

Brighton & Hove City Council

Culture, Heritage, Sport, Tourism & Economic Development Committee

Agenda Item 29

Subject: Beach Hut Licence and Transfer Fee

Date of meeting: 9 November 2023

Report of: Donna Chisholm - Executive Director Economy,
Environment and Culture

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Ward(s) affected: All

For general release

1. Purpose of the report and policy context

- 1.1 The proposal contained in this report is to modernise the licence issued to beach hut owners who place their hut on Council land on Hove seafront. The new licence will include a transfer fee which will be payable to the Council on the disposal of the beach hut.
- 1.2 This report covers issues relating to updating licence provisions for beach huts on council land.

2. Recommendations

- 2.1 That Committee agrees the termination of existing beach hut licences in accordance with their terms and implementation of the proposed new licence (see Appendix 1) to all beach hut owners, including the addition of the transfer fee.
- 2.2 That Committee agrees new licence terms which will come into effect from 1 April 2024 as follows:
 - a) a new transfer fee (details in paragraphs 3.9 to 3.11 of this report);
 - b) updated termination provisions to limit the “no fault” grounds on which the council can terminate licences in the future (paragraph 3.12 of this report);
 - c) provisions to allow for more effective and efficient communication with beach hut owners (paragraph 3.13 of this report).
- 2.3 That Committee agrees that owners of any beach huts remaining on council land after 1 April 2024 without a new licence agreement in place be required to remove the beach hut and that officers may take enforcement action if necessary to ensure that any unlicensed areas are vacated.

3. Context and background information

- 3.1 There are 459 beach huts on Hove seafront that are privately owned by Brighton and Hove residents. The licence fee to place the owner's hut on Council land is currently £503.60 inc. VAT for the year 2023/24, giving an annual income to the Council of £192,628.
- 3.2 A beach hut can be sold on when it has been owned for three years but only to other Brighton and Hove residents. Within the current licence there is provision for an administration fee to be charged when a beach hut is sold. This fee is set at £82 and there is no provision within the current licence to increase it. On average there are around 20 beach hut sales per year.
- 3.3 Over the last 10 years, the financial value of a beach hut on the seafront has risen well above inflation and more in line with increases in the local property market. Huts for sale currently range in price between £25,000 - £35,000 depending on the location and the condition of the hut. There are currently at least three huts on the market with an asking price of £35,000.
- 3.4 Other neighbouring authorities charge a transfer fee which is linked to the sale price of the beach hut, including Adur and Worthing Council. The following table sets out the licence fee and transfer fee for other south coast authorities.

Table 1: Fees for Licences and Beach Hut Transfers

<u>Local Authority</u>	<u>Location</u>	<u>Licence Fee (inc VAT)</u>	<u>Transfer Fee</u>	<u>Beach Hut sales</u>
Rother District Council	Bexhill	£650 pa	3 x licence fee or 10% of sale price whichever is greater	£30,000-£40,000
Adur and Worthing	Worthing	£810 pa	3 x licence fee or 10% of sale price whichever is greater	£10,000-£20,000
	Lancing/Shoreham Beach	£612 pa		
Bournemouth Christchurch & Poole Council	Mudford Sands	£1,090pa+	Flat fee of £20,000 where the Asset Value is £150,000-£250,000. Flat fee based on the Asset Value of the hut - £6,000 where the value is £60,000-£90,000	£60,000 - £250,000
	Christchurch	£1,090pa		

- 3.5 Beach huts are being sold for significant sums because of their sought-after location on Hove seafront. The financial value of the hut itself is around £5,000 (to build from scratch) whilst huts on the seafront have been sold in the last few years for more than £30,000. Therefore, much of the financial value lies in the location on the Esplanade the freehold of which is owned by the Council as landowner. Currently the Council is not benefiting in any way from the uplift in sales value of the beach hut asset due to its prime seafront location, when these beach huts are being sold on the open market.
- 3.6 In 2018 the council's Tourism Development and Culture Committee agreed that beach hut owners should be consulted on a new modernised beach hut licence to include a transfer fee based on the sale price. All beach hut owners were consulted by letter and an open forum meeting took place in October 2018. However, the outcome of the consultation was that the existing licence was retained, and a new licence was not introduced.
- 3.7 In January 2023 the council's Tourism, Equalities Communities and Culture Committee was asked to agree the introduction of a transfer fee as part of the annual fees and charges review. An addendum to the report then recommended the removal of the transfer fee proposal whilst awaiting specialist legal advice, which was subsequently received and forms the basis of this paper.

