

SOUTHWOLD HARBOUR MANAGEMENT COMMITTEE

Current assets held within the
Southwold Harbour Lands

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Overview

Introduction to Asset Management

Land Ownership

Tenancy Overview

Caravan & Camping Site

Asset Management

Asset Management comprises 16 staff divided into four principal teams:

Estate Management –
tenancies, rent reviews,
acquisitions & disposals

Building Services –
maintenance, repairs,
compliance and inspections

Development – projects
exceeding £150k

Resorts – management of
over 1,600 beach huts and
other leisure assets

6 RICS surveyors and 2 CIOB surveyors

Specialist advice available from consultants when complex or specialist project is being undertaken

Extent of Southwold Harbour Limits and Land Ownership



Landing Stages and Fishing Huts

Landing stages

- There are 102 Landing Stages held by tenants on Lease agreements
- The Landing Stages are rented for between £454 and £933 per annum
- The Landing Stages produce an annual income of £55,059

Fishing huts

- There are 52 Fishing Huts
- These are predominantly held via Licence Agreements, although some Leases also exist
- The Fishing Huts are rented for £267 or £395 per annum
- The Fishing Huts produce a total income of £20,242

Business Tenancies

| Premises | Tenant | Lease Date | Term | Review Pattern | Outstanding RR? |
|--|--|------------|----------|--------------------|-----------------|
| Southwold Sailing Club | The Trustees of Southwold Sailing Club | | 19 years | 7 yearly from 2010 | Yes |
| Plot B, Harbour Marine Services | Harbour Marine Services | 04.10.2016 | 21 years | 3 yearly | Yes |
| Harbour Café | Harbour Marine Services | 18.01.2011 | 15 years | 3 yearly | Yes |
| Plot A, Workshop & Boatyard, HMS | Harbour Marine Services | 04.10.2016 | 21 years | 3 yearly | Yes |
| The Harbour Kiosk | Victoria Gladwell | 05.06.2007 | 15 years | Not clear | Yes |
| Former Water Sports Centre, Lease 1, HMS | Harbour Marine Services | 04.10.2016 | 7 years | 3 yearly | Yes |
| Former Water Sports Centre, Lease 2, Novoboats | Mr J Voogt t/a Novoboats | 11.06.2010 | 6 years | 3 yearly | Yes |
| Christine Cara Sheds (Mrs Ts) | Richard John Butler & Theresa Butler | 27.04.2005 | 30 years | 3 yearly | Yes |

Business Tenancies



8 Business Tenancies



Annual income ranges from £850 - £10,500 per annum



Business tenancy income = £36,300 per annum



Potential to regularise, renew and review agreements and rental income



TOTAL - £113,601

Condition of the Harbour Area

- This is a working Harbour area and this needs to be reflected in any Health and Safety regime introduced to the site, so as not to impede the commercial operations in the area or detract from the charm for visitors
- However, we would propose a thorough Health and Safety inspection is undertaken of the entire area to include Risk Assessments and develop a safe and practical way for the area to operate in the future.
- A further review of all maintenance issues is also required and an agreement as to how any works should be funded to improve the tenant and visitor experience
 - PPM
 - Condition surveys
 - Reactive maintenance process
- Asset Management support HMC to align the asset strategy with the overall business plan & budgets.

Southwold Caravan & Camping Site

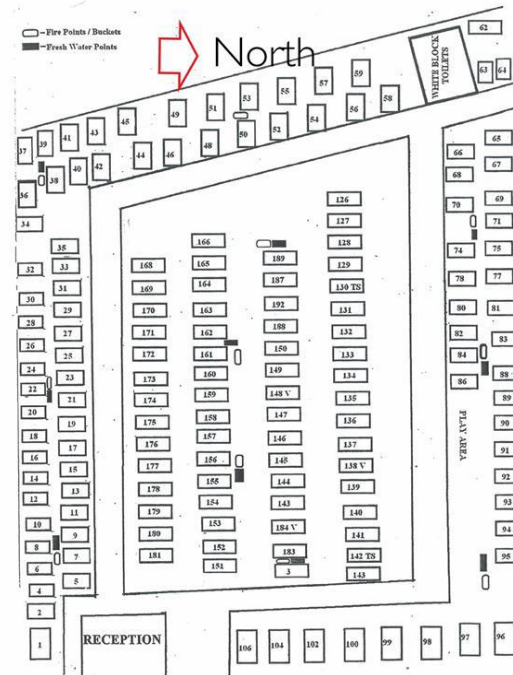
The site consists of:

- 5.8 hectares of land
- 148 static caravan pitches
- 107 touring & camping pitches – excluded from HMC

Therefore, income from the caravan site will be split between the respective land ownerships of ESC and the HMC

ESC commissioned a report into the current operation and future potential of the Caravan site via Rural Solutions.

| 2019/2020 Income from Finance | |
|-------------------------------|-------------|
| Total Income | £519,732.00 |
| Total direct expenditure | £385,826.00 |
| Net income | £133,906.00 |



Summary of the Key Findings of the Rural Solutions Report



- Strong location for holiday use.
- Established Site.
- Unopposed.
- Waiting list for occupiers.
- Good level of existing income.
- 5.8 hectares (14.34 acres).



- Distinct lack of infrastructure – static site. Model standards not met.
- Failure to generate income from sales / caravan 'churn'.
- Low occupancy on the touring site (47%).
- Dated Website.
- Dated shower block.



- Phased redevelopment of all static pitches to model standards
- Review of age and condition of caravans on site
- Review licence agreements / commission and sale terms.
- Implementation of caravan upgrades / sales / commissions
- Development of super pitches
- Landscape upgrades
- Pitch fee modifications aligned to redevelopment.



- £1.64m of investment incl:
 - Static - £1.275m
 - Touring - £310k
- Potential IRR @ 9% based on proactive implementation of caravan sales and increased pitch fee charges set against assumptions on investment.
- IRR may vary depending upon variations in key variables incl. capital costs, average sale prices and phasing

Summary of Rural Solutions Report

Site strong points:

- Little to no competitors exist within wider area to the north or south
- Strong location for holiday use

Site deficiencies:

- Lack of infrastructure serving existing static caravans
- Failure to generate income from caravan 'churn' (i.e. caravan owners required to upgrade caravan every 15 years, and a % of sale figure is passed to site owners)

Next Stages:

- Review of current caravans age and condition
- Review of letting arrangements
- Proposals for a phased redevelopment of site, bringing static pitches up to model standard
- Business case to HMC and Cabinet

Rationale

Rationale & Benefit for Recommendations:

- Model Standards
- Underperformance
- Protect capital value of the site
- Enhance caravan user experience & customer satisfaction

Conclusion

Landlord & Tenant discussions regarding agreements in place.

Business case put forward for investment into caravan site

Undertaking of repair & maintenance of assets to ensure compliance

Support HMC with regard to asset strategy included in the Harbour Business Plan