

BEACH HUTS AND CHALETS ANNUAL MONITORING REPORT

Summary: This report provides an update following the Beach Hut and Chalet review in 2018.

Options considered: Not applicable.

Conclusions: The review highlighted proactive management of this service was required in order to improve operational aspects, identify efficiencies and generate service enhancements. It established a number of actions over a 5 year period to take forward and some of which have been completed.

Since this time there has been some increase in income, however the national lockdown and approach to pricing has limited revenue gains over the last couple of years. With lockdown restrictions having lifted there is opportunity to move forward with a refreshed marketing strategy which is key in this service realising its full potential.

With tourism being currently very strong the Council should take this opportunity to optimise income from such lettings and improve the customer experience.

Recommendations: To receive and note update.

**Reasons for
Recommendations:** N/A

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)

Cabinet Member(s)	Ward(s) affected
Cllr Eric Seward	Cromer, Sheringham, Mundesley

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1. Introduction

- 1.1 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.
- 1.2 Cabinet agreed the proposal and requested an annual review. Whilst a review report was provided in 2019, due to the pandemic a review report was not completed during 2020.
- 1.3 The service previously sat with the Leisure team however the Estates team took responsibility to manage the service earlier in 2021. The team are well placed to take forward managing and promoting this service alongside the commercial portfolio.

2. Booking Performance

- 2.1 Following a management restructure at the Council the beach hut and chalet management was transferred to the Estates Team. With previously only 1 member of staff (part time) managing the administration of the service this has highlight a business continuity risk. It is therefore intended that the current administrator and Technical Estates Officer job description will merge so that knowledge is shared more widely and service continuity is provided.

2.2 Summary of bookings for 2021 as at 06.09.21 are below

Month	Number of bookings	Number of bookings available (stock)	% booked	Comments
January	1	7	14%	National Lockdown limiting travel – booking cancelled
February	3	6	50%	National Lockdown limiting travel – booking cancelled
March	2	8	25%	National Lockdown limiting travel – booking cancelled
April	3	65	5%	
May	45	150	30%	
June	64	119	54%	
July	149	150	93%	
August	101	120	84%	
September	38	121	31%	
October	7	79	9%	
November	No bookings offered			
December	No bookings offered			

- 2.3 Restrictions on travel due to the national lockdown until early April 2021 have meant that the beach hut and chalets for weekly lettings were closed for the early part of the year.
- 2.4 Whilst the holiday let market saw substantial growth this summer due to an increase in tourism in the area as a result of travel restrictions due to the pandemic this did not translate into additional beach hut and chalet bookings.

August being the height of the peak season was only booked at an occupancy rate of 84%.

- 2.5 There is scope however to improve on the occupancy rates with a strong marketing campaign. Updating of the current marketing strategy has been done with a focus on enhancing the promotion of the weekly beach huts and chalets.
- 2.6 Previous to this in 2017 occupancy rate of 28.2% (prior to the Beach Hut and Chalet review in 2018) and last years (2020) occupancy of 29% which would have been somewhat negatively impacted by lockdown in the first half of the year.
- 2.7 The review document, recommended that a process should be agreed for charging to facilitate bookings 18 months in advance. It is however proposed that bookings are published annually in advance so that the Council has the ability to adjust the pricing to reflect changes in demand. There is little financial benefit in opening up the bookings 18 months in advance.

3. Condition Survey and Maintenance

- 3.1 The condition surveys were completed in 2019 with a three year work programme. A tender has been since undertaken to secure a contractor to undertake these works which are due to commence October 2021. The Council has received some negative feedback from users regarding the condition and therefore this work and ongoing repairs and maintenance is essential, not only to keep the buildings in a good condition but also to ensure booking income does not decline due to lack of demand for poor quality services.

