

Annual Review of Beach Huts and Chalets	
Executive Summary	This report provides an annual review of Beach Hut and Chalets service, for a 12 month period following the previous 2021/22 review.
Options considered	Options around booking restrictions and new site locations have been considered and are outlined in the report.
Consultation(s)	No consultation has been undertaken.
Recommendations	To receive and note the update
Reasons for recommendations	N/A
Background papers	Beach Hut and Chalet Review 2018

Wards affected	Cromer, Mundesley, Overstrand, Sheringham
Cabinet member(s)	Cllr Lucy Shires. Portfolio Holder for Finance, Estates & Property Services
Contact Officer	Renata Garfoot, Asset Strategy Manager tel: 01263 516086. Email. Renata.Garfoot@north-norfolk.gov.uk

Links to key documents:	
Corporate Plan:	A Strong, Responsible, & Accountable Council
Medium Term Financial Strategy (MTFS)	Income generation from rental income and rent reviews.
Council Policies & Strategies	Asset Management Plan 2018 -2022

Corporate Governance:	
Is this a key decision	No
Has the public interest test been applied	N/A
Details of any previous decision(s) on this matter	N/A

Conclusions: It continues to be a challenging period since the 2018 Beach Hut and Chalet review was completed due to the covid pandemic and the current economic

situation (cost of living crisis) impacting on discretionary spend.

Income during this period of review from leases has been static due to their being no rent review provision for 2023 and whilst fees and charges increased for weekly lets, there has been a small reduction in the income due to less bookings in peak weeks.

The proposed future strategy will seeking to improve income and booking numbers of weekly lets and seek to reduce operation costs where possible.

1. Purpose of the report

- 1.1 The purpose of the report is to provide an update on the previous period following the Beach Hut and Chalet Review 2018.

2. Introduction & Background

- 2.1 In 2018 an Overview and Scrutiny Task and Finish Group was set up in order to review the Council's beach hut and chalet service. The review included the weekly and annual lets, with a full review of all processes, fees and charges in order to identify operational improvements and highlight options for future efficiencies and service enhancements.
- 2.2 Since the review was undertaken annually and this report covers the period from September 22 – October 23, to enable any recommendations to be implemented for the forthcoming season.

3. Booking Performance – Weekly lets

- 3.1 The Council has a total of 17 beach huts (7-Mundesley, 7-Sheringham, 3-Cromer) and 16 chalets as weekly lets (12-Cromer, and 4-Sheringham), which is an increase of 3 from the previous year.
- 3.2 Summary of bookings for 2023 were taken as at 04.09.23.

	2023			
Month	Number of bookings	Number of bookings available (stock)	% booked	Comments
January	25	25	100%	Block booking
February	25	25	100%	Block booking
March	25	25	100%	Block booking

April	25	25	100%	Block booking
	2	27	7%	Mundesley only
May	26	54	48%	All
June	22	130	17%	All
July	61	164	37%	All
August	78	132	59%	All
September	25	32	78%	All
October	1	27	5%	Mundesley only
	25	25	100%	Winter/Spring Block Booking 30.09.23
November	25	25	100%	Winter/Spring Block Booking
December	25	25	100%	Winter/Spring Block Booking
Total	390	741	52.6%	

- 3.3 The 2023 occupancy has increased from the 2022 the occupancy rate, which was 40%. During 2022, there had been less availability due to the chalet buildings being closed to enable the works to proceed and the winter/spring block booking also effects how the data is reported through the booking system. In this period, there has been an increase of occupancy rate to 52%, which is predominantly due to the winter/spring block booking, however bookings in July and August were lower than in the previous year. Over the period of monitoring from 2017 the rate has seen an increase year on year.
- 3.4 Whilst there is no data to confirm what has caused the negative impact on the July and August bookings, the reduction could be due to a number of factors:
- Weather conditions
 - Cost of living crisis impacting on discretionary items
 - Increase in weekly booking fee, is beyond what the market will pay.
- 3.5 The block booking option over the winter/spring months continues to be popular with 100% take up.
- 3.6 The check in and out times changed part way through the season to Saturday mid-day check in to Friday mid-day check in to create more time for Sea Front Inspections to respond to change overs.