Changes to the Licence arrangements

- 3.8 There are currently several different forms of licence with different terms and conditions in existence and it is the intention of this proposal to standardise the licence for all beach huts.
- 3.9 The proposed new licence will incorporate the terms and conditions and beach hut specification within one document, rather than as separate documents which is the current arrangement. This ensures a consistent and readily available reference for both beach hut owner and council officers.
- 3.10 The new licence will include (at clause 4) a transfer fee which will be payable to the Council on the disposal of the beach hut subject to the exceptions set out in paragraphs 3.14 and 3.15 below.
- 3.11 It is proposed that the newly introduced transfer fee would be a figure equivalent to the greater of 10% of the sale price or 4 times the licence fee. No VAT will be charged on this sum so on the basis of the current licence fee for 2023/2023 the minimum transfer fee based on 4 times the licence fee would be £1,678. This fee is comparable to fees charged in other south coast local authorities and the amount payable will adjust to fluctuations in the market price.
- 3.12 Under the current beach hut licence, the council may require hut owners to remove their hut without specifying a reason for doing so. The new licence improves the position for the beach hut owners at clause 7 and will state that as long as the licence holder is not in breach of the licence the council may

only require the hut owners to remove their huts from council land in the event of redevelopment of the land or for public safety reasons.

- 3.13 We are also seeking to improve communications and engagement with all beach hut owners. The new licence includes a requirement to provide an email address as the main point of contact and telephone number. This will streamline communication with all hut owners by the council and remove the reliance on posting information to home addresses.
- 3.14 As the proposed new licence is drafted at clause 5, the hut owner can pass down their beach hut on the event of their death without payment of the transfer fee to a beneficiary who is a resident of Brighton and Hove.
- 3.15 If the only beneficiaries were to live outside of the city then the beach hut would need to be sold by the executors (to a Brighton and Hove resident) and a transfer fee paid. If the beach hut is sold then the transfer fee is 10% of the sale price (or 4 times the licence fee if this is greater). If the hut is transferred to a family member or to a third party (who must be a Brighton & Hove resident) at any time other than the death of the hut owner for no cost then the latter transfer fee of 4 x the licence fee applies (this is currently £1,678 based on this year's licence fee).
- 3.16 The proposed new licence would include a clearer prohibition on hiring out beach huts. This clause is in place to ensure beach hut owners are not disturbed by anti-social behaviour or nuisance noise from paying visitors to a neighbouring beach hut.

4. Analysis and consideration of alternative options

- 4.1 Following feedback from the consultation the proposed licence has been amended. Clause 3(d) which had stated that the beach hut must be painted annually has been changed to state that painting must be completed as soon as reasonably practicable and in any event at least every two years.
- 4.2 A revised specification to that which was in the proposed licence has been inserted into the amended licence – see appendix 1. This reflects the previously relaxed rules regarding a single solid door colour and that stripes are now permitted and the updated specification in the licence makes this clear.
- 4.3 Feedback from the consultation focused on the following topics:
- legal challenge
 - provisions in the licence
 - transfer fee being unfair and too high
 - beach huts becoming unaffordable
 - transfer fee not raising enough funds for the council
 - questioning comparison with other local authorities
 - insufficient time for the consultation
 - how beach huts contribute to the seafront
 - ability to terminate the licence and beach hut specification.

A sample of the comments can be found in appendix 2 of this report.

- 4.4 The council spends significant sums each year maintaining and improving the seafront. Although budgets have been reducing, the seafront remains a priority area of spend for the council.
- 4.5 Income from the annual licence fee already contributes towards the seafront service which funds the lifeguard service, as well as maintenance and improvements to the seafront.
- 4.6 Any additional funds from transfer fees will go towards the seafront service.
- 4.7 If the proposed licence is agreed by the Committee the original/current licences will be terminated in accordance with the notice provisions set out in the existing licences, and new licences granted.
- 4.8 From 1 April 2024 any beach huts without a new licence in place would be unlicensed huts and would need to be removed by the owner.
- 4.9 If the hut remains on council land and is unlicensed then the council will be entitled to request removal by its owner or move it to another temporary location at the expense of the owner for collection and if it is then not removed from the seafront or the temporary location within 28 days the Council may dispose of it.