Ref. No.	Site	Overall Condition Grade
5072	Chalets Cromer West W1 (33-39)	B
5075 and 5076	Chalets Cromer West W4 (126-142)	B
5078	Chalets Cromer East E1 (15-27)	C
5079	Chalets Cromer East E2 (28-41)	B
5080	Chalets Cromer East E3 (42-46)	C
5081	Chalets Cromer East E4 (47-54)	B
5082	Chalets Sheringham W1 (N1-N12)	B
5083	Chalets Sheringham W2 (N13-N18)	C
5084	Chalets Sheringham W3 19 to 29 (previously O1-O11)	C

B = Satisfactory Condition C = Poor Condition

4. Customer Service Enhancements

- 4.1 The key collection process which currently requires users to collect keys from the Council information centre in Cromer has been considered. Whilst it may

be more convenient for users to access a key safe it was believed that there was an overall benefit of providing tourist information to users during their stay. The impact to the team is minimal in terms of workload.

- 4.2 A draft feedback form has been prepared and investigations into an online system are being considered. The questionnaire is seeking to gain feedback on a range of areas including booking process/information, key collection, cleanliness, and maintenance issues. It is proposed to go live with this during April 2022.
- 4.3 There has been some complaints this year around the poor condition of the facilities. With the substantial maintenance works planned this autumn we hope that more positive feedback will be gained.
- 4.4 It is intended to add the waiting list and lease renewals as an online application/process with payment system if financially viable.

5. Corporate Plan Objectives

- 5.1 The key corporate priorities as contained within the current Corporate Plan that relate to this project are:
 - Boosting Business Sustainability and Growth
 - Customer Focus
 - Financial Sustainability and Growth
 - Quality of life

6. Medium Term Financial Strategy

- 6.1 In terms of income the figures below represent the Gross and actual financial position over the last 2 years:

	Actual Income	
	2019/20	2020/21
Annual Lets Rent	£178,560.99	£172,179.68
Weekly Lets Fees	£34,023.63	£38,104.14
Annual Lets Waiting List	£1,541.42	£2,270.47
Weekly Let Refunds	£1,097.50	£1,425.70
Beach Hut Removal Recharge	£10,939.17	£11,220.00
Total	£223,967.71	£222,348.59

- 6.2 The Annual let income was lower in 20/21 as a discretionary discount was given to these tenants as they were unable to use there huts/chalets for a period of time due to the national lockdown.

6.3 Along with occupancy rates increasing, the weekly lets did see a small increase in booking income during 2020/21.

6.4 In relation to expenditure the actual position is as below:

	ACTUAL EXPENDITURE	
	2019/20	2020/21
Staff salaries and other expenses	£37,863.69	£43,187.44
Repairs and maintenance	£12,192.23	£3,287.92
Business rates	£4,761.74	£4,756.65
Electric	£287.43	£817.69
Insurance	£2,692.37	£2,749.72
Other Services Recharge	£140,380.00	£104,015.00
Beach hut removal	£14,495.00	£15,003.00
Total	£212,672.46	£173,817.42

6.5 The prices of Weekly Beach Hut and Chalet hire have not increased since the charges were last set in 2018 and are as follows.

	Period	Chalet weekly rate	Beach Hut weekly rate
Peak Un-Serviced	July – Aug	£210	£195
Peak Serviced	July – Aug	£260	N/A
Off Peak Un-Serviced	Apr – Jun and Sept - Oct	£85	£70
Off Peak Serviced	Apr – Jun and Sept - Oct	£95	N/A
Winter	Nov - Mar	£21	N/A

6.6 Along with an increase to the price, it is proposed to trial a change to the current format of Peak, Off Peak, Winter charges by:

- Extending the traditional peak weeks beyond the 6 school week holidays
- Introduce a Mid rate price between the low (former off peak) and peak rate that is to be used for early summer bookings, creating a more blended pricing strategy.
- Offer Long Weekend (Friday to Monday) rate during the Low period to encourage visitors in the area for short breaks to make a booking. This price would be an enhanced pro-rata.
- Remove the £21 winter fee that is not viable due to the cost of servicing the booking. Replace it with a block period that extends from the autumn to the following spring. This will be offer to people on the waiting list and marketed

more widely.

