Key Decision Required:	Yes	In the Forward Plan:	Yes

CABINET

23 April 2021

REPORT OF THE FINANCE AND CORPORATE RESOURCES PORTFOLIO HOLDER

A.2 **Clacton and Holland-on-Sea Cliff Stabilisation Phase 2**
(Report prepared by Andy White and James Ennos)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To seek Cabinet authority for a scheme of work to stabilise failed and failing cliffs at Holland on Sea.

To seek Cabinet's recommendation to Council to use £1.5m currently held in reserves to support the overall funding of the proposed remedial works, which will stabilise approximately 200m of the cliff for the next 50 to 100 years and create new locations for approximately 30 new beach huts.

Separate decisions will be made in relation to the appointment of a contractor to carry out the work and seeking authority to appoint a specialist engineer to oversee the work.

EXECUTIVE SUMMARY

Since February 2020, three areas of cliff in Holland-on-Sea have collapsed or been identified as likely to collapse. If the stability of these areas is not addressed the collapse will continue to progress putting at risk the public highway and infrastructure within it. Public services and amenity would be compromised.

The Council's emerging Tourism Strategy sets out a 10 point plan, which includes development of the local seafront offer, with the coast being fundamental to the local visitor economy. Tourism is estimated to be worth more than £402 million to the District, and is responsible for over 8,980 jobs, equivalent to 17.9% of the District's employment.

The securing of these cliff areas if in line with corporate priorities and criteria set out in the emerging Annual Capital and Treasury Strategy, specifically safeguarding assets reducing risks and seeking to limit future exposure to costs and liability.

Monitoring of the movement is continuing to take place. Design of remedial measures has been completed and tenders invited. At the time of writing tenders have been received within the allocated budget. Evaluation is ongoing and separate decisions will be made, subject to the decision of Full Council to appoint a contractor and an engineer to oversee the work.

If no action is taken further collapse is likely which will expose the Council to significant reputational, financial and legal risk. The potential consequences of not addressing the matter are set out in the options appraisal and risk sections.

Tenders have been invited, received and assessed. The lowest tender is in the sum of £1,930,212.92. An allocation of funding in excess of this would be prudent to allow for contingencies and potentially increasing material costs, with a total budget of £2.131m therefore proposed.

That subject to Cabinet's approval of the proposed remedial works, that it is recommended to Council to utilise £1.5m from the existing seafronts reserves to support the overall funding required to meet the cost set out above

The Council is responsible for around 16km of coastline including cliffs at Clacton, Holland, Frinton, Walton and Dovercourt. Although only three areas are subject to current slippage, all of the slopes are at relatively steep angles. Any future need to carry out structural repairs of these areas would be financially very challenging.

RECOMMENDATION(S)

That the Cabinet:

a) **Approves the project to stabilise the damaged cliff areas at Holland-on-Sea, and;**

b) **Although subject to a) above and the associated funding approval by Council set out in c) below, approves the inclusion of the scheme within the 2021/22 Capital Programme with a budget of £2.131m, funded by utilising £1.5m from the existing seafronts reserve along with the £631k already set aside for this project.**

~~c)~~ **That subject to a) and b) above, Recommends the Council to approve the use of the £1.5m seafronts reserve to fully fund the proposed**

d) **Instructs officers to seek ways to generate external funding to offset cliff stabilisation costs.**

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The Council's Corporate Plan includes priorities:

- Public spaces to be proud of in urban and rural areas
- Use assets to support priorities
- Maximise our coastal and seafront opportunities

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The earliest date that the project can be approved by the full Council in normal circumstances is 18 may 2021. This may lead to an increase in contract costs relating to

the period between submission of tenders and the start of the project, with one of the biggest risk relating to the volatile price of steel which makes up a considerable element of the overall project cost. Accordingly, it is proposed that the full Council is requested to agree the funding of the work as urgent business at the annual council meeting on 27 April.

As part of the Financial Performance Report considered by Cabinet at its 19 March 2021 meeting, a budget of £631k was agreed as the initial step in putting in place the necessary funding required for the cliff stabilisation scheme. Early estimates of the total cost of the required works was £4m.

However, following the necessary procurement process, the lowest tender returned was £1,930,212.92, although including proposed revised working methods. The second-lowest tender received was £2,978,906,70. Other tenders received exceeded the estimated costs.

The revised proposal by the lowest tenderer may increase the risk of unexpected costs and the current volatile price of steel could also have an impact from now until the project is completed. With this in mind it is proposed to include a contingency of 10% which would result in a total estimated project cost of £2.123m.

This would leave a funding shortfall of £1.492m after taking into account the existing budget of £631k.To avoid the option of borrowing, which would have a significant on-going revenue impact on the Council's financial forecast, the option of using the existing seafronts reserve has been explored. The total amount currently held in this reserve is £1.5m and was originally set aside to fund the recharge of beaches following the major coast protection project along Clacton and Holland, which was finished back in 2015. As part of the modelling that was undertaken to support the design of this major scheme, it was expected that the beaches would need to be recharged every 10 years, with the first 10 year anniversary being in 2025. The performance of the scheme in terms of beach retention has been encouraging to date and indicative that a longer beach recharge cycle may be achievable.

