also be required to reinstate the chalets at a future date.

Health and Safety

- 6.15 Currently the collapsed chalets have been netted over so that in the event of any further uncontrolled collapse the spread of debris is controlled.
- 6.16 The works will be carried out in accordance with the Construction (Design and Management) Regulations 2015. Royal Haskoning are appointed as the Principal Designer and the Contractor will be appointed as the Principal Contractor in the statutory roles required by the Regulations.

Others

- 6.17 Staffing Implications, Crime and Disorder Implications and Environmental implications have all been considered and there are no identified implications that will arise from this decision

7. ACTION PLAN

7.1 The following programme is proposed :

Stage	Timescale
Consultant appointed	13 November 2018
Chalets collapsed	27 November 2018
Phase 1 design prepared	March 2019
Cabinet decision	October 2019
Demolition	November 2019
Replace wall	February 2020 – July 2020

7.2 As work progresses the timescale of some items of work will be reviewed.

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Background Papers:
None.

IF YOU HAVE ANY QUERIES ABOUT THIS REPORT OR WISH TO INSPECT ANY OF THE BACKGROUND PAPERS, PLEASE CONTACT THE AUTHOR.

Risk Matrix

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
1	19.9.18	Uncontrolled collapse of deflected chalets	<ul style="list-style-type: none"> Additional clean up costs. Regression of headscap if unremediated in the medium to long term could impact on the operation and structure of the Clock Café. Negative publicity. 	<ul style="list-style-type: none"> Debris should be contained within existing netting. 	E4	B4	Director	<ul style="list-style-type: none"> Decision required asap to establish budget and appoint consultant.
2	19.8.18	Delays in obtaining approvals (budget, contracts, planning etc)	<ul style="list-style-type: none"> Chalets unable to be demolished until after summer season 2020. Impact on business at Clock Café. Negative publicity 		E3	B3	Director	<ul style="list-style-type: none"> Decision required asap to establish budget and appoint consultant.
3	19.9.18	Retrospective Listed building consent is not obtained.	<ul style="list-style-type: none"> Area is made safe but significant reinstatement proposals will have to be developed Area remains an eyesore. Impact on business at Clock Café and the Council's business interest in the Clock Cafe. Negative publicity 	<ul style="list-style-type: none"> Obtain pre-application planning advice. Comprehensive and robust planning application including heritage statement and justifications. 	E4	A4	Projects Manager	<ul style="list-style-type: none"> Proposal to include reinstatement of listed chalets.

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
4	19.9.18	Budget is exceeded and programme delayed due to compensation events arising	<ul style="list-style-type: none"> • Project costs increase. • Project programme extended. • Contingency may become expended. • Impact on business at Clock Café. • Negative publicity 	<ul style="list-style-type: none"> • Project Board to monitor project progress. • Contractual transfer of some risks to contractors. • Risk contingency in place. 	C4	B3	Projects Manager	<ul style="list-style-type: none"> • Ensure risks are identified and managed and suitable provision made
5	19.9.18	Programme is delayed due to a reason that is the consultant or contractors risk (not a compensation event).	<ul style="list-style-type: none"> • Works continue on site for longer. • Project completed late.. • Impact on business at Clock Café. • Negative publicity 	<ul style="list-style-type: none"> • Delay damages included in all contracts for late delivery. • Project Board to monitor project progress. 	C4	B3	Projects Manager	<ul style="list-style-type: none"> • Implement early warning procedure
6	19.9.18	Failure to obtain full support from affected consultees.	<ul style="list-style-type: none"> • Work scope may need amending, potential for works to not proceed. • Delays to project. • Work may have to proceed without agreement of consultees. • Negative publicity 	<ul style="list-style-type: none"> • Consultation to be carried out with affected consultees. • Statutory consultation through planning. 	C3	B2	Projects Manager	<ul style="list-style-type: none"> • Continue consultation
7	19.9.18	Unknown ground conditions, environmental conditions or other physical conditions.	<ul style="list-style-type: none"> • Project costs increase. • Project programme extended. • Contingency may become expended. 	<ul style="list-style-type: none"> • Ground investigation carried out. • Contractual transfer of some risks to contractors. 	B3	A2	Projects Manager	<ul style="list-style-type: none"> • Further surveys may be required prior to

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
			<ul style="list-style-type: none"> Impact on business at Clock Café. Negative publicity 					procurement
8	19.9.18	Negative media coverage.	<ul style="list-style-type: none"> Causing a poor image of the council to the public 	<ul style="list-style-type: none"> Provide the media with regular press releases explaining the project. Regular consultation with directly affected parties. 	B2	A2	Projects Manager / Communications Officer	<ul style="list-style-type: none"> Implement communications plan.
9	28.6.19	Nesting birds occupy the chalets	<ul style="list-style-type: none"> Delayed start 	<ul style="list-style-type: none"> Netting over the chalets Surveys 	C2	C2	Projects Manager	<ul style="list-style-type: none"> Net chalets
10	12.9.19	Reconstruction of chalets is pursued but chalets do not generate the anticipated levels of financial return or deliver the returns quickly enough	<ul style="list-style-type: none"> Increase in budget required. Interim financing costs incurred to fund the cost of the works 	<ul style="list-style-type: none"> Reasonable level of demand expected. 4 chalets have been sold in the North Bay in 2019. 	C2	B2	Estates Manager	<ul style="list-style-type: none"> Construction to high standards with good internal fit out. Early marketing. Consultation with previous lessees' to generate interest.

11	12.9.19	Reconstruction of chalets is pursued and previous occupiers of the chalets are unhappy with the proposed future use of the chalets	<ul style="list-style-type: none"> Negative publicity 	<ul style="list-style-type: none"> Consultation with previous occupiers 	C2	C2	Operations and Venues Manager	<ul style="list-style-type: none">
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Glossary of Terms

Risk	An event which may prevent the Council achieving its objectives
Consequences	The outcome if the risk materialised
Mitigation	The processes and procedures that are in place to reduce the risk
Current Risk Score	The likelihood and impact score with the current mitigation measures in place
Target Risk Score	The likelihood and impact score that the Council is aiming to achieve
Service Unit Manager	The Service Unit or Officer responsible for managing the risk
Action Plan	The proposed actions to be implemented in order to reduce the risk to the target score

Risk Scoring

Impact	5					
	4					
	3					
	2					
	1					
		A	B	C	D	E
	Likelihood					

Likelihood:

- A = Very Low
- B = Not Likely
- C = Likely
- D = Very Likely
- E = Almost Certain

Impact

- 1 = Low
- 2 = Minor
- 3 = Medium
- 4 = Major
- 5 = Disaster