

This Report will be made public on 17 January 2023

Report Number: **C/22/82**

To: Cabinet
Date: 25th January 2023
Status: Non - Key Decision
Responsible Officer: Andy Blaszkowicz, Director – Housing & Operations
Responsible Member: Councillor John Collier, Cabinet Member for Property Management and Grounds Maintenance

SUBJECT: BEACH HUT LETTINGS PROCEDURE

SUMMARY: Folkestone & Hythe District Council ('the Council' / 'FHDC') manage 126 beach huts across the District of Folkestone & Hythe ('the District') and the Council is currently exploring opportunities to install additional huts in the District. Due to the recent increase in the number of huts in Folkestone and the potential for more huts in the future, management of the huts has intensified therefore, a procedure for leasing the huts – 'Beach Hut Lettings - Terms and Conditions' (see Appendix) – has been prepared. It is the intention that this document will provide the framework within which operational matters progress, as approved by Cabinet members.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out below to endorse the governance surrounding the leasing of beach huts by the Council in the future.

RECOMMENDATIONS:

- a) To Receive and note report C/22/82.
- b) To agree the 'Beach Hut Lettings - Terms and Conditions' document, to be effective January 2023.
- c) To agree that the 'Beach Hut Lettings - Terms and Conditions' document is reviewed in at least five years' time.
- d) To set the rents for the new beach hut leases in line with market value rather than using the Council's discretionary fees and charges schedule.

1. BACKGROUND

- 1.1 The Council manages 126 beach huts across the district. Eleven huts are located on Marine Parade, Hythe, and 115 huts at Marine Walk, Folkestone. The former are owned by the Council and the latter are owned by the Folkestone Parks and Pleasure Grounds Charity ('the Charity'), for which the Council acts as trustee.
- 1.2 The huts are held as investment assets to generate income that is reinvested into the district for the benefit of all residents; this is done through a reduction in the support required from the Council for the Charity, whilst also providing a valuable and desirable leisure resource for those who take up a beach hut lease.
- 1.3 The huts are currently leased to individuals for a two-year term. The eleven Hythe hut leases expire in March 2024 and 115 Folkestone hut leases expire from March to July 2023. The success of the redevelopment scheme of the Folkestone huts in 2020/21 increased the demand and there are now over 700 people on the beach hut waiting list. To satisfy demand and maximise the additional net revenue stream, the Council is exploring opportunities to install additional huts in the district, including a project at Coast Drive, New Romney.
- 1.4 Following the Folkestone beach hut redevelopment project, with increasing numbers of huts, it was considered appropriate to develop a formal procedure to document the terms of leasing the huts. Furthermore, the rent policy applied to the beach huts needs to reflect the investment status of the assets. The resultant 'Beach Hut Lettings - Terms and Conditions' document has been created and appended to this report. It is the intention that this will provide the framework within which the huts are let in the future (with effective date January 2023). There is also a clear intention that new beach huts will provide an additional net revenue stream to the Council and Charity.

2. TERMS AND CONDITIONS OF BEACH HUT LETTINGS

- 2.1 Last year, terms for leasing the Hythe beach huts were agreed by officers with tenants. Due to the timings of the proposed sale of the Hythe Pool site, it was agreed that further two-year leases could be entered into.
- 2.2 Future terms for leasing the Folkestone beach huts were discussed with members early in 2022. As the Folkestone huts are owned by the Charity, the rules of the Charities Act legislation must be adhered to for certain lease agreements. Therefore, a qualified surveyor was appointed to provide the Charity trustees with advice on the proposed new leases of the beach huts. This advice was provided in July 2022 and is set out in the Charity report FPPG/22/04.
- 2.3 Rents for beach huts are currently set out in the Council's Discretionary Fees and Charges, published annually, whereby fees and charges broadly increase in line with inflation. It is recommended that this method is replaced with the usual manner of setting rents for lease agreements whereby a

review of the market and comparable evidence is undertaken at the time at which terms are agreed. This may mean that rents can be increased at a rate greater than inflation and maximise the income generated from the investment assets.

- 2.5 Officers have prepared a procedural document for leasing beach huts in the future: 'Beach Hut Lettings – Terms and Conditions'. This is recommended for agreement and approval by Cabinet members. It is the intention that this will streamline the letting process as well as operation of the waiting list and make all terms transparent to the public. This document was recommended to the Charity trustees (refer to report FPPG/22/04) for the Folkestone beach huts in December 2022.
- 2.5 Following this Charity meeting, the majority of members resolved the following for the Folkestone beach huts:
- i. To agree the 'Beach Hut Lettings - Terms and Conditions' document, to be effective January 2023.
 - ii. To agree that the 'Beach Hut Lettings - Terms and Conditions' document is reviewed in at least five years' time.
 - iii. To set the rents for the new beach hut leases in line with market value rather than using the Council's discretionary fees and charges schedule.
- 2.6 It is therefore considered appropriate, and recommended, that:
- i. The 'Beach Hut Lettings – Terms and Conditions' document is applied to all beach huts currently installed in the District, to be effective January 2023;
 - ii. The 'Beach Hut Lettings - Terms and Conditions' document is reviewed in at least five years' time; and
 - iii. To set the rents for the new beach hut leases in line with market value rather than using the Council's discretionary fees and charges schedule.

3. RISK MANAGEMENT ISSUES

- 3.1 There are no significant risk management issues involved in this matter.

Perceived risk	Seriousness	Likelihood	Preventative action
Policy not adopted and confusion caused over future letting process	Medium	Low	To adopt the 'Beach Hut Lettings – Terms and Conditions'

4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

- 4.1 **Legal Officer's Comments (NM)** There are no legal implications arising directly from this report. Legal have and will continue to ensure that the Charity complies with the requirements of the Charities Acts in relation to the granting of the leases.

- 4.2 **Finance Officer's Comments (JS)** All finance related issues are covered within the main body of the report.
- 4.3 **Equalities and Diversities comments (GE):** A Stage 1 Equality Impact Assessment has been completed and is attached to this report at Appendix 2. There are no diversities and equalities implications arising from this report.
- 4.4 **Climate Officer's Comments (OF)** There are no climate implications arising directly from this report.

5. CONTACT OFFICER AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

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Appendices:

1. Beach Hut Lettings – Terms and Conditions
2. Stage 1 Equality Impact Assessment

Appendix 1: Beach Hut Lettings – Terms and Conditions

Appendix 2: Stage 1 Equality Impact Assessment