Annual Review of Beach Huts and Chalets	
Executive Summary	This report provides an annual review of the Beach Huts and Chalets service, for a 12-month period between 2023/24 and 24024/25. Leased sites, which continue to have high demand, have seen an increase in income due to the 350 lease renewals undertaken during the year. It continues, to be a challenging period for weekly let bookings during summer peak periods. In recent years occupancy has increase, however this year has seen a small fall in occupancy. Whilst advertising has been undertaken, the lack of bookings may be due to current economic situation (cost of living crisis) impacting on discretionary spend across a wide range of sectors, poor weather conditions and coastal works. A new customer feedback exercise this year has found a high level of weekly let customers are repeat customers and in the main, their feedback is very positive and helpful. In order to optimise the service, 7 key options ranging from a change of marketing and administration alongside various alternative management strategies have been considered and presented in this report.
Options considered	The following options have been considered: • Convert existing weekly lets to leased units • Subscribing to a national beach hut letting website and booking system • Subscribing to an international holiday accommodation booking system • Converting weekly lets to leased sites • Lease all weekly lets on a commercial basis • Lease of both weekly lets and leased units commercially • Sell beach huts and chalets on a long leasehold with annual ground rent. • Operating through a trading company
Consultation(s)	None
Recommendations	It is recommended: • To consider the annual review and, • For the Asset Strategy Manager to be delegated authority to proceed with the alternative management Option E - Lease of both weekly lets and leased units to one commercial operator or create 4 smaller location-based opportunities, subject to viable bids being received.

Reasons for recommendations	Considered to be the most optimal of all options available, with less disruption to existing tenants, creates the most savings, generates a consistent rental income and improves capacity issues with existing resources.
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

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 and to respond to specific questions raised by the Overview and Scrutiny meeting

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. Since the review, annual update reports have been presented to Overview & Scrutiny.

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. 33 weekly lets in total.

3.2 Over the period of monitoring from 2017 the rate has seen an increase year on year to 52% for the 2023 period. Booking performance has seen a fall during 2024 to 47.5% as shown below.

3.3

	01.01.24- 15.08.24			
	2024			
Month	**Number of bookings**	**Number of bookings available (stock)**	**% booked**	**Comments**
January	24	25	96%	Block booking
February	24	25	96%	Block booking
March	24	25	96%	Block booking
April	24	25	96%	Block booking
	1	28	4%	Mundesley only
May	24	25	96%	Block booking
	5	28	18%	Mundesley only
June	21	159	13%	All
July	46	127	36%	All
August	71	160	44%	All
September	42	100	42%	All
October	25	25	100%	Winter/Spring Block Booking
November	25	25	100%	Winter/Spring Block Booking
December	25	25	100%	Winter/Spring Block Booking
Total	381	802	47.5%	

3.4 The summer months continue to have lower rates of bookings which again could be due to a number of factors:

- Wet and cold weather conditions
- Continued economic impact on discretionary spend
- Whilst the weekly hire fee didn't increase for 2024/25 during summer months, the fees may still be beyond what the market are willing to pay
- Coastal works in relation to Cromer and Mundesley

3.5 The block booking option available over the winter/spring months, continues to be popular. A shorter 6-week period at Mundesley has been introduced this year for the autumn period, before the huts are removed for storage.

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 from 895 at the last review to 902 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 The waiting list fee increased in 2023 to £50, per list, which was not increased for the 2024/25 period.

4.4 With the 2024 lease renewal process it has seen some applicants withdraw or be removed from the list, as they are no longer wanting a lease or have not been contactable. This has caused the overall growth of the waiting list this period to be nominal and in some resorts the waiting list has fallen.

4.5 The waiting list summary is as follows:

Location	Type	Entries as at 05.09.23	2024 New Entries (to 15.08.24)	Total on list	Oldest Entry
Cromer East	Chalet	126	13	135	27.08.14
Cromer West	Chalet	67	13	80	30.05.17
Sheringham	Chalet	121	7	127	24.03.14
Overstrand	Beach Hut Plot	66	1	56	27.06.18
Cromer East	Beach Hut Plot	100	9	83	18.10.16
Cromer West	Beach Hut Plot	46	5	49	02.05.18
Sheringham East	Beach Hut Plot	174	9	174	21.10.14
Sheringham West	Beach Hut Plot	129	8	136	20.06.16
Mundesley	Beach Hut Plot	66	3	62	27.03.15
TOTAL		**895**	**68**	**902**	

5. Turnover of 5-year leases

5.1 At the time of writing the report there have been 26 tenants who have given notice that they wish to relinquish their lease at the end of the term (31.03.24). See below.