4. Waiting Lists for 5 year leases

- 4.1 Over the previous period there continues to be strong demand for 5 year leases of beach hut plots and chalets, as demonstrated by the current waiting lists. The waiting lists have grown since the review was undertaken in 2018 with a total of 525 at that time which has increased to 895 for this period.
- 4.2 Beach hut plots at Sheringham East continues to have the largest number of people on the waiting list.
- 4.3 There is no waiting list for weekly lets, which are available on a first come first served basis through an online bookings system.
- 4.4 The waiting list fee increased in 2023 to £50, per list. It is intended to not increase the fee for the 2024/25 period.
- 4.5 The waiting list summary is as follows:

Location	Type	Entries as at 31.12.22	2023 New Entries (to 04.09.23)	Total on list	Oldest Entry
Cromer East	Chalet	120	6	126	16.08.13
Cromer West	Chalet	62	5	67	30.05.17
Sheringham	Chalet	111	10	121	24.03.14
Overstrand	Beach Hut Plot	58	8	66	11.01.18
Cromer East	Beach Hut Plot	98	2	100	24.07.15
Cromer West	Beach Hut Plot	40	6	46	02.05.18
Sheringham East	Beach Hut Plot	165	9	174	17.06.14
Sheringham West	Beach Hut Plot	122	7	129	20.06.16
Mundesley	Beach Hut Plot	63	3	66	10.09.14
TOTAL		839	56	895	

5. Turnover of 5 year leases

- 5.1 For the 23/24 season there were the following new leases:

Location	Number
Mundesley	10
Cromer	10
Sheringham	5
Overstrand	1
TOTAL	26

- 5.2 At the time of writing the report there have been 10 tenants who have given notice that they wish to relinquish their lease at the end of the 2023/24 season. This figure may rise before the January deadline.
- 5.3 Currently the turnover of leases is not of concern due to the high number of people on the waiting list, however the lease is being amended so that notice is given earlier to give officers additional time to manage the re-letting process.
- 5.4 Where leases are relinquished Officers consider if there is any merit in adding to the weekly let portfolio, repositioning weekly lets (switching with the leased site) to improve their location and desirability for bookings.

6. Booking Restrictions

- 6.1 There have been queries raised, asking if it is possible to restrict bookings or leases to only those who live in the locality as there is a continued perception that the local community would make more use of these facilities. The leases current application process is open to anyone to apply to join a waiting list.
- 6.2 There continues to be void periods in weekly lettings, therefore there is availability for the local community to make use of these facilities, albeit for shorter periods of time.
- 6.3 The chalet and beach hut plots leases are expected to have a higher than normal turnover as the original 5 year leases will come to an end and some existing tenants will not wish to renew creating opportunity for those on the waiting list to apply.
- 6.4 The majority of applicants on the waiting lists are from the District and wider Norfolk area and these people will be contacted to see if they wish to remain on the waiting list. As some have been on the waiting list for many years it is anticipated that circumstances may have changed and a number will no longer be wanting a lease. With this information, we may find the waiting list shortens.
- 6.5 It has been considered if the criteria for applying to join the waiting list could be changed to restrict only one application per household and for entry to one location list only. Whilst it could be adopted it is expected that enforcing this criteria would be difficult and due to these factors, it is not considered to represent best value to implement and may not achieve the desired outcome.

7. Update from 2022

- 7.1 A number of proposals were made in the 2022 review and an update is provided below.
- 7.2 Levelling up initiative. The Council was unsuccessful in securing funding for Levelling up for Cromer. It had been intended to make significant improvements to the seafront area that could have encouraged more visitors to the area and in turn bookings of nearby beach huts and chalets.
- 7.3 Additional weekly lets and beach hut plots. See section 7
- 7.4 Customer Service. Further considerations to improved customers services has been undertaken and will be implemented for 2024/25 season.

