

## **The Vale of Glamorgan Council**

### **Cabinet Meeting: 11 April, 2016**

### **Report of the Cabinet Member for Visible and Leisure Services**

#### **Barry Island Beach Huts**

##### **Purpose of the Report**

1. To consider a new policy for the operation and management of the beach huts at Barry Island.

##### **Recommendations**

1. That the draft beach hut rental policy attached at [Appendix B](#) to this report be noted.
2. That the draft beach hut rental policy and all the issues and options included in this report be referred to Scrutiny Committee (Economy and Environment) for consideration.
3. That a further report is presented to Cabinet on conclusion of the consideration of the issues as detailed above by the Scrutiny Committee (Economy and Environment).

##### **Reasons for the Recommendations**

1. To advise Cabinet of a draft beach hut rental policy for the 2016 / 2017 period based on the learning to date.
2. To allow full consideration of the details of this report by the appropriate Committee.
3. To allow Cabinet to determine a new beach hut rental policy after taking into account the views of the relevant Scrutiny Committee.

##### **Background**

2. Cabinet considered a report detailing the first season of beach hut operation at its meeting of 22nd February 2016 (Minute C3092 refers). It resolved:
  - (1) That the contents of the report be noted.
  - (2) That the report be referred to Scrutiny Committee (Economy and Environment) for consideration.

##### Reasons for decisions

- (1) To advise Cabinet on the first season of operation for the beach huts at Barry Island.

(2) To ensure that the relevant Scrutiny Committee is involved in this matter.

3. The Economy and Environment Scrutiny Committee considered the matter at its meeting of 8th March 2016 and recommended:

(1) That Cabinet further explore options 1, 2 and 3 as outlined within paragraphs 11, 12 and 13 of the report and that a more flexible approach be afforded to officers within the Beach Huts Policy.

(2) That option 4 (concession proposal) as outlined within paragraph 15 of the report be not pursued at this time.

(3) That the minutes of the meeting be referred to Cabinet for their consideration in order that a further report can be prepared having regard to the suggestions of the Scrutiny Committee contained therein and recommendations (1) and (2) above.

Reasons for recommendations

(1) In order that options can be explored to determine the long term management and operation of the beach huts with a flexible approach being incorporated to allow officers to amend the policy as and when required having regard to service requirements.

(2) The Committee consider that further exploration of other options needs to be addressed before a concession route is considered.

(3) In order that Cabinet can be apprised of the Views of the Scrutiny Committee in making its decision.

4. After considering the views of the Scrutiny meeting at its meeting of 14th March 2016, Cabinet resolved as follows: (Minute C3121 refers)

(1) That option 4 (concession proposal) as outlined within paragraph 15 of the original report to Cabinet be not pursued at this time.

(2) That the current concessions continue until 31 April, 2016 with new concessions starting on 1 May, 2016.

(3) That Cabinet receive a further report on 11 April, 2016 considering the management of the Barry Island Beach Huts.

Reasons for decisions

(1) To consider further exploration of other options.

(2) To confirm the current policy of concessions.

(3) To consider further exploration of other options.

5. To recap, options 1 - 3 from the initial report to Cabinet were as follows:

(i) The first option would be to continue with the current beach hut policy. This would mean that users would continue to book the beach huts via the Council at the prices shown in the policy. This Option is unlikely to cover the Council's costs going forward unless rentals increase significantly.

(ii) The second option is to lease some or all of the beach huts either annually or for a longer period of time. This would provide the Council with a guaranteed income for the whole season however, it would restrict the number of beach huts generally available for spot hire. The price of any lease would need to cover all of the Council's costs for the beach huts and also ensure that some finance was available for future refurbishment.

(iii) A third option would be to amend the current beach hut Policy to allow for the purchase of weekly, monthly and annual season tickets for some of the beach huts. Like the second option above, this would have the advantage of a guaranteed income and the Council would not be picking up the costs of variables such as poor weather. However, beach huts may not be occupied as much as they would be if they were rented daily.

6. This report considers options for the introduction of a new beach hut rental policy taking into account the learning to date and the views previously expressed by Cabinet and via the Scrutiny process. The intention is to request consideration of this report and the draft beach hut rental policy attached at [Appendix B](#) by the relevant Scrutiny Committee prior to any final decisions being taken on a new beach hut rental policy for the 2016 / 2017 period.