Location	**Number**
Mundesley	7
Cromer	8
Sheringham	4
Overstrand	7
TOTAL	26

5.2 Currently the turnover of leases is not of concern due to the continued high number of people on the waiting list.

5.3 In response to questions, **the possibility of conversion from weekly to five-year leases** and **not having Council huts and instead having them as private leases**

5.4 The income on Weekly lets for 2024/25 at the time of writing the report was estimated at £42,325, with the average rate per unit at £1,283. The income anticipated if all the weekly lets became leased units would be £25,280 with average of £766 per unit.

5.5 If this option was taken forward it is not expected that any salary savings would be made as existing staff would be required to manage the additional leased units and respond to other promenade/leisure management. There would be business rate savings of approx. £10,000 as this would pass to the tenant and no advertising budget needed. Other costs would still be payable by the Council, such as insurance, repairs maintenance, beach hut removal which is either recharged to the tenant or deducted from the income. Council recharges would also remain and with this option there would be less income to fund expenditure.

5.6 Whilst this option would reduce the number of people on the waiting list, the period of time a person would need to wait would not see a material change.

Weekly income annual estimate 24/25	Conversion to Leased units annual estimate	Loss of income	Savings Generated	Overall effect
£42,325	£25,280.00	-£17,045.00	£11,715	-£5,330.00

5.7 The Council could seek to reduce the number of weekly lets focusing on those that are the most popular and convert the least popular into leased sites. Further analysis would be required to establish the financial impact.

5.8 If this option was to proceed, officers would start prior to 1st March 2025 when the booking opens for the new season and start new leases once the winter booking period has expired.

6. Alternative management options

6.1 In the previous report, there was a proposal to consider widening tenants use of their beach hut/chalet in the lease with a higher rent. Currently the lease does not allow tenants to charge a fee for independently hiring the beach hut/chalet. The tenant cannot include the hut/chalet as a benefit within the letting of another property or accommodation. The Council could agree to change the lease to allow a tenant to use them as part of their holiday accommodation as a more commercial arrangement.

6.2 As part of this review, officers have considered a number of alternative management options and details of these can be found in the appendix. These comprise:

- A. Subscribe to a national beach hut letting website/booking systems
- B. Subscribing to an international holiday accommodation booking system which has other similar beach huts available for hire.
- C. Convert all or some weekly lets to leased sites.
- D. Lease all weekly lets commercially, allowing the tenant to hire their unit.
- E. Lease of both weekly lets and leased units to one commercial operator or create 4 smaller location-based opportunities
- F. Sell the Council's physical assets (3 huts at Cromer and all 93 Chalets) on long lease with annual ground rent.
- G. Establish a trading company and transfer all weekly lets and leased assets to it.

6.3 **A. Subscribe to a national beach hut letting website/booking systems**

6.4 There are a couple of beach hut specific letting websites, that advertise the facilities to hire across the country. As the Council's booking system is unsupported and is not fit for purpose the Council could utilise a letting website as an alternative system.

6.5 Costs - The fee for using the website is a % of booking income and when using the 23/24 income as an example, the cost would have been £4,500 - £5,000. The current advertising budget would need to be increased by £3,000 to cover potential fees. That would require approximately an additional 14 peak week bookings to just cover that cost. All other property costs would remain the same.

6.6 Savings - There would be no real savings generated as the same level of budget would be required to manage the service, however there would be less internal IT support required.

6.7 Income - It is difficult to predict if a beach hut specific website would generate more bookings. Whilst they may reach more potential customers through their website, factors as the weather and economic climate will still negatively affect bookings. It could be trialled for 12-24 months to test how successful or not it might be.

6.8 Key benefits - would be to resolve current booking system issues, be on a higher-ranking specific booking website, basic booking queries are dealt with by the company.

6.9 Disadvantages - no budget is saved (it would cost a further £3,000) and it doesn't resolve change over challenges that arise from lack of resources and that would add further pressure with offering short term or short notice bookings.

6.10 An alternative option to this would be to have a "White Label" bookings system. This is taking the new booking software and linking to the Councils website again removing the need for the current unsupported booking system. Whilst it might be marginally cheaper to take forward, the Council would lose the benefit of wider exposure to more potential customers and therefore this is not recommended.

6.11 **B. Subscribing to an international holiday accommodation booking system which has other similar beach huts available for hire.**

6.12 Holiday accommodation websites such as Airbnb have a few beach huts available to book for non over night stays. The Council could close down its current booking system and use Airbnb for example as an alternative booking system.

