

<b>Subject:</b>	<b>Beach Chalet Feasibility Study and Letting Policy</b>		
<b>Date of Meeting:</b>	<b>17<sup>th</sup> June 2021</b>		
<b>Report of:</b>	<b>Executive Director, Economy, Environment &amp; Culture</b>		
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 At the meeting of the Tourism Equalities Communities and Culture (TECC) Committee held on 14th January 2021 a report was considered on the Beach Chalet Letting Policy. Several recommendations were agreed including that a further report on beach chalets would be considered by the Committee.
- 1.2 The decisions made at the previous meeting in relation to beach chalets are listed in italics in the body of the report below. This enables background information to be provided in relation to those decisions and also to inform the recommendations of this report.

**2. RECOMMENDATIONS:**

- 2.1 That the Committee approves bringing indefinite agreements for beach chalets to an end in accordance with the terms of the agreements and replace with new 8 year fixed term agreements.
- 2.2 That the Committee agrees that the new 8 year fixed term agreements are on the same terms and conditions as the existing 5 year fixed term agreements, including the same lower annual licence fee.
- 2.3 That the Committee notes the feasibility study in Appendix 2 on the provision of additional beach chalets or beach huts and approves the development of project plans for new beach chalets at the sites identified in 3.26 below.
- 2.4 That a further report is brought to a future meeting of the Committee to consider the project plans prior to implementation.

### 3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Enjoyment of the seaside is a key recreational resource for thousands of the city's residents as well as the vast numbers of visitors. A beach chalet or hut gives a chance for users to enjoy their own unique space with fantastic views and amenities that enable their seaside trips to be more frequent and longer. A regular seaside experience is available to users, which is much desired. Consequently, there are long, currently closed waiting lists for the 105 chalets available and a strong demand for beach huts. The purchase price of the latter has risen significantly over the past 15 years.
- 3.2 The beach chalets are brick-built structures which are council owned and located in Ovingdean, Rottingdean, Saltdean, Madeira Drive and Hove. They are different to beach huts which are wooden structures solely located on Hove Promenade and are privately owned (see Appendix 1). The current position in relation to beach chalets is shown in the table below.

	Hove	Madeira Drive	Ovingdean	Rottingdean	Saltdean	Total
No. of chalets	22	23	10	30	20	105
Indefinite agreement	12	13	5	15	15	60
5 year fixed-term agreement	10	10	5	15	5	45
On waiting list	8	24	22	33	38	125

- 3.3 Residents are able to rent a beach chalet for an annual fee of between £887 inc. VAT to £1523 inc. VAT depending on where they are located and whether they have power and/or water. Chalets are considered a more affordable option to buying a beach hut which can cost over £25,000 on the open market (see table below in 3.11 for a full range of fees).
- 3.4 At the meeting of the TECC Committee on the 14<sup>th</sup> January 2021 the following recommendations were agreed:

#### **Beach Chalet Letting Policy**

- 3.5 In January 2021 the Committee agreed “(subject to further consideration of the legal, financial and practical implications of the proposal in a future report) indefinite agreements for beach chalets should be phased out over a period of 8 years starting from the lifting of lockdown restrictions and all future agreements will be as per the fixed term agreements.”

#### **Legal Implications**

- 3.6 The wording ‘phased out over a period of 8 years’ has been taken to mean that all the indefinite agreements should be ended over the next few months and replaced with 8 year agreements. The alternative interpretation would be to allow

them to run for another 8 years and then terminate the agreements, but this is not preferred as it creates uncertainty for users.

- 3.7 Some chalets let prior to 2011 (are for an indefinite term which means that users can hold on to their chalet for a long period. The fact that they are 'indefinite' does not mean they cannot be terminated by the council. It means that they do not have a fixed term: they will continue until one party terminates (or the agreement holder passes away).
- 3.8 There are 60 of this type of agreement remaining which comprises more than half of the total number of chalets. These licences are personal to the named user and non-assignable. Non-assignable means a chalet user cannot transfer their chalet agreement to another person. Therefore, if the user passes away the chalet must be handed back to the council to be let to the next person on the waiting list.
- 3.9 Under the terms of the beach chalet agreements there is the ability for the agreements to be terminated by giving notice to the user. Subject to the terms of the individual agreements (there is some variation in terms of notice period) the council can terminate the agreements.
- 3.10 A beach chalet user has previously indicated that should the council seek to terminate their beach chalet agreement they would commence a legal challenge against the council. The risk that a legal challenge, based on the arguments put forward in that letter, would be successful is very low but if the beach chalet owners or their association seek legal advice, their lawyers may find other arguments to put forward. These challenges are unlikely to be successful, but they do take significant resources to deal with in terms of officer time and legal fees. However, all costs should be recovered if the Council was successful.

### Financial Implications

- 3.11 At present there are 60 chalet users with indefinite agreements who pay a higher annual rent than those on fixed term agreements. The recommendation to move these agreements to 8 year fixed term agreements is estimated to reduce licences by £50pa on average with an overall reduction of £3,000 per year for the council.

