



## Dorset Council Cabinet

Capital funding option for the West Bay  
Coastal Improvements Project

Date of Meeting: ... 31<sup>st</sup> July 2019

Lead Member: ... Cllr T Ferrari – Lead Member for Finance, Commercial and  
Assets.

Cllr R Bryan – Lead Member for Highways, Travel and  
Environment

Local Member(s) Cllr David Bolwell, Cllr Kelvin Clayton and Cllr Sarah Williams

Lead Officer: ... Greg Northcote Estates Manager

Appendix 1 is not for publication by virtue of paragraph 3 of Schedule 12A, Part 1 of  
The Local Government Act 1972, as amended. The public interest in maintaining the  
exemption outweighs the public interest in disclosing it.

**Executive Summary:** This Report proposes to secure a capital funding  
contribution towards works forming part of the current West Bay Coastal  
Improvements Project from the tenant of the Council's Campfield Site in exchange  
for granting a lease extension.

**Equalities Impact Assessment:**  
None required.

**Budget:**

Consideration should be given to Opt to Tax the Campfield Site for VAT purposes if  
the Council is seeking to recover VAT expended on the site.

Part of the capital premium will be recovered by the tenants after 2024 through a 7  
year repayment arrangement as detailed in the Report. No interest is payable on  
the recoverable capital in the intervening period.

**Risk Assessment:**

Having considered the risks associated with this decision, the level of risk has been  
identified as:

Current Risk: HIGH/MEDIUM

Residual Risk LOW

There is a 1 in 50 year probability of flooding affecting properties in Forty Foot Way  
and the Campfield campsite with consequential financial, health and safety and

reputational risks.
<b>Climate implications: None</b>
<b>Other Implications:</b> Property and Assets; Considered in detail in the Report and Confidential Appendix.  Community Safety: The recommendations assist reducing the risks identified above.
<b>Recommendation:</b> To either approve a lease extension of the Campfield Site at West Bay until 31st January 2084 on the terms described in the Report or delay implementation of this phase of the Coastal Improvements.
<b>Reason for Recommendation:</b> The proposed lease extension secures a significant capital funding contribution towards the cost of required riverbank improvements from the Council's current tenants Parkdean Resorts in return for the Council granting an extended lease for an additional 60 years on commercial terms.
<b>Appendices:</b> Confidential Appendix identifies the terms of the proposed lease extension.
<b>Background Papers:</b> West Bay Coastal Improvements - Outline Business Case. October 2018
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## 1. Background and Reason Decision Needed

- 1.1 The West Bay Coastal Improvements Project is being led by the Environment Agency and is predicted to cost £10 million of which £1.2 million is the associated cost of required river bank improvements. While most of the works are funded and already include a £3 million capital contribution from Dorset Council the cost of the river bank improvements is still to be funded.
- 1.2 The West Bay Coastal Improvements Business Case states that 'The structural integrity of the Parkdean embankment along the River Brit is low, with damage to the toe causing localised slip failures in several

locations. Breaching of this embankment would lead to widespread flooding of the caravan park and backdoor flooding of properties in the town.' The Report states that a 1 in 50 year flooding event will cause a 50 metre breach to the embankment. This section of the river bank adjoining the Council's Campfield site is leased to Parkdean Resorts and was last strengthened by the Council's tenants as a condition of the grant of their current lease in 2003. The riverbank improvements are expected to reduce the prospect of riverine flooding from 1 in 50 years to 1 in 200 years. Without the improvements a 1 in 200 year event is currently predicted to flood much of the Campfield site to a depth of 1 metre.

- 1.3 The West Bay Coastal Improvements Project has already progressed through its first phase on site. Prior to the commencement of works a full public consultation exercise was undertaken.
- 1.4 Dorset Council; as the landowner has riparian rights and responsibilities to protect land and property from flooding, provided that these measures do not cause harm to others. Responsibilities of a riparian owner include the duty to maintain the banks and bed of the watercourse and any flood defences that exist on it. Dorset Council also has the right to protect property against flooding from the watercourse and to prevent erosion of the watercourse banks or any structures
- 1.4 Officers have, therefore, been requested to approach the tenant Parkdean Holiday Parks Limited (Parkdean) to establish whether they could be persuaded to make a capital contribution towards the river bank improvements. To achieve the river improvements the Project Team require Parkdean to temporarily re-site 23 units within the site for the duration of the works that are planned between 30th November 2019 and 1st March 2020.
- 1.5 Negotiations have progressed for several months culminating in an offer from Parkdean to make a capital contribution as detailed in the Confidential Appendix in return for extending the lease until 31st January 2084. The current lease of the site terminates on 31st January 2024 and is a secure lease.
- 1.6 An independent valuation has been commissioned to inform this process and the advice as to values and achievement of best consideration relative to the requirement for the capital funding contribution have been reflected in the proposed terms. The independent valuation is supportive of the Council accepting the offer and confirms that in their opinion 'the proposed restructure of the lease

under the terms offered represent best consideration for the Council within the meaning of Section 123 of the Local Government Act 1972.’

- 1.7 Acceptance of the offer will achieve a partial capital funding solution in time to allow the project team to deliver the works later this year. If Members approve this means of capital funding – and there is no obligation to do so – then the Council will seek to conclude the legal documentation in good time in order for the funding to be available. The Project Team need the funding to be in place in soon in order to commit to the contract to undertake the works, agree the accommodation works with Parkdean and ensure contractors have adequate lead-in times.