6.13 Costs – Again the fees are based on a percentage of the booking income. Based on 23/24 income the cost would be £1,415. All the Councils property costs would remain the same.

6.14 Savings –There would be no real savings generated as the same level of budget would be required to manage the service, however there would be less internal IT support required.

6.15 Income – Again it is difficult to predict potential income. Whist Airbnb is well known, most people are seeking overnight stays and therefore advertising on such a website might not reach customers seeking beach hut hire. Again, factors as the weather and economic climate will still negatively affect bookings. It could be trialled for 12-24 months to test how successful or not it might be.

6.16 Key benefits – It's a low-cost well-known booking system and the current advertising budget would cover the costs of using it.

6.17 Disadvantages – It's not specifically beach hut focused, the customer pays an additional 14% booking fee to Airbnb which might reduce demand, or the Council would need to reduce its hire rates to reflect this. It requires 24/7 proactive management responding to queries and adjusting pricing to improving ratings and impacted by algorithms. Whilst automated messaging could be implemented the Council does not have the resource to do this affectively. The Councils assets are not photogenic and any poor feedback displayed could affect bookings.

6.18 The option is not recommended as it is not expected to reach the right customer bases and requires greater resource to optimise results.

6.19 **C. Convert all or some weekly lets to 5-year leased sites.**

6.20 Up to 33 weekly lets could offered to the waiting list as a 5-year leased site. As the lists are extensive, there would be sufficient demand to have all sites leased.

6.21 Costs – this change could be managed internally and therefore no additional costs would be incurred.

6.22 Savings – would be generated by reduced business rates and advertising costs. If all weekly lets became leased sites a saving of £11,715 is expected. There would be no expected savings with the current resource involved in the operation of the service as any time saved would be filled by other work in their existing roles.

6.23 Income – The leased sites generate less income than weekly lets as an average. For 2024/25 rents income would have reduced to £25,280 and whilst there would have been a saving generated there would still be an overall loss of income of £5,330 that year.

6.24 Key benefits- Some savings created, pre agreed rental income generated, no further investment into weekly let furniture required, small reduction in waiting lists and unsupported booking system would be closed down.

6.25 Disadvantages – rental income is lower than weekly lets, overall budget savings is low and risk of complaints/PR issues from regular customers from ceasing weekly lets.

6.26 Whilst this would reduce the waiting lists marginally and removes the need for a booking system, this option is not recommended as it would result in a loss of income.

6.27 **D. Lease all weekly lets commercially, allowing the tenant to hire their unit.**

6.28 A procurement exercise could be undertaken offering all weekly lets available on a commercial basis. They could be offered as one lot, small groups, or individual lots. To ensure best value, potential tenants would be asked to submit their maximum bid. Tenants would be able to relet huts on any basis they wish to generate income.

6.29 Costs – are anticipated to be at around £1,000 to cover advertising fees. Internal resource would manage this option.

6.30 Savings – would be generated on business rates and other property costs and has been estimated at £11,715 a year. No resource savings expected as for the reasons outlined in 6.22.

6.31 Income – the value of potential bids is unknown until a marketing exercise is undertaken; however, it is expected that they would be more than the rents currently received. There may still be a reduction in the overall income if it equates to less then the weekly lets produced. The market could be tested and in no suitable bids were received, then weekly let’s could be implemented.

6.32 Key benefits- Some savings created, consistent rental income generated, reduces the waiting list, no further investment into weekly let furniture, current booking system is closed down and creates opportunities for local business and possible job creation.

6.33 Disadvantages – still requires internal resources to manage a high number of tenants.

6.34 Whilst there is more consistency over the level of income generation as it is not impacted in the same way weekly lets are, there is a risk that the overall income is still less, and overall budget savings are low. Due to this it would not be the preferred option.

6.35 **E. Lease of both weekly lets and leased units to one commercial operator or create 4 smaller location-based opportunities**

6.36 This option would see all the weekly lets and leased sites offered to let on a commercial basis with all existing tenants remaining. It could be offered as one lot or smaller location-based groups. The tenant would take a long lease on the ground rents of the beach hut plots and the chalets and sub-let to the existing tenants. With any vacant sites/chalets the tenant would be free to let as they wish as a leased site or hire it for shorter stays. The Council could make specific conditions however if these are too onerous it will impact on the level of interest and bids.

6.37 Costs – are anticipated to be at around £1,000 to cover advertising fees. Internal resource would manage this option.

6.38 Savings – this option has potential to make the largest saving as subject to negotiation all property costs would pass to the new tenant. The Council would recharge insurance as it does with other commercial tenants.

6.39 and still generate income would be to lease weekly let and leased units to one (or more) commercial operators.