Therefore based on the above, it is proposed to utilise the full £1.5m of the reserve to fund the proposed cliff stabilisation scheme. This would therefore provide a total budget of £2.131m which would meet the tendered price plus the 10% contingency.

If the scheme is approved this will stabilise approximately 200m of the cliff for the next 50 to 100 years and create new locations for approximately 30 new beach huts.

In terms of exploring potential funding partners, the Coastal Manager has made contact with a range of stakeholders including Essex County Council and the Environment Agency. These organisations have both previously contributed to the major beach recharging project and to the earlier phase of cliff stabilisation in Holland-on-Sea. No offers to contribute to the cost of current repairs have been received.

One of possible reasons being that they would argue that they have previously contributed to schemes in the same area on the basis that their investment would preserve assets.

They may be more reticent to fund works to preserve the same assets in the same area for a second time.

The emerging Annual Capital and Treasury Strategy sets out criteria around capital decision-making:

<table>
<tr><td colspan="2">Formal Investment Considerations/Decisions/Business Cases</td></tr>
<tr><td>Link to priorities (including commitment to be carbon neutral by 2030) and/or ‘safeguarding’ of a Council Asset and what are the measurable benefits of the planned investment</td><td>The proposed work will contribute to Council priorities:
• Public spaces to be proud of in urban and rural areas
• Use assets to support priorities
• Maximise our coastal and seafront opportunities</td></tr>
<tr><td>Return on Investment/Net Present Value</td><td rowspan="9">The proposed works are intended to stabilise a vulnerable area of coastline. Completion of the works will reduce the likelihood of further failure.
Not completing the works would leads to ongoing collapse, loss of greensward, footway and eventually the carriageway.

Further financial considerations are set out elsewhere in this report.</td></tr>
<tr><td>Whole Life Costing/Revenue Consequences</td></tr>
<tr><td>Payback Periods</td></tr>
<tr><td>Key risks and how they will be managed</td></tr>
<tr><td>Alternative Options/Opportunity Costs</td></tr>
<tr><td>Sustainability</td></tr>
<tr><td>Financial Resources Available/Funding Options</td></tr>
<tr><td>Impact assessment where relevant</td></tr>
<tr><td>Capacity/Deliverability</td><td>A further report on this agenda seeks authority to appoint a specialist engineer to verse the work.</td></tr>
<tr><td colspan="2">Other considerations/important information to discuss/share with relevant internal department(s) and/or for inclusion in the formal decision making process if significant</td></tr>
<tr><td>Cash Flow Forecasts</td><td rowspan="2">Expenditure is likely to take place over several months. VAT will be recoverable through standard accounting practice.</td></tr>
<tr><td>VAT Arrangements/Implications</td></tr>
<tr><td>Insurance issues</td><td rowspan="2">The work is intended to reduce the Council’s exposure to potential losses and claims.</td></tr>
<tr><td>Risk Management implications</td></tr>
<tr><td>Procurement processes</td><td>The work has been fully competitively tendered. The lowest tender includes a saving made possible by a slightly different working method proposed.</td></tr>
</table>

Options for seeking additional funding at local level to facilitate cliff stabilisation measures are therefore limited. Given the current cliff failures and future risks to other areas of the district’s coastline, it would be timely to draw this very challenging issue to the attention of the Government again. Given the potential scale / cost of potential further cliff failures, it is important that the Government continue to be made aware of the associated risks not only to the properties of residents and business but also to the Council’s financial position if it had to respond alone to future coastal erosion / cliff failure issues. One of the frustrating aspects of the Governments approach to supporting such works is the cost / benefit

formula they apply. Representations to the Government could therefore draw this to their attention again in light of the actual rather than potential challenges the Council is facing

In terms of the use of the seafronts reserve, this will reduce the available funding to respond to future issues / beach recharge works. Any further areas of cliff requiring significant work or if the beaches need recharging before funds have been replaced would put the Council in a position where borrowing is likely to be required. As highlighted above, significant borrowing would put substantial strain on the Council's revenue position.

Therefore the use of the seafronts reserve set aside for beach recharging carries some degree of risk. Sand levels on the beaches vary seasonally. Since the beaches were created there has not been a need to carry out any recharging work. This is encouraging but it cannot be guaranteed that no recharging will be needed in the future. If the reserve is used now and recharging is required later a further funding decision will be necessary at the time. However, on balance, the use of the reserve is appropriate to deal with an urgent issue that the Council is faced with now rather than a potential future cost. In effect the Council would be in no worse a position and it would be able to consider and plan for potential future risks within its longer term financial plans over a period that could be over 10 years or more.

In addition to the above, it is planned to create a number of additional beach hut sites which will generate additional on-going revenue. This will be considered as part of the financial forecast going forward and how it can support associated costs and risks.