### **Relevant Issues and Options**

7. The beach hut rentals for the 2015 / 2016 period totalled 233 with the income of £8,026 being 2.7% less than the costs of providing and administering the huts for the period.
8. The overarching aim for the Council would be to obtain the maximum number of bookings throughout the year in order to add to the vitality and vibrancy of Barry Island, whilst also receiving income that at least matches the costs of their provision.
9. It is believed that there are a number of reasons for the level of bookings achieved during the first year of operation and these are listed below:
  - (a) The huts are a new concept and booking patterns and demand will take some time to develop.
  - (b) Insufficient marketing of the huts at the early stages, though this was linked to some uncertainty as to the exact date that they would be made available to us by our contractor.
  - (c) Insufficient signage at the hut locations themselves, at Barry Island generally and at transport links onto the resort.
  - (d) The costs of booking the huts was deemed too high by many users and potential users. Whilst this information is largely anecdotal, the tourism staff at Barry Island would support this assertion having been the main point of contact for visitors.
  - (e) Difficulty in booking the huts. There is a need for on the spot cash payment arrangements and the ability to pay and book via a smartphone or tablet. Arrangements were introduced to permit cash payments, however this was only during the six week summer holiday period.
  - (f) There is a daily booking arrangement only. This does possibly preclude a sector of the public who may wish to have use of a specific hut for a longer period.
  - (g) The weather over the 6 week school holiday period last year was not particularly good.
  - (h) A lack of flexibility with the booking process. Part-day bookings were introduced later in the season but officers require the flexibility to do this for the full year and to use a number of the huts for promotional purposes. Whilst this could lose some up front income, there could be other economic and tourism benefits from such promotion and it could also result in a greater take up of paid beach hut use in the longer term.

10. It is clear that any new policy should seek to address those issues above that are within our control and it is therefore suggested that the following amendments could be made to the existing policy in pursuance of the aims of achieving the maximum number of bookings and a cost break even position.
11. Firstly in terms of fees it is suggested that these could be reduced by 50% to help stimulate demand. It is further suggested that the charges be split over two periods per year, termed 'peak' and 'off peak'. It is suggested that the charges for daily use (including VAT) would be as follows:

Peak		Off Peak	
Small Hut	£10	Small Hut	£5
Large Hut	£20	Large Hut	£10

12. Officers have undertaken research into the costs of beach huts across the UK and daily rates (peak) ranging from £18 - £35 / day and (off peak) £4 - £25 / day have been noted. However, what is clear is that the charge rate very much relates to the demand for huts in a particular location balanced against a value that the majority of visitors to that location are able to pay. It is suggested therefore that prices be significantly lowered for the 2016 / 2017 and possibly the 2017 / 2018 periods to allow the users of our huts to find this balance.
13. The second booking and pricing consideration is the availability of bookings over a longer period of time. Most providers offer this but we would need to find a balance in terms of the numbers of huts offered for such longer term use and those offered daily or weekly. Barry Island remains predominantly a day tripper resort and daily visitors must still be allowed continued access to the beach huts.
14. It is proposed that up to 6 of the smaller huts and 6 of the larger huts be offered for longer term rent on an annual basis. This would help to ensure some use of these huts out of season and would also guarantee full year bookings for 12 huts.
15. The suggested charges for annual bookings are as follows:  
 Period 1st April to 31st March  
 Large Beach Hut @ £500 (inclusive of VAT)  
 Small Beach Hut @ £350 (inclusive of VAT)
16. For this first year the annual ticket will start from 1st June 2016 and end on 31st March 2017 (10 months) with pro-rata rates as follows:  
 Large Beach Hut @ £500 / 12 x 10 = £416  
 Small Beach Hut @ £350 / 12 x 10 = £291
17. Also, for this first year only it is suggested that an 'annual ticket' can be purchased at any time up until 1st March 2017. The rates for the ticket would be calculated on a monthly pro-rata basis as indicated above. From 2017 the annual tickets would go on sale on 1st February 2017 for existing annual ticket holders before going on general sale from 1st March 2017 for one month.
18. It is suggested that all annual rentals end at the same time (31st March) to allow for more targeted marketing and that an option for a further 12 month rental be offered to existing 'annual ticket' holders up to a period of 2 years in total. A waiting list would also be established, with annual tickets then offered on a first come first served basis. All payments for annual tickets must be in advance and restrictions on times of use and other specific terms and conditions would apply. If there are spaces on

the waiting list at the end of March and an existing annual ticket holder requires an annual ticket for a 3rd or subsequent year period, this can be permitted.

19. It is suggested that in order to further promote the annual ticket option, the user be given one free car parking pass for use at Barry Island for the full year. The pass would relate to a specific index number of vehicle and would be non-transferable.
20. The success or otherwise of the annual letting scheme will be considered at the end of the summer season when a further report will be presented to Cabinet.
21. Concern has been expressed with the absence of flexibility in the letting arrangements, the inability of schools and other organisations to book huts at a lower or no cost rate and the possible use of the huts for commercial and / or promotional purposes. It is therefore proposed that for this forthcoming season any un-allocated beach huts can be put to use by the Council's tourism section for tourism and regeneration purposes. This will ensure that added benefit is obtained from the huts and it will also provide the tourism section with the necessary flexibility to accommodate a range of complimentary alternative uses.
22. It is suggested that the public / domestic policy arrangements be extended to cover bookings by Schools on a trial basis for the 2016 / 2017 period. The new rates are now much more affordable and there is likely to be a demand from Schools for use of the huts during term time for educational purposes.
23. This will however need to be kept under review to ensure that any Schools' use does not conflict with the general public / domestic use of these huts which remain their primary purpose.
24. As previously stated, the aim of the beach hut policy should be to achieve the maximum number of days booked whilst also ensuring that the income received makes the maximum contribution to the beach hut costs.
25. To this end a series of use and financial projection estimates have been prepared based on the proposed new pricing and use structure and these are shown in the tables at [Appendix A](#).
26. The break even value for the huts could be less than the figure of £8,241 quoted for the 2015 / 2016 period as at least £1,000 of this cost is related to staff on site taking cash for the spot hire of the huts. Later in this report an option is put forward that could pass this role onto one of the local businesses at Barry Island and at no cost to this Council. Therefore for the purposes of this report, it is suggested that a more realistic break even figure for the beach huts would be £7,750.
27. The tables at [Appendix A](#) show estimates for low, medium and high use with all estimates showing a cost break even. The tables do not show full take up of the annual tickets and assume 10 being sold out of the 12 available for the high use estimate, 8 for the medium use and 6 for the low use.
28. It is suggested that with the new arrangements, bookings could increase from 233 last year to up to 1,025 this year. A realistic figure for the first year of the new policy is more likely to be between 400 to 600 booked days, with bookings then increasing year on year.
29. Turning to the accessibility of bookings in future, it is proposed that subject to a consideration of the issues by Scrutiny Committee, delegated authority could be given to the Director of Environment and Housing Services to appoint a local nearby business to hold the beach hut keys for the daily bookings and to take both cash and card payments. This could offer a marketing opportunity for the business concerned