6.40 Income – the value of potential bids is unknown until a marketing exercise is undertaken. There may be a reduction in the overall income if offers are received are less, however the financial savings generated would need to be factored. Again, the market could be tested and in no suitable bids were received, then weekly let's could be implemented.

6.41 Key benefits – Current bookings system is closed down, maximum savings generated, consistent income generated, maintenance liability passes to tenant(s), smaller number of tenants to managing improving capacity issues within existing resources.

6.42 Disadvantages – Possible complaints from current tenants and customers due to a change in management and or hiring options.

6.43 As this option creates the most savings and would generate more consistent rental income, this is the recommended option. It is proposed that officers seek to advertise the opportunity to establish potential interest from commercial operators. If the proposals submitted did not prove viable the Council could consider an alternative option.

6.44 **F. Sell the Council's physical assets (3 huts at Cromer, Mundesley and Sheringham and all 93 Chalets) on long lease with annual ground rent.**

6.45 As an initial phase the Council could sell on a long leasehold basis:

- All the weekly let beach huts (17) with a long leasehold of their plot
- All 16 weekly let chalets
- All remaining chalets (77) to existing tenants or when the property becomes vacant.
- All leased beach hut plots could also be offered for sale to existing tenants.

6.46 Costs – are anticipated to be at around £1,000 to cover advertising fees. Internal resource would manage this option.

6.47 Savings – Full savings would be gradually realised over the delivery period which could take 5 or more years.

6.48 Income –Capital sum generated over a gradual phased approach, starting with weekly lets and remaining leased sites on as they become vacant, due to legal constraints. As there is no direct comparable evidence the sales value is unknown until a marketing exercise is undertaken.

6.49 There are beach huts sold at Wells-next-the-Sea, with one currently being advertised at £77,500 plus a 15% purchaser commission payment. Others in Suffolk and Essex are lower and range from £18,000. It is important to note that the location and property type will have an impact on the value, and this is unlikely to be the same in North Norfolk coastal resorts. The economic climate is also having a negative effect on property sales and values at the current time.

6.50 A high sales value may mean that the majority of existing tenants would not be able to afford to purchase the property and a PR issue could arise if the felt unfairly disadvantaged.

6.51 Whilst a ground rent would be charged for a long lease this would be much reduced from the current rent. Other ground rents with sale of huts are generally advertised at between £350 - £500. Usual rent review terms can be included.

6.52 Key benefits – Capital receipt is obtained, savings made over time, liability for maintenance move to tenant, booking system can be closed down, consistent ground rent received (but at a lower value), less disruption to existing tenants as their existing lease would remain.

6.53 Disadvantages – Service charge would be needed to manage repairs and maintenance of chalet blocks resulting in budgets still being required, additional resource requirements to manage this, potential for arrears, similar level of resources required to manage 422 tenants a reduction in revenue income.

6.54 Whilst this option would generate some capital receipts, it would not be recommended, as it is complex and time consuming to deliver due to a phased approach. High level of resources still required to manage a significant number of tenants, deal with repairs and maintenance and administering service charges. Revenue income would be less.

6.55 **G. Establish a trading company and transfer all weekly lets and leased assets to it.**

6.56 The Peer Review recommended that a trading company could be considered to manage the beach huts and chalets. At the time of writing this option was not supported due to the complexity of operating a trading company outweighing the benefits.

7. Beach Hut Removal

7.1 Currently beach huts are only removed from Mundesley over the winter period and the costs are recharged to the tenants. Proposals for removing huts at Overstrand is again being considered due to the issues caused from winter adverse weather conditions.

7.2 In response to the question, **the relationship with private tenants including the removal of huts from the beach.** Officers consulted with all Overstrand tenants during 2021 to establish if they would support the removal of beach huts during the winter period as undertaken at Mundesley.

7.3 Out of the 59 huts sites the following responses were received:

- 9 - would like to consider the option to remove their hut
- 17 - wanted their hut to remain on site
- 23 didn't reply (this figure includes a few people that did reply but didn't confirm either way)

7.4 The majority of the tenants either didn't reply which we assume means that it wasn't of interest to them, or they responded to say they didn't wish to move their huts. This was mainly for the following reasons:

- Preference for all year round us
- They had insurance in place to cover such eventualities
- Not supportive of the additional cost for this service - some wanted a rebate in rent

7.5 With the lease renewal process nearing completion Officers are contacting tenants to consult them over Winter up lift options.

8. Additional Beach Hut Plots

8.1 No additional hut sites have been established during the review period.

8.2 There will be one less leased hut site at Sheringham for the next season. This is due to the tenant being impacted by consistent ground water on the prom at its location. Moving of the hut also enables access to underground drainage systems.

