



## CABINET

Tuesday, 04 January 2022

<b>Subject</b>	Jubilee Beach Huts Marketing Strategy
<b>Report by</b>	Councillor Craig Rivett Deputy Leader and Cabinet Member with responsibility for Economic Development
<b>Supporting Officer</b>	Kathryn Hurlock Asset & Investment Manager <a href="mailto:Kathryn.Hurlock@Eastsuffolk.gov.uk">Kathryn.Hurlock@Eastsuffolk.gov.uk</a>

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	Not applicable
<b>Wards Affected:</b>	Kirkley & Pakefield

## Purpose and high-level overview

### Purpose of Report:

In October 2020 Cabinet approved the proposal for the development of 72 beach huts at Jubilee Terrace. The Cabinet Paper (6 October 2020 / Ref: ES-0510) outlined the concept, financial appraisal and proposed project through to design, planning and construction.

A budget of £1,000,000 was approved and work commenced on site in September to deliver the scheme. The project team comprises Chaplin & Farrant as architect, cost consultants and project managers, Spillings as contractor responsible for the timber beach huts and MS Oakes as the contractor for the steel platform and placement of beach huts on the site. The construction is due to complete in March 2022 ahead of Spring when the huts will be available to use.

The purpose of this paper is to refine the marketing strategy for the sale and hire of the beach huts. A previous Cabinet Paper (6 October 2020 / Ref: ES-0510) approved that “the proposed mixed tenure operating model to sell 38 beach huts on the upper deck and retain 34 beach huts along the promenade for short term hire”. However, following consultation with Waveney Disability Forum and other users we are seeking to amend this recommendation to enable huts to be sold on both the upper deck and lower promenade to ensure Equality for all potential purchasers of the beach huts.

The proposal is to amend the marketing model to sell half of the huts on a vertical split rather than a horizontal split. We have therefore looked at the scheme in a different way and propose to sell the huts situated on both the upper and lower promenade to the south of the main staircase. This would result in a sale of 36 huts and the retention of 36 huts on short term hire agreements with no financial impact on the previous model presented to Cabinet.

### Options:

#### Option 1 – “Horizontal Model for the Sale of Huts”

The Cabinet Paper Ref: ES-0510 set out a model to sell 38 huts and retain 34 huts using a horizontal split of the development as shown below. This shows the area outlined in red to include the huts to be sold. The remaining huts would be let out on short term hire arrangements through the ESC beach hut website.



Seafront Elevation

This model would restrict any potential purchasers to those who would be physically able to access the huts via stairs within the development. Following more detailed consultation with users we consider this model to restrict users of the huts and not to be in line with ESC’s aspirations for the seafront to be an accessible place for all users to enjoy.

### Option 2 – “Vertical Model for the Sale of Huts”

The recommendation within this paper aims to reconsider the sales strategy to ensure it does not discriminate against any potential purchase of the huts in line with the Equality Act 2010. Therefore, the recommended option is to split the sale of huts on a vertical axis and to sell huts situated on both the upper and lower level to the south of the central staircase as shown below:



Seafront Elevation

This model does not impact the financial return of the development and therefore is presented to Cabinet as the preferred sales strategy for the scheme.

### Recommendation/s:

That the proposed mixed tenure operating model to sell 50% of the beach huts on the development situated on both the upper deck and lower promenade be approved.

## Corporate Impact Assessment

### Governance:

The marketing of the beach huts will be awarded to a sales agent following a process in line with procurement. On a contract being awarded to a marketing agent, the management of the project will be principally conducted through the Asset Management Team.

### ESC policies and strategies that directly apply to the proposal:

The proposed development would contribute towards achieving three of the Strategic Plan objectives, namely, Growing our Economy, Remaining Financially Sustainable and Enabling our Communities.

### Environmental:

We will actively engage with local agents to ensure local supply chains are used.

### Equalities and Diversity:

The marketing proposal within this paper aims to be in line with Equality Act 2010 through the sale of huts on the lower promenade which is accessible to any purchasers with disabilities.

### Financial:

This proposal does not alter the financial model presented to Cabinet for the mixed tenure model in October 2020.

**Human Resources:**

The project will be managed via resources already employed within the Asset Management Team.

**ICT:**

There are no ICT implications relating to this proposal.

**Legal:**

The site is held within the ownership of ESC and Legal Services will be preparing Ground Leases for the huts to be sold on a leasehold basis.

**Risk:**

The risks associated with this scheme relate to the demand for beach huts in this location and the appetite from the open market to purchase these unique, architect designed huts.