as their role in the booking process would be widely advertised. It is expected that there would be businesses interested therefore in providing this service free of charge and it is suggesting that the choice of a suitable business be a matter for the Director to determine.

30. The chosen business would have no role in managing the beach hut units, they would purely administer the spot bookings and 'take in' and 'give out' keys, checking those who wish to collect keys against the records on our electronic booking system.
31. In addition to this method of booking, bookings will be able to be made via C1V over the telephone, on-line via our website or via an App which is shortly to be launched. For this season the availability of beach huts will be shown via the website which will hopefully also encourage a greater number of bookings.
32. Both the annual tickets and the daily beach hut rental arrangements will be the subject of a comprehensive marketing strategy which is currently being developed.
33. The marketing strategy will involve all forms of media and will also include the introduction of information signage on all visitor routes advising of the beach huts, their prices and availability. The location of the key holding business will also be widely advertised.
34. The new beach hut policy which takes into account the proposed changes detailed is attached at [Appendix B](#).
35. Clearly many assumptions have had to be made in devising the new policy but the policy is informed by the learning to date and the views expressed by elected Members. The rental policy is likely to take a number of years before it is fully refined, hence authority is requested to make slight changes to it as necessary in its operation. In any event such a policy would always have to be kept under review due to the ever increasing popularity of the resort and changes in its development.
36. This year users of the huts will be consulted on all aspects of the beach hut offer including the new policy; so when this policy is reviewed at the end of the 2016 / 2017 summer season there will be both quantitative and qualitative information available to better inform the management and rental processes.

### **Resource Implications (Financial and Employment)**

37. All marketing and promotional material and signage will be funded from existing budgets for coastal management.
38. The financial implications of the new policy are detailed within the body of the report. A break-even position between income and costs is projected at this stage. A summary of the use and income projection taken from the tables shown at [Appendix A](#) is as follow:

	High Usage	Medium Usage	Low Usage
Projected Costs 2016 - 2017	7,750	7,750	7,750
Projected Income 2016 - 2017	(14,667)	(10,208)	(7,625)
Projected Deficit / (Surplus)	(6,917)	(2,458)	125

The projections for income take account of the VAT status of Beach Huts.

## **Sustainability and Climate Change Implications**

39. The beach huts continue to enhance the visitor experience at Barry Island therefore enhancing its sustainability as a resort destination.

## **Legal Implications (to Include Human Rights Implications)**

40. It will be necessary to draft new terms and conditions for the use of beach huts, particularly for the annual rentals and such terms and conditions will ensure that the Council's interests are safeguarded whilst also protecting local residents and other visitors from nuisance including any potential for anti-social behaviour.
41. An agreement will be required with the chosen private business for the appropriate control and management of keys and booking arrangements and the taking of payments for daily rentals. It is envisaged that this agreement would initially be for one season only, after which it would be reviewed to establish if formal procurement arrangements should be considered for a longer term.

## **Crime and Disorder Implications**

42. The beach huts have security measures installed to minimise any potential crime and disorder implications. However, unfortunately some vandalism did occur to the beach huts during the first operating season.

## **Equal Opportunities Implications (to include Welsh Language issues)**

43. There are no equal opportunities implications. Suitable access ramps to the beach are incorporated within the design of the beach huts. All beach hut advertisements and signage will comply with the latest Welsh language requirements.

## **Corporate/Service Objectives**

44. The provision of beach huts at Barry Island link with corporate objectives for the regeneration of Barry Island. They also promote opportunities for increased tourism within the area.

## **Policy Framework and Budget**

45. This is a matter for Executive decision.

## **Consultation (including Ward Member Consultation)**

46. Local Members have not been consulted on the contents of this report as this matter is of a strategic nature.

## **Relevant Scrutiny Committee**

47. Economy and Environment.

## **Background Papers**

None

## **Contact Officer**

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**Officers Consulted**

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