9. Condition and Maintenance

9.1 Capital budget was approved for further repairs to chalets, including roof works at Sheringham, general improvement works to Donkey Shelter Cromer and Art Deco roof and railings replacements. The roof works have largely been completed along with the new railings. Works to the Donkey Shelter are on hold subject to a review regarding the future letting of the building.

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.

9.3 Some chalets are suffering from damp causing peeling paint from walls and floors, which is causing some customer complaints.

9.4 Winter storms has resulted in some damage and movement of Council and private beach huts at Sheringham and Overstrand.

10. Medium Term Financial Strategy

10.1 In terms of the current income position, the table below represent data from the booking system and expected income from leased sites.

	Weekly Lets		Leased	
	01.01.24 – 06.09.24		(24/25)	
	Beach Huts and Chalets		Beach Huts and Chalets	
Location	No. available	Income (gross)	No. available	Income (gross)
Cromer Chalets (East)	9	£13,570	31	£28,522.48
Cromer Chalets (West)	3	£3,355	21	£20,529.02
Cromer Huts (East)	0	£0	86	£53,328.91
Cromer Huts (West)	3	£2,975	37	£22,199.19
Mundesley Beach Huts	7	£5,690	58	£37,449.59
Sheringham Chalets	4	£6,365	25	£29,441.50
Sheringham Huts (East)	7	£9,535	80	£48,909.18
Sheringham Huts (West)	0	£0	9	£5,855.08
Overstrand Huts	0	£0	51	£34,045
Total	33	£41,490	398	£280,280
Average income per unit per annum	£1,257		£704	

10.2 The weekly let average income has fallen from £1,509 in 2023/24 to an average income of £1,257 per weekly let unit per annum.

10.3 The leased sites average increased from £650 to £704 during the last period and increased the overall expected income from £273,665 to £280,280 per annum. This was due to a approx. 350 lease renewals and rent increase being undertaken following expiry of the original 2019 leases.

10.4 Whilst the 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.

10.5 Out of all the types, the leased beach hut plots continue to be the least management intensive as general repairs and maintenance expenditure are the responsibility of the tenant. Officers' main involvement is when adverse weather conditions cause damage to the promenade and/or requiring repositioning.

10.6 Due to limited bookings during the peak weeks, it is not intended to increase the rate for weekly let hire during this same period for the 2025/26 season.

10.7 A rent review on the annual leases has been undertaken for 2025/26 season and it is proposed to increase the rent as shown in the tables below

10.8 Leased beach hut sites rental summary:

PRICES INCLUDE VAT	CROMER		SHERINGHAM		MUNDESLEY	OVERSTRAND
Beach Hut sites	West Promenade	East Promenade	WEST PROMENADE	EAST PROMENADE	PROMENADE	PROMENADE
	7.5	7.5	7.5	7.5	7.5	9
2019/20	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00
2020/21 to full	£ 525.00	£ 500.00	£ 525.00	£ 500.00	£ 550.00	£ 550.00
2021/22 - 5% increase	£ 551.25	£ 525.00	£ 551.25	£ 525.00	£ 577.50	£ 577.50
2022/23 - 5% increase	£ 579.00	£ 551.00	£ 579.00	£ 551.00	£ 606.00	£ 606.00
2023/24 - nill Increase	£ 579.00	£ 551.00	£ 579.00	£ 551.00	£ 606.00	£ 606.00
2024/25 - 6% increase	£ 613.74	584.06	£ 613.74	£ 584.06	£ 642.36	£ 642.36
2025/26 - 5% increase	£ 644.43	613.263	£ 644.43	£ 613.26	£ 674.48	£ 674.48

10.9 Leased chalet rent summary:

PRICES INCLUDE VAT	CROMER				SHERINGHAM		
Chalet Site	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 to full	£ 696.00	£ 885.00	£ 775.00	£ 895.00	£ 1,017.50	£ 1,085.00	£ 997.00
2021/22 - 5% increase	£ 727.05	£ 925.50	£ 807.50	£ 955.50	£ 1,054.63	£ 1,125.50	£ 1,145.60
2022/23 - 5% increase	£ 763.00	£ 972.00	£ 848.00	£ 1,003.00	£ 1,107.00	£ 1,182.00	£ 1,072.00
2023/24 - Nill increase	£ 763.00	£ 972.00	£ 848.00	£ 1,003.00	£ 1,107.00	£ 1,182.00	£ 1,072.00
2024/25 - 6% increase	£ 808.78	£ 1,030.32	£ 898.88	£ 1,063.18	£ 1,173.42	£ 1,252.92	£ 1,136.32
2025/26 - 5% increase	£ 849.22	£ 1,081.84	£ 943.82	£ 1,116.34	£ 1,239.84	£ 1,315.57	£ 1,193.14

