

**Report to:** Cabinet  
**Date of Meeting:** 7 October 2015  
**Public Document:** Yes  
**Exemption:** None  
**Review date for release:** None



**Agenda item:** 5

**Subject:** **Asset Management – Tenanted Non-Residential Property Review: Beach Huts & Chalets**

**Purpose of report:**

At the 7 January 2015 Cabinet meeting it was agreed that proposals in relation to the beach huts at Seaton and Budleigh Salterton should be referred back to the Asset Management Forum (AMF) for further consideration and consultation. The consultation was subsequently opened to the public. Following discussion and in light of the feedback from the public consultation, the original recommendation has now been amended as seen at recommendation 2.

Further work since January, along with the public consultation and recommendations by the Scrutiny Committee, has brought forward several additional suggestions and, following discussion at AMF, further proposals are made as seen at recommendations 3 to 8 below.

**Recommendation:**

- 1. To note the report on the beach huts service consultation.**
- 2. To achieve market rents by means other than auction or sealed bids as a mechanism to establish open market charges on existing beach huts.**
- 3. Agree to significantly increase the standard hire charges for 2016/17 with the aim of achieving open market rates in the future.**
- 4. Invite the relevant Town and Parish Councils to a series of consultation meetings to establish how the service can best be managed for the benefit of all local communities.**
- 5. To offer the Searchlight Enplacement structure at Seaton for sale on a freehold only basis.**
- 6. To reverse the previous resolutions made by Cabinet at its meeting of 7 January 2015 as minuted at 2 and 3 in relation to the service provided at Sidmouth.**

7. To make the necessary arrangements to publish the Beach Huts Service waiting lists and list of current licensees.
8. To offer sites only at Budleigh and Seaton from 1<sup>st</sup> April 2016 on a year to year licence.

**Reason for recommendation:**

These recommendations have been made by the AMF following discussion in the light of the 'TNRP Review of the Chalets and Beach Huts Cluster' and the report on the findings of the beach huts service consultation

**Officer:**

Donna Best MRICS, Principal Estates Surveyor  
[dbest@eastdevon.gov.uk](mailto:dbest@eastdevon.gov.uk) 01395 516551 ext 1584

**Financial implications:**

Members are reminded that the Council has agreed in its Transformation Strategy to maximise the value of our assets through commercial thinking with a focus on best value for money and community benefit; income generation, sustainability and developing local economies. There are key actions within the Strategy put forward to reduce costs or increase income in order to allow the Council to afford to meet its priorities and continue to delivery front line services within the constraints of reduced funding. An action identified is the maximising of income from assets and beach huts are specified, being an asset held purely on a discretionary basis and where rents are charged below market value.

**Legal implications:**

The proposals set out in the report are in line with the Transformation Strategy, however until the rent levels are set the financial implications cannot be assessed fully.

The Council is under a duty to secure best value when selling or letting land or buildings, although the strict legal requirements do not apply to leases of less than 7 years. So while the Council doesn't necessarily have to secure 'best value' for leases of 7 years or less, nonetheless the Council's stated intention maximizing the profitability of its assets is sound. Clearly any consultation exercise needs to be run in accordance with identified legal principles and the legal team can assist further with ensuring that this is the case. Any formative proposals in terms of strategies for letting going forward need to have regard to the equalities duties that the Council is subject to and again advice can be given to ensure that these duties are met. The issues regarding data protection issues and publication of the names of those on the waiting list and existing licensees are addressed and set out in the report. The Council will need to ensure it complies with data protection requirements. Scrutiny Committee made recommendations to Cabinet in respect of beach huts at its meeting of 17th September 2015 and Cabinet will need to consider these recommendations as part of their consideration of the matter.

**Equalities impact:**

Medium Impact

26% of those that responded to the consultation and have a beach hut, site or chalet, have a long standing illness, disability or infirmity. Some are also on a fixed income. 17% of those that don't have a beach hut/site

but would like one have a long standing illness, disability or infirmity.

83% of those who responded that have a beach hut, site or chalet are aged 50 and over (30% being over the age of 70).

Equalities should also be considered in terms of equality of opportunity to rent a beach hut/beach hut site. The waiting lists are evidence that there is unmet demand for the opportunity to rent whilst current license holders can retain their existing licenses year after year. There may be existing licensees which do not choose to renew their licence owing to an increase in fees and this can free up a hut or site for someone on the waiting list – someone likely to have been waiting a long time.

Low Risk

**Risk:**

The risks and reasoning behind the recommendations are set out in the main body of the report.

**Links to background information:**

- [Beach Hut Service Consultation Results](#)
- [Notes of the Asset Management Forum meeting 3 September 2015](#)
- [Minutes of the Scrutiny Committee 17 September 2015](#)
- [Cabinet Report 7<sup>th</sup> January 2015: Tenanted non residential review: Beach Huts & Chalets](#)

**Link to Council Plan:**

Enjoying this outstanding place  
Funding this outstanding place

Expansion on reasons for recommendations:

**1.0 To note the report on the beach huts service consultation.**

1.1 At the January Cabinet meeting, Cabinet resolved that the proposals in relation to offering the managed hut sites at Seaton and Budleigh Salterton on a site only open market basis, be referred back to the Asset Management Forum with the Forum being made fully aware of the importance of undertaking consultation. A consultation exercise was subsequently undertaken in May this year, the consultation being public and seeking views on the proposals. The feedback report is available in the background papers.

