

**Report to: Cabinet**

**Date of Meeting: 5 December 2022**

**Report Title: East Hill Cliff Railway – Major Works**

**Report By: Aaron Woods, Resort Manager**

---

### **Purpose of Report**

- To update cabinet on the current closure of the East Hill Cliff Railway (EHCR).
- To request delegated authority to proceed with the required maintenance as soon as possible to minimise lost income and complete the works in a timely manner ahead of next summer.
- To request derogation from procurement procedure to enable the issuing of contracts immediately to a preferred contractor.

---

### **Recommendation(s)**

- 1. Cabinet recommends to Council that the Council Leader and Managing Director are delegated authority to proceed with capital works and allocated a suitable budget.**
- 2. Cabinet recommends to Council that the Council Leader and Managing Director are granted derogation from normal procurement process, to instruct the preferred contractor immediately, and complete works as soon as possible.**

---

### **Reasons for Recommendations**

The East Hill Cliff Railway, the steepest operational funicular in the country, is currently closed the public and unable to operate for health and safety reasons. Until works are completed the service will remain unavailable to users, and no income will be received.

Derogation from standard procurement protocol is requested in order to expedite works – these works are specialised and have a limited number of potential contractors with the expertise and means to deliver the project. Embarking on a likely lengthy procurement exercise will only result in lost revenue, with material costs continuing to increase over time. Therefore, derogation should be given for officers to deviate from standard procurement practice and engage directly with competent specialists to deliver the project as promptly as possible, whilst still ensuring that value for money is delivered.

## 1. Background and current service status

- 1.1. The Council operates two funicular railways as non-statutory, income generating, heritage assets. The West Hill Cliff Railway (WHCR) opened in 1891 and is the second oldest operating cliff railway in the UK, it is also unusual in mainly running through a tunnel; the East Hill Cliff Railway (EHCR) opened in 1902 and is the steepest operational cliff railway in the UK. Both provide environmentally sustainable access to stunning views from the West Hill and East Hill respectively.
- 1.2. Both cliff railways are popular with visitors, catering for an estimated 200,000+ passengers per year combined. Passenger profiles vary slightly between sites, with WHCR generally serving visitors to the West Hill, Hastings Castle and caves, and a substantial number of residents who use the lift for access between the West Hill and Hastings Old Town. EHCR caters more for larger numbers of seasonal tourists, holiday makers staying locally in the Tackleway area, and visitors to Hastings Country Park.
- 1.3. Historically on average approx. 20% of total annual turnover for the service is profit, with the remaining 80% of turnover covering operational costs including staffing and maintenance.
- 1.4. Both cliff railways are subject to annual routine maintenance funded from revenue budgets, this maintenance ensures that the lifts continue to comply with their complex health and safety requirements (both sites fall under the same legislation as passenger lifts, railways, and mines), and ensures that downtime is kept to a minimum, in order to provide continued service and generate income.
- 1.5. Occasionally capital investment over and above routine works is also required to uplift maintenance given the age and design of the assets. Recently in 19/20 major works were undertaken at WHCR to replace worn components on the main drive, prior to that in 2008-2010 major works were undertaken at EHCR to overhaul the drive and replace the carriages to make them fully accessible.
- 1.6. There are no records held of the last major maintenance carried out to the track at EHCR but based on the age of the running rails this can be assumed to have taken place sometime around 1973-1976, when the lift was converted from water balance operation to electric power, and new glass fibre carriages provided (themselves replaced 2008-2010 as noted above). Since 2018 we have been monitoring some minor movement of the trackside, with some areas showing signs of dipping as carriages transit over them.
- 1.7. In 2020 a light rail specialist was commissioned to provide a condition report on the trackside, some minor issues were identified, including the movement of some sleepers, though this was not deemed of major concern and a recommendation was made to continue with further monitoring.
- 1.8. In 2022 staff and independent consultants noted that the movement of the rails and sleepers had seemingly significantly increased. Further surveys were commissioned with a cliff railway specialist to determine the cause of the

movement. A ground penetrating radar survey of the concrete track bed was conducted, along with a rail alignment and condition survey, and some targeted non-destructive testing.

- 1.9. The surveys identified that there were no major voids below the concrete track bed as had been feared as a reasonable worst-case scenario, however sleepers were moving in some locations and therefore these would likely need some targeted rebedding and localised repair. More concerningly the running rails were found to be significantly misaligned, rail condition was also corroded in some places and worn, with rails approaching end of life. Fishplates (which connect rail to rail) and Pandrol clips (that connect rail to track) were found to be fractured and corroded and almost universally in need of replacement. The cable guide rollers (which support the cable and stop it from dragging on the track as the carriage moves) were found to be worn and requiring replacement. The haulage ropes (which move the carriages up and down the track and were not included within the main report) are in good serviceable condition having been replaced in early 2022. The recommendation was that significant remedial works to replace the running rails, fishplates, clips, and rollers were needed as soon as feasibly possible, and no later than the end of the operating season.
- 1.10. To establish an estimate of the capital budget needed to complete the required works contractors were approached for outline proposals, estimated budgets, and estimated mobilisation and completion dates.