10.10 Summary of total leased income anticipated for 2025/26.

Rental Income Anticipated for 2025/26	
Beach Huts	£204,963
Chalets	£82,487
Waiting list	£1,500
TOTAL RENT DUE	**£288,950**

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

Estimated Income	2025/26
Weekly Lets	£45,000

10.12 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	Fees Proposed 25/26
Chalets - Peak unserviced Per Week	£235	£235	£235
Chalets - Peak serviced Per Week	£290	£290	£290
Chalets - Mid unserviced Per Week	£135	£135	£135
Chalets - Mid serviced Per Week	£150	£150	150
Chalets - Low unserviced Per Week	£95	£95	£95
Chalets - Low serviced Per Week	£105	£105	£105
Chalets - Winter season unserviced Per Season	£380	£400	£425
Chalets - Winter season serviced Per season	£420	£450	£475
Beach Huts - Peak per Week	£215	£215	£215
Beach Huts - Mid per Week	£115	£115	£115
Beach Huts - Low per week	£80	£80	£80
Beach Huts - Winter season	£380	£400	£425
Beach Huts – Mundesley Autumn (up to 2 months)	N/A	£185	£200
Beach Huts – Mundesley Spring (up to 6 weeks)	N/A	N/A	£185

11. Financial and Resource Implications

11.1 The expenditure for 2023/23, which has increased on the previous year, is shown below.

Budget	2019/20	2020/21	2020/22	2022/23	2023/24
Staff salaries and other expenses	£37,863.69	£43,187.44	£20,355.22	£18,203.18	£12,004.35
Repairs and maintenance	£12,192.23	£3,287.92	£13,045.78	£21,145.11	£7,076.01
Business rates	£4,761.74	£4,756.65	£5,205.95	£5,768.66	£9,972.04
Electric	£287.43	£817.69	£439.36	£902.51	£2,430.10
Insurance	£2,692.37	£2,749.72	£2,895.77	£3,430.52	£7,155.15
Other Services Recharges	£140,380.00	£104,015.00	£97,284.00	£117,946.00	£103,420.00
Beach hut removal	£14,495.00	£15,003.00	£15,184.00	£13,965.00	£14,127.50
Total	**£212,672.46**	**£173,817.42**	**£154,410.08**	**£181,360.98**	**£156,185.15**

11.2 Please note:

- The repairs and maintenance budget is a revenue budget and excludes capital expenditure, which is £33,000 for roof repairs and railing replacement at the Art Deco and Sheringham.
- 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.
- Other staff involved with the management of the service are included as Other Services Recharge.
- Expenditure for 2023/24 has seen a decrease due to a reduction in repairs and maintenance.

11.4 In response to the question, **The split of costs between weekly and five-year huts.** It is not possible to provide that level of detail due to how current budgets are structured and repairs/maintenance is recorded. However, we can make the following assumptions:

- The majority of leased sites are beach hut plots (321) with the tenant being responsible for repairs/maintenance, business rates, insurance. Removal costs are recharged to the tenants and therefore these assets are likely to have the least expenditure.
- There are 33 weekly lets comprising both chalets and huts that require repairs and maintenance, insurance, utilities, business rates, advertising that will require budget.
- There are 77 leased chalet sites, with repairs/maintenance, utilities, insurance and business rate expenditure. Due to the number of sites, it is anticipated that this group have the greatest expenditure on this budget.
- Salaries for 2024/25 will have more time connected to leased sites, due to increased time spent on lease renewals.

11. Customer Service

11.1 Feedback forms - At the time of writing 35 responses have been received. A summary is provided below:

Question	Outcome
How did you find out about hiring	Most responses stated they had hired previously; this was followed by the Councils website.
How Easy was it to book	Most responses stated very easy or easy.
How was key collection/drop off	Most responses stated very convenient and somewhat convenient
Was the Hut clean and tidy	Most responses stated it was very clean and tidy.
Overall experience	Most responses were somewhat satisfied and highly satisfied.

11.2 Summary of experience comments: 10 out of 10. We love beach huts. Very good. Always good for us. We were very pleased and will be back again. Lovely. Great location for beach access with dog and children Brilliant it really made our holiday. We only opened it once, too small too limited equipment. Crack in window – we would have preferred an upstairs chalet. When booking it was not possible to view the hut and on arrival, we found the hut was close to railings with a high drop off prom that caused concern over young child potentially falling.