**2.0 To no longer test the market via auction or sealed bids for existing beach huts as a mechanism to establish open market charges.**

2.1 The proposals to go down an open market route to establish market charges on the existing sites have not been received well, particularly by existing licensees. This is largely owing to fears that they might be taken by other people and become unaffordable to local residents. The consensus is that people would prefer the council to just increase the hire charges to a fixed price.

2.2 Some members of AMF remain committed to the principal of seeking to obtain market rates through the open market to reflect the council's desire to operate commercially, demonstrate best value, increase the council's income revenue and more effectively

address the demand and supply issues. However, following the consultation it is clear that this remains an area of significant contention to existing licence holders and it was agreed on a majority basis to increase the fixed charge.

- 2.3 The idea of moving from annually renewable licences to 5 year (and a possible additional option of 10 year) leases has been met with a mixed response and will be explored further in discussions with the relevant town and parish councils.

**3.0 Seek to significantly increase the standard hire charges for 2016/17.**

- 3.1 In the absence of testing the market to establish open market fees, the Asset Management Forum recommends that the existing fees be increased significantly. A review of the charges is undertaken annually by the Portfolio Holder for Environment.

**4.0 Invite the relevant Town and Parish Councils to a series of consultation meetings to establish how the service can best be managed for the benefit of all local communities.**

- 4.1 Sidmouth and Budleigh Town Council, and Beer Parish Council have expressed an interest in taking over the running of the beach hut service. Exmouth and Seaton Town Councils have not formally expressed an interest. AMF is minded to recommend that discussions be opened with the relevant town and parish councils to discuss future management and charging arrangements. Lack of supply versus demand is recognised as a problem by many of the existing hirers, those on the waiting lists and by members. Relevant town and parish councils will also be invited to propose potential new locations for expansion of the service.

**5.0 To offer the Searchlight Enplacement structure at Seaton for sale on a freehold only basis.**

- 5.1 In the report to Cabinet in January it was recommended that the Seaton Searchlight Enplacement be offered for sale by way of the freehold interest or on a leasehold basis. However, the resolution was minuted that it would be offered on both basis rather one or the other. The Property Services team has looked into both and recommends that a freehold sale would be most attractive to potential interested parties.

**6.0 To reverse the previous resolutions made by Cabinet at its meeting of 7 January 2015 as minuted at 2 and 3 in relation to the service provided at Sidmouth.**

- 6.1 In January, Members were advised that the beach huts at Jacobs Ladder were reaching the end of their economic life and that the site was considered ideal for the provision of huts of a better style and design for the location. It was therefore recommended that a planning application be submitted for the enhanced provision of huts. With no means by which to create capital receipts through the selling of premiums for leases via the open market, it is now recommended that the existing beach huts are maintained as part of the councils on-going planned maintenance programme.

- 6.2 It was also proposed that an additional site on the beach at Sidmouth, between the end of the Esplanade and Chit rocks, be established for the provision of 10 sites for beach huts. This was to be subject to a viability assessment and planning permission.

Sidmouth Town Council have objected to this proposal, along with a number of local residents. It is therefore no longer proposed that the assessment be taken forward.

**7.0 To make the necessary arrangements to publish the beach huts service waiting lists and current licensees.**

- 7.1 Concerns have been raised about the various waiting lists held for the different sites including their accuracy, consistency and management. All are now closed bar the Exmouth beach huts waiting list. It is therefore recommended that arrangements are put in place to publish the waiting lists. Further, it is recommended that the names of existing licensees are published to ensure further transparency.
- 7.2 There are data protection issues here: While going forward it would be possible to let people know that their name will be published when they register to go on a waiting list, with regards the existing waiting lists, people will need to be informed of the council's intention to publish and be provided with an option to 'opt out' if for any reason they don't want their name on the public register. The same proviso will apply to existing licensees, and indeed, new licensees.

**8.0 To offer sites only at Budleigh and Seaton from 1<sup>st</sup> April 2016 on a year to year licence.**

- 8.1 As recommended by AMF in January, it remains a recommendation that the council moves to offer a site only service at Budleigh Salterton and Seaton West from 1<sup>st</sup> April 2016. It is proposed that existing licensees will be offered the opportunity to not only take a new licence on a site only basis, but also the option to purchase the existing hut on the site at a one off cost of £250.
- 8.2 If resolved, existing licensees will be advised as soon as possible and guidance provided in respect of private contractors with whom they can make arrangements for the annual erection and dismantling of huts and storage over the winter. The council will erect the huts after the winter (2015/16) and so licensees will have adequate time to make arrangements for the end of the summer 2016.
- 8.3 Alternative uses for the store currently used by the council for winter storage of huts will be explored. This will include the council's own operational requirements but could also include the sale of the property to provide a capital receipt or the letting of the store to provide a revenue income.