- 7.5 Marketing. – Officers continued with a marketing programme advertising monthly in free magazine Just Regional and through the Council's outlook Magazine. In addition to this postcards were printed with booking system details. These were provided to customers when they collected keys so that they could send this on to friends and family to encourage more bookings.
- 7.6 Management Consider has been undertaken for the separation of the service (leases and weekly lets) with different services taking a role in managing the service, in order to share knowledge and enhance customer service.
- 7.7 Repairs Sheringham West chalet roofs repairs and also the Art Deco block, gained capital funding for roof repairs and a project has been established to deliver the repairs. Further consideration to works at the Donkey Shelter is being undertaken.
- 7.8 Climate Change. Monitor storms surges and adverse weather conditions which may damage the current portfolio and tenants huts. If they continue to grow the viability and feasibility of this service may become too challenging.
- 7.9 Green levy. Initial paper prepared which highlights possible opportunities. To be further considered.
- 7.10 Income/Rent Reviews. Legal and Estates officers are preparing to undertake approx. 300 lease renewals in readiness for April 2024 and it is intended to update these leases at the same time to include the annual rent review provision to enable the Council to undertake annual rent reviews if considered appropriate at that point in time. Officers are seeking to use a digital lease signing process to improve efficiency of this process.

8. Additional Beach Hut Plots

- 8.1 A review of possible locations for additional huts has been undertaken in recent years and identified 1 additional plot at Cromer and 5 at Mundesley which have been let on 5 year annual leases for the 2022/23 season.
- 8.2 A further outbuilding at Sheringham prom became surplus to requirements and was consider as a potential chalet opportunity, however its configuration does not work well for such use and a rent for commercial storage would potentially be higher. Due to this the building was discounted for chalet purposed.
- 8.3 The 3 additional beach huts at Cromer West identified during the previous review have joined the weekly lets portfolio. No further weekly lets have been identified during this period.
- 8.4 There will be one less 5 leased hut site at Sheringham for the next season to enable access to underground drainage systems.

9. Condition and Maintenance

- 9.1 Capital budget was secured for further repairs to chalets, including roof replacement at Sheringham, general improvement works to Donkey Shelter Cromer and Art Deco roof and railings replacements. At the time of writing the roof works are progressing through the procurement process with works expected to start when weather conditions allow.

- 9.2 Some weekly beach huts are now in need of redecoration and other repairs including weather boards to doors, door handle replacements, which is intended to be undertaken during 2024/25.
- 9.3 Some chalets are suffering from damp causing peeling paint from walls and floors, which is causing some customer complaints. Investigation in how to reduce damp is being undertaken.
- 9.4 The November storms has resulted in some damage and movement of Council and private beach huts at Sheringham. At the time of writing the cost of responding to this issue has not yet been calculated.

10. Medium Term Financial Strategy

- 10.1 In terms of the current position of income the table below represent data from the booking system showing the gross income from weekly lets and leased beach hut and chalet income over a 12 month period.

Location	Weekly Lets 01.01.23 – 06.09.23 Beach Huts and Chalets		Leased (22/23) Beach Huts and Chalets	
	No. available	Income (gross)	No. available	Income (gross)
Cromer Chalets (East and West)	12	£15,345 (E) £3475 (W)	52	£26,908 (E) £19,637 (W)
Cromer Huts (East and West)	3	£3,095	120	£47,386 (E) £19,686 (W)
Mundesley Beach Huts	7	£7,400	55	£33,330
Sheringham Chalets	4	£6,090	25	£27,775
Sheringham Huts (East and West)	7	£14,400	88	£43,529 (E) £5,211 (W)
Overstrand Huts	0	£0	50	£30,300
Total	33	£49,805	390	£253,492
Average income per unit per annum		£1509		£650

- 10.2 The weekly let average income for the last period was £1,658 has seen a reduction this year, which was an average of £1,509 per booking.
- 10.3 Whilst weekly lets per unit average is higher than a leased unit it is important to note that this is a gross figure and doesn't take into account resources required to manage the weekly lets which are generally more management intensive and require repairs and maintenance.
- 10.4 Out of all the types, the beach hut plots continue to be the least management intensive as generally only require repairs and maintenance expenditure when adverse weather conditions damage the site (promenade) and the majority are expected to continue until lease expiry.