11.3 Summary of other comments: We didn't receive a confirmation email, check out later as 12 cuts the day short, 2023 check out at 3:30pm was better. We spent £235 on this, so very poor value for money, perhaps a more accurate description would be helpful. Tourist office very helpful in finding an alternative hut away from works. Why do we have to hand the key back at noon when we have paid for the whole day. Inconvenient taking keys back to Cromer, easier if key collection was in Sheringham. Clarity needed on what time people need to leave as previously it was 6pm, them 3pm and now 12pm.

11.4 Waiting list - Clarity on waiting lists numbers and expected timescales has been included on the website. Alongside this an online webform is being developed for customers to apply to be on the waiting list. This will replace the current paper version and remove the need for cheque payments. Reducing the number of cheques is part of a wider initiative.

12. Marketing

12.1 In response to the question, **How to best market and promote the beach huts**.

12.2 The following has been undertaken during 2024/25:

- Advertising in local magazines in early summer
- Social media through the Councils social links
- Postcards with booking information are provided with keys to enable hirers to send to friends and family.
- North Norfolk Visitor Centre newsletter
- Advertising boards installed with QR codes.
- Visit North Norfolk website.

12.2 Through the feedback forms we have found that around 50% of the hirers have hired previously and most others found it through the Councils website, with limited bookings from social media or magazine advertising.

12.3 The following are potential marketing and other income generation opportunities:

- Competition – a further win a beach hut for the week.
- Social media influencers
- Social media advertising
- Local business referral – a small payment made to them for any bookings they refer.
- Beach hut booking website.

- Alternative magazines
- Promotions – 10% discount in the summer?
- Install a mini hut in the car parks with posters.
- Rent as weekly pop-up shop (subject to planning) during summer as non-food for crafts, and artisans.

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**.* The recommended option would provide a consistent level of income. This option should be explored to see whether there is a reasonable level of interest and to see how the net income position compares with our current in-house option. The option should be explored further to ascertain what the actual benefits and disadvantages would be

15. Legal Implications

15.1 Legal implications are to be considered more fully if proposals to change the current lease arrangements are to be progressed.

15.2 Leases are in place for all sites.

Comments from the Monitoring Officer

***The Monitoring Officer (or member of the Legal team on behalf of the MO) will complete this section**. They will outline any legal advice provided.* The Council's recent Peer Review report outlined the importance of the need to consider how the Council can enable its existing capabilities and maximize returns from its assets, such as beach huts. The recommendation potentially provides the largest saving of the options set out and provides consistency of income. Eastlaw are available for any specific advice.

16. Risks

16.1 The current economic situation continues to have a negative impact on bookings, and this may continue over the forthcoming season. This has can impact income generation and cause rent arrears.

16.2 Adverse weather conditions and storm surges continue to cause damage the portfolio and tenants huts.

16.3 Repair works required to improve the chalets become not financially viable.

17. Net Zero

17.1 In response to the question, **the green levy and how far that might be extended.** The intention for Beach huts and chalets was to take a small sum from each booking or lease that could be set aside to build a fund that could be used on sustainable measures that support climate change initiatives in that locality. As it would be a small amount, it would not fund large scale projects but as an example it could be used for replacing current sanitaryware with water saving sanitaryware in public toilets.

17.2 This proposal could be extended more widely to include other income producing assets such as car parks or an additional sum charged to event organisers when hiring Council land. This sum could be utilised to support other community initiatives such as replacement town center signage, repairs to railings, lighting, redecorating prom retaining walls, repairs to seating etc.

17.3 At the current time a Green Levy tax is not supported and no further work to investigate this has been undertaken.

17.4 In response to the question, **the sustainability of beach huts physically –** this will have a huge variation depending on the materials and products used in construction, as well as the facilities available once constructed.

17.5 Materials used can range from virgin plastics and unsustainable wood to recycled plastic, cardboard, wood or sustainably sourced FSC wood. Contributing to a circular economy by using second hand recycle products drastically improves sustainability and associated carbon emissions. Beach huts made from virgin sources will have larger waste, environmental and carbon impacts. Any construction is still less sustainable than no construction.

17.6 Additional sustainability depends on whether they are using bottled gas compared to mains electricity. Whilst there are a small number of units with electric and none with mains gas, some tenants due use gas camping stoves to for food and drinks. Both will increase emissions due to materials required and fossil fuels burnt to provide the power.