Risk

If the Council elects not to carry out this project, the collapse of the cliff will continue over time until the soil reaches its natural angle of repose. Without the proposed drainage this will be a shallower angle than would be the case if the work is completed. The current failure is manifested in the form of a sheer exposed face adjacent to the upper promenade. Failure to carry out remedial work will lead to further slippage and will cause the loss of upper and lower promenades and effect the highway and infrastructure in it. This would lead to significant reputational damage and potential claims from other bodies and adjoining owners.

If this failure is not addressed a further series of failures would cause damage to the surrounding infrastructure including Essex County Council road and possibly Anglian Water sewer (estimated value in excess of £50M). Diminution of nearby property values would probably be caused.

LEGAL

Caselaw under section 120 of the Local Government Act 1972 provides that the Council should manage its assets for the benefit of the area.

If this failure is not addressed a further series of failures would cause damage to the surrounding infrastructure including Essex County Council road and possibly Anglian Water sewer (estimated value in excess of £50M). Diminution of nearby property values could probably be caused.

Tendring DC is the landowner and Coastal Defence Authority. If it elects not to address the failure of its own infrastructure it is likely to be found liable for any damage or loss caused.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder	– No direct implications
Equality and Diversity	– No direct implications
Health Inequalities	– No direct implications
Area or Ward affected	– St Bartholomew's and St Pauls Wards
Consultation/Public Engagement	– Liaison with affected beach hut owners
Net Zero Emissions	– The construction work will use heavy plant and construction materials but will not generate emissions in use. Intervention at this stage will decrease the likelihood for the need for additional works in the future.

BACKGROUND

Since February 2020, there have been two slips/failures: one in the vicinity of the Cliff Road - Kings Parade junction and another at the York Road - Kings Parade junction. They are approximately 120m apart (centre of slip area to centre of slip area). A further 40m area of unstable Cliff has also been identified at the Russel Road - Kings Parade junction.

Ground investigations have been carried out which includes deep boreholes installed at both locations and water monitoring standpipes to allow information relating to the water levels within the ground, this information will allow us to carry out the design of remedial works. Inclinometer tubes have also been installed outside the current failure zone, these have shown that further movement is occurring. The monitoring of the movement is continuing to take place.

In the interest of safety a total of 13 beach huts have been moved.

The project team has identified potential costs of £4m, for the implementation of proposed remedial work which will stabilise approximately 200m of the cliff for the next 50 to 100 years and create new locations for approximately 30 new beach huts.

CURRENT POSITION

The vegetation has been cleared from the cliff under the instruction and supervision of an Ecologist. The clearance of vegetation has identified evidence of historic slips within the cliff face.

This area of the cliff between Cliff Road and York Road is considered to have significantly low factors of safety against failure. Further movement is likely. Past movement can be identified and confirmed by the evidence of past interventions now visible post clearance of vegetation. Due to this historic movement, there is a small margin for change before movement can re-occur. Therefore the risk is high.

The primary factor that may cause further movement is considered to be any increase in groundwater level, which is the primary cause of the failure originally occurring. Therefore, given that it can reasonably be anticipated that there will be wet weather over the autumn/winter months there is a very real risk that the progressive failure referred to above will take place at that time.

Should there be further movement before an area is stabilised the cost of the works will increase as a result.

The detailed design to stabilise these areas of the cliff opposite is now complete, Tenders have been returned, the lowest significantly lower than anticipated owing to a revised working method proposed. The analysis of tenders is ongoing. The proposed revised method includes increased risk of un expected problems and an increased contingency would be appropriate

The designs for all the areas consist of a combination of sheet piled walls, ground anchors, and new drainage systems. The new sheet piled walls and ground anchors allow the cliff gradient to be reduced to the angle of repose, the natural angle at which the soil will be stable on its own. This also creates additional space (platform) which can be utilised for beach huts. The new drainage will reduce the likelihood of ground water building up and causing further premature failure.

The construction of the proposed remedial works is relatively consistent along the full length of the affected area. Therefore it is possible to phase their installation to concentrate on the higher risk areas first, given the consequences identified above.

The implementation of remedial work which will stabilise approximately 200m of the cliff for the next 50 to 100 years and create new locations for approximately 30 new beach huts.

Options:

Do nothing.	Not feasible. Left unresolved the cliff will continue to slip downwards over a period of years until it reaches its natural angle of repose: Around 18 degrees, roughly 1 in 3. Material will be deposited on the lower promenade and beach. The beach huts, upper promenade and greensward will be lost. The carriageway and utilities below will be jeopardised. There is substantial potential for third party claims and reputational and environmental damage.
Managed retreat	Not feasible. As above but clearing debris from the lower promenade and rebuilding the footway would limit damage in the short term but end up as above following the expenditure of sums on intermediate work.
Regrade the slope to a natural angle	Not recommended. Significant cost would be incurred in excavating and removing soil to tip. The greensward would be lost and footway largely impossible to retain. A fully stable angle could not be achieved without affecting the road.
Proposed scheme	Recommended. Significant cost but retains greensward, footway, provides potential for additional beach huts and avoids potential third party claims.

Proactive investment along cliff slopes	Not recommended. Advantages as above but the capital cost would be prohibitive.

BACKGROUND PAPERS FOR THE DECISION
None