<b>External Consultees:</b>	Waveney Disability Forum
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## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input checked="" type="checkbox"/>	<input type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>

P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input type="checkbox"/>
<b>XXX</b>	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input type="checkbox"/>	<input type="checkbox"/>

**How does this proposal support the priorities selected?**

The East Suffolk Council Strategic Plan 2020-2024 sets out priorities to remain financially sustainable. It states that we will take opportunities where appropriate to generate and collect income to boost our sustainability and invest in services. We consider the financial model proposed and the marketing strategy for this site meets these priorities as this proposal is an opportunity for ESC to generate annual income and capital receipts.

The Strategic Plan aims to invest to save, maximise the return on the investments we make and make best use of all grants and funding opportunities available to us. We are proposing to maximise on opportunities presented to ESC to invest within the District and improve our asset portfolio in line with the Strategic Plan.


The Strategic Plan further outlines growing our economy and within this growing inward investment. This scheme aims to meet these objectives.

## Background and Justification for Recommendation

<b>1</b>	<b>Background facts</b>
1.1	<p>To assist us in determining the most practical and financially viable operating model, Morley, Riches &amp; Ablewhite Chartered Surveyors were instructed to provided sales and rental values for beach huts within the District. We liaised closely with our professional advisors in 2020 understand the beach hut market and the potential operating model for this bespoke development. The following models were considered as part of this project:</p> <ol style="list-style-type: none"> <li>1. Sale of the beach hut with an annual ground rent received.</li> <li>2. Letting of the beach huts on an annual basis.</li> <li>3. Letting of the beach huts on a short term basis.</li> <li>4. Fixed term leasehold basis (5, 10, 15 years)</li> <li>5. Mixed tenure scheme</li> </ol>

	<p>Within each operating model we also assessed rental and sales values which are largely determined by the following:</p> <ul style="list-style-type: none"> <li>• General position</li> <li>• Proximity to facilities</li> <li>• Condition of the hut</li> <li>• Quality and extent of beach hut fittings</li> </ul> <p>The preferred financial model presented to Cabinet in September 2020 indicated a mixed tenure development through the sale of the 38 beach huts on the platform. In accordance with ESC financial objectives to increase revenue it was proposed to retain ownership of the beach huts to be situated adjacent to the lower promenade and to rent these on short term (weekly and block booking) agreements.</p>
1.2	<p>Following Cabinet Approval to develop the beach hut scheme Asset Management have also consulted more widely with groups such as the Waveney Disability Forum and feedback has shown that the decision to split the scheme on a horizontal axis and sell huts on the upper deck may exclude potential purchasers of huts who are not able to access the huts due for disability reasons.</p>

## 2 Current position

2.1	<p>Asset Management have worked with an external marketing agent to determine a marketing strategy for the beach huts based on a split model with the sale of 36 huts and the retention of 36 huts. We have used the sales figures provided to us by the agent to inform Finance of a revised model which seeks to ensure Equality for all potential purchasers of the beach huts. This would amend the previous decision by Cabinet to sell huts on the upper deck to a decision to split the development vertically and sell the huts outlined in red below.</p>  <p>Seafront Elevation</p> <p>This model seeks to retain the 10 fully level access huts situated either side of the central staircase together with the remainder (28) huts on the northern side of the development. These huts will be available via the ESC beach hut website (<a href="http://hirebeachhuts.co.uk">Lowestoft Beach Hut Hire 2021 (hirebeachhuts.co.uk)</a>) for daily, weekly and block bookings.</p>
2.2	<p>The recommendation to amend the positioning of huts for sale within the development does not impact on the financial model previously presented to Cabinet in October 2020.</p>

### 3 How to address current situation

3.1	<p>This paper sets out the rationale to amend the sales strategy for the Beach huts to sell the beach huts to the southern side of the central staircase.</p> <p>The proposal to use a mixed tenure model for the scheme has not changed from the previous Cabinet Paper (Ref: 6 October 2020 / Ref: ES-0510) which indicates that the huts will be sold Leasehold with a 15 year Ground Lease with a lease premium on purchase with an annual ground rent. The remainder will be available for hire via the ESC beach hut website on a short term basis.</p>
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### 4 Reason/s for recommendation

4.1	<p>This paper aims to amend a previous recommendation for the marketing strategy of the huts at Jubilee Terrace to ensure the scheme is not discriminatory towards any potential users or purchasers of the beach huts. The recommendation aims to enable Equality across the sales strategy for the development.</p>
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## Appendices

### Appendices:

None

### Background reference papers:

None