17.7 As the huts and chalets are in exposed locations certain elements need regular repair and replacements including padlocks and accessories within the units. Having to continually repair damaged units is not sustainable as no matter how environmentally friendly the building is, emissions and waste will be associated with any additional work and materials needed.

17.8 The leased huts at Overstrand had been impacted by storm conditions on 3 occasions during the last review period and the Council was involved in moving huts back into position.

17.9 In response to the question, **the effect on the carbon footprint of people coming to use the beach huts.** As the beach huts have or tenants use temporary supplies of electricity, gas and water, people’s activity whilst using them will increase carbon emissions. Beach huts/chalets are likely to encourage more visitors and therefore travel associated emissions to the beaches will increase. If people are able to store things in the beach huts which then prevent the use of cars, this would potentially decrease emissions but that would rely on a climate conscious user.

17.10 A Climate Impact Assessment has been undertaken and below is the summary;

Criteria	Score	Justification	Mitigation
Energy Use	0	There are a small number of units with electric and there is no intention to increase the supply to other units	
GHGs	-4	The Council has existing beach hut and chalet units and it's an alternative operation proposal is being considered. If an alternative operation model results in more people using the units then there may be a slight increase in people traveling to the location by vehicles.	The booking system promotes sustainable travel options to access the huts and highlights EV charging available nearby as a mitigation measure. (The booking system offers money off if you are travelling by public transport?)
Air quality	-4	There will be a slight increase to air pollution if an alternative operational model increases the number of users.	The booking system promotes sustainable travel options to access the huts and highlights EV charging available nearby as a mitigation measure. (The booking system offers money off if you are travelling by public transport?)
Land use change	0	The units are existing and located on proms that are already built.	
Soil and waterway health	0	None expected	
Waste	-2	If there are more users of the units this is likely to increase waste in the local area due to people bringing food and drink with them to consume. Waste may	Add more bins, increase signage
Sustainable Transport	0	There is no regular access to vehicles on the prom requiring people to walk to their units, not further sustainable transport improvements are expected	
Biodiversity	-2	If there are an increase in bookings and people using the huts there may be a slight increase to indirect impacts such as noise and light pollution.	Signage/limits
Climate Change Adaptation	0	Whilst works to Coastal defences in Cromer and Mundesley are taking place these are not directly due to this proposition. The huts will be increasingly prone	
Sustainable Materials	-4	The beach hut units can be damaged during storm conditions and debris enters the sea. The majority of the hut is made of wood, but the source of this material is unknown as the huts are purchased by the tenants. Items stored inside the huts will be of mixed materials and these can also enter the sea.	A requirement that recycled or sustainably sourced materials are used on replacement
Food	0	The use of the units does not directly impact food	
Health	4	the use of the units offers a blue beach location for users to relax and may encourage exercise through walking and swimming	
Housing	0	This proposal does not directly impact housing	
Education	0	This proposal does not directly impact education	
Built Community	4	Access to the coastal foot path and blue flag beaches for an increased number of people if use is increased	
Cultural Community	0	This proposal is not expected to have any impact on culture	
Accessibility	-2	The huts and chalets are not fully accessible	
Local Economy and Jobs	4	Increased usage may see an increased in spend in the local economy	
Safety	-2	Increased usage may result in a slight increase in crime in the local area/vandalism, however this is likely to be a very rare occurance.	
Democratic Voice	-4	A proposal to move towards an alternative appraoch will be based on financail assessment and not community feedback. It is expected that an alternative model would result in units still being available for hire.	None needed.
Equity	0	No impacts on groups with protected characteristics.	

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 Leased sites, which continue to have high demand, have seen an increase in income due to the 350 lease renewals undertaken during the year.

20.2 It continues, to be a challenging period for weekly let bookings during summer peak periods. In recent years occupancy has increase, however this year has seen a small fall in occupancy. Whilst advertising has been undertaken, the lack of bookings may be due to current economic situation (cost of living crisis) impacting on discretionary spend across a wide range of sectors, poor weather conditions and coastal works.

20.3 A new customer feedback exercise this year has found a high level of weekly let customers are repeat customers and in the main, their feedback is very positive and helpful.

20.4 In order to optimise the service, 7 key options ranging from a change of marketing and administration alongside various alternative management strategies have been considered and presented in this report.

20.5 It is recommended:

- To consider the annual review and,
- For the Asset Strategy Manager to be delegated authority to proceed with the alternative management Option E - Lease of both weekly lets and leased units to one commercial operator or create 4 smaller location-based opportunities, subject to viable bids being received. The reason for this is that it is considered to be the most optimal of all options available, with less disruption to existing tenants, creates the most savings, generates a consistent rental income and improves capacity issues with existing resources.