Locations	Licence fee for indefinite tenancies	Licence fee for 5 year fixed tenancy	Licence fee drop	No. of indefinite tenancies	Licence fee drop by location
Hove	£1,523.22	£1,448.76	£74.46	12	£893.52
Madeira Drive	£1,045.51	£998.02	£47.49	13	£617.37
Ovingdean	£991.89	£946.75	£45.14	5	£225.70
Rottingdean	£887.59	£847.24	£40.35	15	£605.25
Saltdean	£887.59	£847.24	£40.35	15	£605.25
				Loss of income	£2,947.09

- 3.12 The level of demand for beach chalets is so high with such long (and closed) waiting lists, that there is not expected to be a detrimental financial impact from a loss of full occupancy. It would be expected that full occupancy would be retained

(even if additional chalets were built) and consequently there would not be a detrimental financial impact from this perspective.

### Practical Implications

- 3.13 There are not considered to any practical implications to ending the indefinite agreements.

### Beach Chalet fixed-term agreements

- 3.14 Following the consideration of the above legal, financial and practical implications, there is no reason why existing indefinite beach chalet agreements should not be moved to the fixed-term agreements. Since 2011 all new agreements for beach chalets have been let for a fixed term of 5 years to Brighton & Hove residents only. The chalet must be handed back to the council if the chalet user advises that they are moving out of Brighton and Hove, if the chalet user passes away, or at the end of the 5 year period. The chalet will then be let to the next person on the waiting list. This change to the policy was a decision made at the Culture, Recreation and Tourism Cabinet Member Meeting in December 2010.

### Indefinite Agreements – non-Brighton and Hove Residents

- 3.15 In January 2021 the Committee approved *“bringing indefinite agreements to an end as soon as is practically possible for beach chalets for those that do not reside in Brighton & Hove in accordance with the terms and conditions of the licence agreement”*.
- 3.16 Following this decision notice was served on all those with chalet agreements who do not live in Brighton and Hove. Representations have been made especially by those that live within close proximity of the Brighton and Hove boundary that they should still be able to use a beach chalet. However, this clear requirement has been enforced in accordance with the decision.

### Fixed-term agreements – Brighton and Hove Residents

- 3.17 In January 2021 the Committee agreed *“that annual checks are carried out to ensure that all existing and future fixed-term licence agreements remain with residents of Brighton & Hove”*.
- 3.18 These checks have been implemented with evidence of local residency e.g. council tax invoice being required to demonstrate continued proof of eligibility.

### Potential Provision of Additional Beach Chalets and Beach Huts

#### Beach Chalets and Beach Huts Feasibility Study

- 3.19 A feasibility study to identify potential locations to provide more beach chalets and beach huts was supported by Council at the meeting on 22nd October 2020.
- 3.20 In January 2021 the Committee *“agreed for a further report to identify locations*

*for the provision of additional beach chalets and beach huts along the seafront including less well visited parts to help regenerate those areas, in particular the area east of the Palace Pier”.*

### Beach Chalets

- 3.21 Mott MacDonald were appointed to undertake a feasibility study to identify potential locations for both new beach chalets and the traditional wooden beach huts. A review was undertaken along the whole of the Brighton and Hove Seafront to consider locations. In addition, research was undertaken to understand the city, the emerging developments along the seafront and the historical architecture of the city, all to inform concept designs for new beach chalets.
- 3.22 The feasibility study also took into account a range of key factors that impact upon locating beach chalets in any particular location including:
- Prime function of shelter and storage
  - Creating a sense of place
  - Type of construction
  - Scale of construction
  - Accessibility
  - Connectivity
- 3.23 The feasibility study identified the following locations for new beach Chalets which after consideration of constraints and accessibility were not recommended to be considered further (see p22 Appendix 2):
- 1 Maderia Drive Arches
  - 2 Madeira Drive Beach – Site 2
  - 3 Black Rock Car Park
  - 4 Undercliff - Marina
- 3.24 The following sites were identified as possible locations (see p23 Appendix 2):
- 5 Madeira Drive Beach – Site 5
  - 6 Undercliff – Rottingdean Chalet
  - 7 Undercliff – Site 7
  - 8 Undercliff – Site 8
  - 9 Undercliff – Site 9
  - 10 Undercliff – Site 10
  - 11 Undercliff – Saltdean Beach
- 3.25 The sites listed above as potential locations (Undercliff Sites 7,8,9 &10) were not prioritised principally for the following reasons:
- In danger of flooding or over-topping
  - Not close to existing amenities e.g. toilets
- 3.26 It is proposed that project plans are developed for the remaining three sites which are felt to be most suitable for new beach chalets which are:

- Madeira Drive - (Site 5 p23 Appendix 2) – on the beach opposite Dukes Mound
- Undercliff Rottingdean Chalet – (Site 6 p23 Appendix 2) adjacent to existing beach chalet (east) block
- Undercliff - Saltdean Beach – (Site 11 p23 Appendix 2) either side of the subway

3.27 The feasibility study has identified 3 different types of chalet design proposal (see p34-p39 of Appendix 2). These are intended to improve on the existing rather harsh design to create a greater sense of place. The three design proposals are:

- Adapted Existing
- Radical Adapted Existing
- Re-imagined Design

3.28 Project plans would need to include a business case with costs, designs and timescales which would be included in a further report to Committee. Approval would then be sought from the Committee prior to securing planning permission, entering into contracts, and undertaking procurements to provide new beach chalets.