- The Asset Strategy Manager having delegated authority to adjust the pricing up or down by 15% depending on demand and available at the time.
- 6.7 The Waiting List Fee has also not increased since 2016 and is £25 fee per list. It is proposed to increase this to £45.
- 6.8 Administration fee is charged when a licence is cancelled and deducted from any refund. Currently £25, it is propose to change this to 40% of the booking amount if cancelled within the 4 weeks prior to the start date and 25% at any other time subject to a £40 minimum fee.
- 6.9 In terms of 2022, there will be a 3 additional beach huts will be available from April at Cromer Prom, which had previously formed part of a café lease arrangement. These will be offered as weekly lets. A nominal number of additional ground rents could also be created here and these will be as 5 year leases.
- 6.10 Other none beach/prom locations are been considered as an alternative opportunity.

7. Financial and Resource Implications

- 7.1 There has been some investigation to the additional sites suggested in the review document, however there are land ownership issues that would prevent additional huts being provided in some of these locations. Other sites and none beach sites are being considered and if feasible, they will be offered as annual lets due to lower level of investment required (than weekly lets) and the Public Works Loan Board constraints on borrowing where the principle purpose is to generate a yield.
- 7.2 The beach huts and chalet administration is to be shared between the existing officer (who is seeking to reduce her hours) with and the officer dealing with administration for the estates team. This will enable the service to grow without the need for additional resource.
- 7.3 Propose changing the administration fee that is charged when a weekly let is cancelled and the amount is deducted from any refund. Propose to change this to 40% of the booking amount if cancelled within the 4 weeks prior to the start date and 25% at any other time subject to a £40 minimum fee.
- 7.4 This would be a change to the current arrangement whereby a full refund would be given, less an administration fee. If there was a national lockdown meaning users where unable to travel or the Council was unable to let the units then a full refund would be given. If a user is ill from covid or other illness then the proposed new refund policy would apply as cancellations are likely to be at short notice giving the Council limited opportunity to relet.
- 7.5 The rent review in relation to the ground rent leases will be undertaken for 2022 and be included in the corporate fees and charges proposal.

8. Legal Implications

- 8.1 The beach hut/chalet 5 year leases documents are being reviewed and improvements made. These will be used for new leases and brought in when the remaining leases come up for renewal.

9. Risks

- 9.1 The pricing strategy may not optimise the bookings as intended, however this can be adapted if necessary.
- 9.2 There may be some complaints from previous users of the weekly huts/chalets regarding the increase in fees. The Council has not increased its fees since 2018 and therefore it is not unreasonable to do so, particularly as tourism in the area is very strong.
- 9.3 Public Works Loan Board limits the Councils ability to bring forward other sites as weekly lets due to the financial investment required in purchasing beach huts unless the Council can clearly demonstrate a tourism service need.

10. Sustainability

- 10.1 Without regular maintenance the chalets and beach huts will fall into disrepair and the repairs could amount to a level where it is not financially viable to undertake and facilities then closed, which would have some minor implications to the financial sustainability to the Council as income generation could be lost.

11. Climate / Carbon impact

- 11.1 The beach huts and chalets provide a service to people wishing to stay in the UK for their holiday, reducing the level of carbon emissions from air travel to other countries.

12. Equality and Diversity

- 12.1 There are no direct implications from this report.

13. Section 17 Crime and Disorder considerations

- 13.1 There are no direct implications from this report.

14. Conclusion and Recommendations

- 14.1 The Beach Hut and Chalet review highlighted proactive management of this service was required in order to improve operational aspects, identify efficiencies and generate service enhancements. It established a number of actions over a 5 year period to take forward and some of which have been completed.
- 14.2 During this time there has been some increase in income, however the lockdown and approach to pricing having been static for weekly lets has limited revenue gains over the last couple of years. With lockdown restrictions having lifted and repairs works planned there is opportunity to move forward

with a refreshed marketing strategy along with which is key in this service realising its full potential.

- 14.3 The Estates team are well placed to manage and promote this service alongside the commercial portfolio and with tourism being currently very strong the Council should take this opportunity to optimise income from such lettings and improve the customer experience.
- 14.4 Having reassessed the service and worked through the previous actions, a report was presented to CLT seeking their support to proceed with the recommendations and proposals as outlined.