5. Community engagement and consultation

- 5.1 A consultation was undertaken to provide an opportunity for all beach hut owners to input into the proposed changes to the licence.
- 5.2 Emails including a copy of the proposed licence were sent to all beach hut owners who have provided the council with an email address.
- 5.3 Letters were also sent to the home address (held on record by the council) of each beach hut owner to ensure that everyone received the information and had an opportunity to feedback on the proposals.
- 5.4 The consultation period ran initially for three weeks. The council extended the consultation by a further four days over a weekend to allow time for any additional responses following the Hove Beach Hut Association's Annual General Meeting Saturday 14th October.
- 5.5 Early in the consultation Hove Beach Hut Association (HBHA) and a number of beach hut owners contacted the council with queries over the proposed licence. In response, a question and answer document was produced by the council and shared with HBHA – see Appendix 3 of this report.
- 5.6 During the consultation Cllr Robins, Chair of the Culture, Heritage, Sport, Tourism & Economic Development Committee, attended the AGM of HBHA to hear the views of the beach hut owners.

- 5.7 Some of the beach hut owners have complained that the consultation period was not long enough. However, there is no legally defined, nor council defined, requirement around the length of a consultation and officers considered 25 days to be a reasonable period of time for this defined group of people.
- 5.8 There was a good response to the consultation with 145 responses although at 31.5% of the total number of beach hut owners this does not represent a majority.

6. Conclusion

- 6.1 There are currently several different forms of licence with different terms and conditions in existence. By agreeing to the recommendation this will standardise the licence for all beach huts.
- 6.2 The requirement to provide an email address and contact phone number for correspondence will improve communication between the hut owners and the council and increase efficiency when notifying hut owners of damage and other beach hut related information.
- 6.3 The introduction of a transfer fee has the potential to provide increased income for the council on the disposal of a beach hut placed on council land. The transfer fee is commonplace across other local authorities and recognises the value attributed to the advantageous and desirable position of the beach hut based solely on its position on council owned land.
- 6.4 Whilst the majority of beach hut owners who responded to the consultation strongly objected to the transfer fee, there were a small number of respondents who understood the rationale and accepted the proposed terms.
- 6.5 The transfer fee only becomes due on disposal of the beach hut and will not increase the annual running costs of owning and enjoying use of a beach hut. The rising annual costs of maintenance, insurance and the licence fee were referenced many times in the consultation as a cause for concern and a reason why beach huts are becoming unaffordable to some and the current proposals to implement a one off transfer fee do not increase those annual costs for owners who continue to own and licence their beach hut.
- 6.6 If a person wishes to leave their beach hut in their will to a family member who is resident of Brighton and Hove then the transfer fee will not be payable. This allows beach huts to be passed down through generations to local people without incurring additional costs.
- 6.7 The council has a duty to seek value for money from its assets and a 10% transfer fee is considered by officers to be reasonable and proportionate.

7. Financial implications

- 7.1 Introduction of a transfer fee as part of new licences will allow the greater of 10% of sale price or four times the licence fee income to be payable to the council. With an average of 20 beach huts sold per year with prices ranging between £25,000 and £35,000 annual income could be approximately £60,000. The additional funds from transfer fees will support the seafront service either directly by offsetting expenditure pressures, or indirectly through savings proposals to mitigate inflationary budget increases.

Finance Officer: John Lack

Date consulted: 23/10/2023

8. Legal implications

- 8.1 The newly proposed licence terms, including the transfer fee and provisions to improve communication with owners, cannot be implemented under the existing beach hut licences. In order for the new terms to apply to current licensees, the council will need to terminate existing licences on at least one or two months' notice and then require that all beach hut owners who wish to continue to keep their beach huts on council land enter into the new form of licence. This power is available to the council as freeholder and landowner of the Esplanade and does not arise from any statutory functions as a local authority.
- 8.2 The Executive Director Environment, Economy & Culture has delegated authority under delegation 6. (2) (d) to grant and terminate site licences for beach huts but this does not preclude the matter being placed before Committee for consideration (Part 6.1 paragraph 14. of the Constitution).

Hannah Bassett:

Date consulted 23/10/23

9. Equalities implications

- 9.1 The changes to the licence and introduction of a transfer fee do not discriminate on the basis of any equalities protected characteristics. Beach huts are available to purchase by residents privately or via local estate agents. The council provides beach chalets for an annual rent which do not require significant capital outlay.

10. Sustainability implications

Not applicable

11. Other Implications

12. Social Value and procurement implications

- 11.1 Not applicable

Crime & disorder implications:

- 11.2 Not applicable

Public health implications:

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

Supporting Documentation

1. **Appendices**
 1. **Proposed amended licence**
 2. **Consultation responses summary**
 3. **Beach Hut Q&A document**