#### Beach Huts

3.29 Mott MacDonald have reviewed the whole length of the seafront within the city and have concluded that there is not a suitable location for further traditional wooden beach huts. Consequently, their design proposals have focussed on new innovative designs for beach chalets.

#### Financing the building of additional beach chalets or beach huts

3.30 Approval was given at Budget Council in February for an allocation of £250,000 towards seafront railings replacement & beach chalet/hut Infrastructure & replacement. When the expenditure for the seafront railings is known, the remaining available budget will be allocated to the project for new beach chalets.

#### Regeneration of Madeira Terraces and wider area

3.31 Furthermore, the Committee agreed that *“the report also identifies how beach huts and chalet income east of the Palace Pier could support additional borrowing and regeneration of Madeira Terraces and contribute to the wider area’s regeneration and renewal”*.

3.32 There is a significant cost involved to build beach chalets. Therefore, the income generated would be required to support borrowing to build the chalets and also fund the on-going maintenance of the chalets which remains as the council’s responsibility. Consequently, the income generated would be unlikely to be sufficient to also contribute to the wider regeneration of the area, although this would be borne in mind within the development of individual project plans for specific blocks of chalets.

## **Beach Chalet – Community Event Use**

- 3.33 Finally, in January 2021 the Committee agreed *“the report considers retaining one or more beach chalets in future, from either existing stock freed up by new lease arrangements or new stock, as short term lets for community event use”*.
- 3.34 Consideration has been given to this proposal and due to the high demand on waiting lists it is not recommended that one of the existing limited stock is retained for community use. However, it is proposed that this is given further consideration if new chalets can be provided.

## **4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 The range of options for the location of new beach chalets are included within the feasibility study attached in Appendix 2. In addition, attached in Appendix 3 are indicative cost estimates for the locations recommended for further detailed consideration.

## **5 COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 Results of the public consultation on Beach Chalets which was previously undertaken was included in the report to Committee in January 2021. The results are attached again in Appendix 4

## **6. CONCLUSION**

- 6.1 The termination of existing indefinite agreements, with all agreements moving to a fixed term basis will in the medium term enable an increase in the movement of the waiting lists, and enable more people to have the opportunity, all be it for a limited time period, to enjoy the much sought after use of a beach chalet.
- 6.2 The feasibility study has identified a number of potential locations for the provision of additional beach chalets. This would also enable more Brighton and Hove residents to have the opportunity to benefit from this seafront amenity.

## **7. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 7.1 The recommended changes from indefinite agreements to 8-year agreements is estimated to reduce income by £3,000pa. If approved this will be reflected in Targeted Budget Management (TBM) Reports to Policy & Resources Committee and the budget setting in future years. At Budget Council in February 2021, a capital allocation of £0.250m was approved for seafront railings replacement and beach chalet/hut Infrastructure and replacement. The business case for the new beach chalets/huts will take into account this funding, with any residual capital investment requirements being funded through borrowing assuming the additional rental income will cover the financing costs.

*Finance Officer Consulted: James Hengeveld*

*Date: 21/05/21*

### Legal Implications:

- 7.2 The legal implications of terminating the indefinite agreements are set out in the report. If the project to build new beach chalets progresses the Council will need to comply with its Contract Standing Orders and the procurement regulations.

*Lawyer Consulted:*

*Alice Rowland*

*Date: 21/5/21*

### Equalities Implications:

- 7.3 The basis for the report is to give a greater opportunity for residents wishing to use a beach chalet. With the ending of indefinite agreements and if further beach chalets could be provided the movement of the waiting lists would increase, and a greater number of residents would be able to benefit year on year from these sought-after amenities. An Equalities Impact Assessment is attached to this report in Appendix 5.

### Sustainability Implications:

- 7.4 The materials for new beach chalets including environmental sustainability are considered in the feasibility study (see p32 and p33 Appendix 2).

### Brexit Implications:

- 7.5 There are no implications identified.

### Public Health Implications:

- 7.6 Engaging with the outdoor environment can have a positive impact on both physical and mental health & well-being.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Overview of Beach Huts and Beach Chalets.
2. Brighton and Hove Beach Huts and Chalets – feasibility study by Mott MacDonald.
3. Beach Chalets – indicative cost estimates.
4. Summary of Beach Chalet Consultation Responses.
5. Equalities Impact Assessment

### **Background Documents**

1. Report to Tourism, Equalities, Communities & Culture Committee dated 14<sup>th</sup> January 2021.