## 2. Financial summary

- 2.1. The total budgeted income from cliff railways for 22/23 was £459k, with WHCR and EHCR each projected to generate £226.5k of income. However, this income figure has already been achieved and indeed exceeded.
- 2.2. A total of £496k income has already been received, with EHCR generating £252k before its closure in October, and WHCR generating £244k to date.
- 2.3. The total projected income by end of the year at WHCR is £260k, bringing the combined end of year income projection to £512k.
- 2.4. Operational costs for both lifts by year end are projected at £311.5k, therefore the service expected to make £200.5k profit this year.
- 2.5. Despite there being five months left of the financial year income is already at highest ever levels. Prior to this year our most successful year ever produced £432k income.
- 2.6. With the return of foreign student visitors to the town, increasing numbers of foreign tourists and sustained levels of domestic visitors it is not unrealistic to

aim for sustained income around the £500k level moving forwards in a two-lift operational scenario.

- 2.7. Accordingly, the target income for 23/24 had been set at £505k prior to EHCR closure. This figure is higher than the initially projected income for 22/23, but lower than the revised income projected, as usage levels are expected to revert closer to average.
- 2.8. With the closure of EHCR for the remainder of the 22/23 financial year we expect to lose out on projected income of £16.5k for that site, however we will also save on approx. £17.5k of staffing costs, so overall we are neither significantly worse nor better off during this short period.
- 2.9. The major challenge is if the EHCR closure is to continue into the 23/24 visitor season. Given that the lift operates for a shorter period than WHCR and produces equal income, downtime amplifies the impact of closure – with the income loss remaining equal to WHCR but the savings from operational costs contributing a much smaller benefit.
- 2.10. Closure of EHCR would have a significantly detrimental effect on the overall service profit margin. Projected income of £252.5k would be lost from that site, against savings of approx. £98k on staff and building costs for that site. It would also impact indirectly on the town's visitor economy, as it is known that some tourists travel mainly to enjoy the cliff railway, and others see it as an integral part of our offer. Both cliff railways are promoted by tourism marketing colleagues as an integral element of the unique Hastings offer
- 2.11. A total income of £252.5k would be expected for the entire service (all from WHCR), with total operational costs for the service of approx. £213.5k. The total operational costs do not simply half, as savings of staffing costs at EHCR are less given the shorter operating season, and even during closure a basic level of maintenance and upkeep will be required.
- 2.12. The profit margin for a WHCR only operational service would fall from a projected £193.5k to only £39k i.e. the closure of the EHCR will reduce income to the council by c£154.5k.
- 2.13. Though there is still some uncertainty about the final cost of works required, we can estimate a suitable budget, including a level of contingency for unknown factors and variations in material costs due to fluctuation in the market.

### 3. Discussion

- 3.1. As noted above, prior to closure, during the seven months of operation the site exceeded budgeted income for the entire financial year; bringing in £252k through fares.
- 3.2. The annual revenue budget allocation for maintenance is insufficient to enable large scale, low frequency, major works such as those proposed. Once

completed, further large scale works to the trackside at the site are unlikely to be required within the next 30 years.

- 3.3. Proposals for remedial works have been provided by a number of contractors in order to inform the projected cost and duration of works needed.
- 3.4. One contractor can commence works quickly once instructed and has provided a projected works programme, which would complete ahead of the peak summer period in 2023 if instructed by mid-December 2022. This means that works could be delivered within the services' lowest demand period, and complete by the peak demand period, allowing the majority of the budgeted income for 23/24 to be achieved.
- 3.5. A capital budget value has been requested for delegation, although it is unlikely that this full amount will be required. The budget figure includes a suitable contingency value for unforeseen works, fluctuation in material costs within the market, and potential for weekend working to prevent project overrunning.
- 3.6. Derogation from standard procurement protocol is requested in order to expedite works – these works are specialised and have a limited number of potential contractors with the expertise and means to deliver the project. Embarking on a likely lengthy procurement exercise will only result in lost revenue, with material costs continuing to increase over time. Therefore, derogation should be given for officers to deviate from standard procurement practice and engage directly with competent specialists to deliver the project as promptly as possible, whilst still ensuring that value for money is delivered.

## 4 Recommendations

- 4.1 That Cabinet recommends to Council that that the Council Leader and Managing Director are delegated authority to proceed with capital works and allocated a suitable budget.
- 4.2 That Cabinet recommends to Council that the Council Leader and Managing Director are granted derogation from normal procurement process, to instruct the preferred contractor immediately, and complete works as soon as possible.

### Timetable of Next Steps

1. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Authority to proceed	Cabinet/full council decision	December 2022	Resort manager

Work starts on site	Contractor mobilised	February 2023	Resort manager
Work completed	Work signed off and EHCR safe to reopen	June 2023	Resort manager

---

### Wards Affected

Insert the list of wards affected Old Hastings/All

---

### Implications

Relevant project tools applied? Yes/No

Have you checked this report for plain English and readability? Yes/No

Climate change implications considered? Yes/No

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Yes
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	Yes
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No
Anti-Poverty	No

---

### Additional Information

---

### Officer to Contact

Aaron Woods  
awoods@hastings.gov.uk