- 10.5 Income growth can be achieved from additional sites, however no new plots have been identified during the period.
- 10.6 Due to limited bookings during the peak weeks and cost of living crisis that may have impacted on that, it is not intended to increase the rate for weekly let hire during this same period on 24/25.
- 10.7 A rent review on the annual leases has been undertaken for 2024/25 season. There is an annual rent review provision included in the new lease documents, which enables the Council to increase the rent each year, if it deems reasonable to do.
- 10.8 The Council was not successful in its bid for Levelling up funding for Cromer, which was hoped to provide 2 accessible beach huts to the portfolio.
- 10.9 Leased beach hut sites rental summary

PRICES INCLUDE VAT	CROMER		SHERINGHAM		MUNDESLEY	OVERSTRAND
	WEST PROMENADE	EAST PROMENADE	WEST PROMENADE	EAST PROMENADE	PROMENADE	PROMENADE
2019/20	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00
2020/21	£ 525.00	£ 500.00	£ 525.00	£ 500.00	£ 550.00	£ 550.00
2021/22	£ 551.25	£ 525.00	£ 551.25	£ 525.00	£ 577.50	£ 577.50
2022/23	£ 579.00	£ 551.00	£ 579.00	£ 551.00	£ 606.00	£ 606.00
2023/24	£ 579.00	£ 551.00	£ 579.00	£ 551.00	£ 606.00	£ 606.00
2024/25	£ 613.74	£ 584.06	£ 613.74	£ 584.06	£ 642.36	£ 642.36

10.10 Leased chalet rent summary

PRICES INCLUDE VAT	CROMER				SHERINGHAM		
	WEST PROMENADE		EAST PROMENADE		WEST PROMENADE		
	33-39	126-142	15-42	43-46	CHALETS 1-13	14-18	19-29
2019/20	£ 696.00	£ 750.00	£ 775.00	£ 800.00	£ 900.00	£ 900.00	£ 900.00
2020/21	£ 696.00	£ 885.00	£ 775.00	£ 895.00	£ 1,017.50	£ 1,085.00	£ 997.00
2021/22	£ 727.05	£ 925.50	£ 807.50	£ 955.50	£ 1,054.63	£ 1,125.50	£1,145.60
2022/23	£ 763.00	£ 972.00	£ 848.00	£ 1,003.00	£ 1,107.00	£ 1,182.00	£1,072.00
2023/24	£ 763.00	£ 972.00	£ 848.00	£ 1,003.00	£ 1,107.00	£ 1,182.00	£1,072.00
2024/25	£ 808.78	£ 1,030.32	£ 898.88	£ 1,063.18	£ 1,173.42	£ 1,252.92	£1,136.32

10.11 Summary of total leased income

Rental Income Anticipated for 2024/25	
Beach Huts	£195,266
Chalets	£78,548
Waiting list	£1,500
TOTAL RENT DUE	£275,314

10.12 It was stated in the previous annual review that *“With the current economic climate it is difficult to predict the impact on weekly lets for the next season. There is a possibility that tourism overseas has a greater impact due to the higher cost to travel overseas and consumers seek a UK based holiday as an alternative. Even if tourism remains strong in the district, hiring a beach hut or chalet, may not be deemed an essential part of the holiday experience and if consumer expenditure reduces it could have a negative impact on the number of bookings”*. The Council has seen a reduction in the number of bookings this year, including peak summer weeks. The weather during the summer period may have impacted on the number of bookings with 97 days of rain in the first 9 months and 24 of those during the peak months of July and August.

10.13 The total income for 2024/25 for weekly lets has been estimated below.

Estimated Income	2024/25
Weekly Lets	£50,000

10.14 The weekly beach hut and chalet hire fees increased in 2023/24 and it is intended to only increase in 2024/25 where there is strong demand for those specific hire periods.

Type/Period	Fees 2023/24	Fees proposed 24/25
Chalets - Peak unserviced Per Week	£235	£235
Chalets - Peak serviced Per Week	£290	£290
Chalets - Mid unserviced Per Week	£135	£135
Chalets - Mid serviced Per Week	£150	£150
Chalets - Low unserviced Per Week	£95	£95
Chalets - Low serviced Per Week	£105	£105
Chalets - Winter season unserviced Per Season	£380	£400

Chalets - Winter season serviced Per season	£420	£450
Beach Huts - Peak per Week	£215	£215
Beach Huts - Mid per Week	£115	£115
Beach Huts - Low per week	£80	£80
Beach Huts - Winter season	£380	£400
Beach Huts – Mundesley Autumn (up to 2 months)	N/A	£185

10.15 Total income predicted for 2024/25 is £325,314

11. Financial and Resource Implications

11.1 The expenditure for 2023/23, which has increased on the previous year, is shown below along with previous years. The full data for 2023/24 is not complete at the time of writing the report.

Budget	2019/20	2020/21	2020/22	2022/23
Staff salaries and other expenses	£37,863.69	£43,187.44	£20,355.22	£18,203.18
Repairs and maintenance	£12,192.23	£3,287.92	£13,045.78	£21,145.11
Business rates	£4,761.74	£4,756.65	£5,205.95	£5,768.66
Electric	£287.43	£817.69	£439.36	£902.51
Insurance	£2,692.37	£2,749.72	£2,895.77	£3,430.52
Other Services Recharge	£140,380.00	£104,015.00	£97,284.00	£117,946.00
Beach hut removal	£14,495.00	£15,003.00	£15,184.00	£13,965.00
Total	£212,672.46	£173,817.42	£154,410.08	£181,360.98

11.2 Please note:

- The repairs and maintenance budget is for revenue not capital expenditure.
- Some staff salaries have been reallocated following the restructure and the expenditure in this budget is predominantly one part time administrator and salary on costs.
- Seafront inspectors and tourist information staff who have some involvement in the management in the beach hut and chalet service are not included.
- The majority of these costs relate to the management of weekly lets.
- Expenditure for 2022/23 has seen an increase of approx. £11,000, which was due to unexpected costs of repositioning beach huts at Overstrand following adverse weather conditions.
- Other services recharges are the resource costs of other teams that are allocated to all budgets for accounting purposes. These teams may or may not have direct involvement in that particular service.

11.3 It is not expected for forthcoming season that there will be any reduction in expenditure.

12. Future Strategy 2024

- 12.1 Additional sites plots. Officers will continue to review locations for additional sites, but is limited on the availability of new opportunities with existing sea front landholdings. Availability of seafront land is rare and the cost of acquiring land would impact on viability. With the original 5 year leases coming to an end (April 24) there would be opportunity for some of these to become weekly lets that would generate a high rate of income. This would need to be considered alongside the increased cost of managing the service.
- 12.2 Customer Service. It is intended to provide greater clarity to customers seeking to apply for the waiting list giving an indication of how many entries there are on the waiting list and a predict waiting time. Officers are also seeking to provide more information to customers in the online booking system, so that they can make informed choices prior to booking. A feedback printed envelope is being designed that will be given to customers to use when they return keys at the end of their booking. Feedback will be collated and used to improve the service where possible.
- 12.3 Marketing. The storm boards for the chalets have needed replacement and officers are considering options to utilise these for marketing or information purposes. Officers are also investigating using QR codes to link customers to the booking system that will be placed on or near the beach huts. Increased use of the visitor newsletter, flyers/posters and competition to encourage more bookings.
- 12.4 Management Further consider separation of the service (leases and weekly lets) to establish feasibility of different services taking a role in managing the service (to share knowledge and enhance customer service) and/or viability of appointing external managers for weekly lets.
- 12.5 Repairs Donkey Shelter refurbishment, Sheringham West chalet roofs, were successful in obtaining a capital bid and works have commenced with roof repairs, which are due to be completed early 2024. Consideration to the Donkey Shelter refurbishment is underway.
- 12.6 Climate Change. Continue to monitor storms surges and adverse weather conditions in November and December, has damaged the current portfolio and tenants huts. Continuation of this will have a negative impact on viability and feasibility of this service.
- 12.7 Green levy. Further consider feasibility of such a levy will be undertaken
- 12.8 Income/Rent Reviews. Changes made to the rent review provision enables the rent to be reviewed on an annual basis. With this provision it gives the Council greater scope to review the rent in line with market conditions at that time and increase the rent if appropriate. Approx. 300 lease renewals will be due April 2024 and it is intended to update these leases at the same time with the annual rent review provision. This is the next opportunity for the Council to complete rent reviews.
- 12.9 There were 9 weekly bookings during September and October for the 7 Mundesley huts, equating to an average fee of £124 each. It is proposed to trial an autumn block booking covering this period at £185, to establish if this might be more desirable for customers particularly as this also reduces the resource needed to manage change overs that are required more frequently with weekly lets. If there was limited demand or the income didn't increase then Council could revert back to weekly bookings.

- 12.10 Consideration to allowing tenants to widen their use of their beach hut/chalet at a higher rent to increase income levels from this service to the Council. Currently “charging a fee” is not allowed, including for the purpose of independent hire of the Beach Hut/chalet and they cannot be a benefit included with the letting of another property or accommodation. The Council could agree to formally allow a tenant to use the facilities as part of their holiday accommodation as a more commercial arrangement.
- 12.11 Operational costs – seek to reduce operational costs where possible.

13. Corporate Priorities

- 13.1 The key corporate priorities as contained within the current Corporate Plan that relate to this project are:
- A Strong, Responsible, & Accountable Council, in utilising property assets to generate revenue income.

14. Financial and Resource Implications

Budget, rental levels and weekly let income and expenditures are detailed throughout the report.

Comments from the S151 Officer:

The S151 Officer (or member of the Finance team on their behalf) will complete this section.

15. Legal Implications

- 15.1 The original 5 year leases are due to be renewed for 1st April 2024 and there are approx. 300 to do. A review of the lease has been undertaken with amendments made to further protect the Councils interests.

Comments from the Monitoring Officer

No specific governance risks raised. The MO and the legal team are assisting with the lease renewals and are available should any legal or governance issues arise.

16. Risks

- 16.1 The current economic situation may continue to have a negative impact on bookings for the forthcoming season and impact on income generation and cause rent arrears.
- 16.2 Adverse weather conditions and storm surges continue to causing damage the portfolio and tenants huts.
- 16.3 Repair works required to improve the chalets become not financially viable.

17. Net Zero

- 17.1 Further consideration into possible opportunities of a Green Levey or similar scheme is being undertaken, which could see a small sum added to each lease and/or booking that could be spent on green initiatives in the locality. For example, this might be used to fund sustainable timber and paints when redecorating, green roof installation, additional recycling bins, wildflower planting, water/energy saving measures in nearby public toilets.
- 17.2 The beach huts and chalets are being impacted by adverse weather conditions causing damage to them and the promenade. The cost of the Council rectifying the damage is expected to be not financially sustainable if adverse weather conditions increase in frequency. The leases have been changed to include a clause enabling the Council to remove the beach huts in such an event. If adverse conditions become more frequent to the point it is no longer viable, officers may recommend that no beach huts leases are made available.

18. Equality, Diversity & Inclusion

- 18.1 There are no direct implications from this report.

19.1 Section 17 Crime and Disorder considerations

- 19.1 There are no direct implications from this report.

20. Conclusion and Recommendations

- 20.1 It continues to be a challenging period since the 2018 Beach Hut and Chalet review was completed due to the covid pandemic and the current economic situation (cost of living crisis) impacting on discretionary spend.
- 20.2 Income during this period of review from leases has been static due to their being no rent review provision for 2023 and whilst fees and charges increased for weekly lets, there has been a small reduction in the income due to less bookings in peak weeks.
- 20.3 The proposed future strategy will seeking to improve income and booking numbers of weekly lets and seek to reduce operation costs where possible.