

Appendix - Previous Cabinet Report which is Unclassified

Subject:	REDEVELOPMENT OF SITE AT ST MARGARET'S BAY FOR BEACH HUTS
Meeting and Date:	Cabinet – 14 May 2018
Report of:	Roger Walton, Director of Environment and Corporate Assets
Portfolio Holder:	Councillor Trevor Bartlett, Portfolio Holder for Property Management and Environmental Health
Decision Type:	Non-Key
Classification:	Unrestricted (but the accompanying appendix contains information which is exempt under paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A of the Local Government Act 1972

Purpose of the report: To seek approval to redevelop the Dover District Council-owned site at St Margaret's Bay for the purposes of providing beach huts.

Recommendation:

1. That Cabinet approves the project to redevelop the St Margaret's site for the purpose of refurbishing and erecting beach huts for rent.
2. That the Director of Environment and Corporate Assets, in consultation with the Portfolio Holder for Property Management and Environmental Health, be authorised to take the necessary actions to deliver the project including accepting the best value for money tender (as per Contract Standing Order 12.3) for the refurbishment and construction of beach huts.

1. Summary

- 1.1 The existing 14 huts at St Margaret's Bay have deteriorated to the point where repairs are no longer sustainable. Reconstruction of the huts is essential before they can reopen.
- 1.2 A range of options were considered but only two, namely a straight refurbishment/reconstruction of the existing 14 No huts and a project to refurbish the existing huts and provide an additional 10 No huts, were worthy of serious consideration.

2. Introduction and Background

- 2.1 The existing 14 huts, situated at St Margaret's Bay, which are some 50 years old, have deteriorated to the point where repairs are no longer sustainable. Hence the licenses to occupy were terminated in October 2017. Reconstruction of the huts is essential before they can reopen. Asbestos elements within the huts, although encapsulated and not presently a danger, need to be removed to eliminate a future risk. The capital bid in the Medium Term Financial Plan (MTFP) was submitted on the basis that the existing buildings would be removed completely and replaced with new

but, upon closer analysis, it was found to be cost effective to retain the block walls of the original huts and reconstruct around them.

- 2.2 The huts are located in a private compound, surrounded by a leylandii hedge which restricts the views of the sea. There are opportunities to develop the site to open up vistas through to the sea and provide planting that is more sensitive to the marine environment.
- 2.3 The footprint of the current huts takes up approximately half the area of the compound. There is opportunity to utilise the space more productively by installing additional huts. If the development happens at the same time as the refurbishment it avoids future disruption to the peaceful enjoyment of the existing huts. Hence the development option has been considered as an alternative to simply refurbishing the existing huts.
- 2.4 Historically there have always been many people waiting to rent beach huts at St Margarets bay. The waiting list was reorganised in 2012 and currently has 58 people on it. There is a demand for more beach huts at St Margarets Bay.
- 2.5 There is a delicate balance to be struck between the capital costs of any refurbishment/construction project, the quality of construction and the expectations for the offering concerning quality and price. At St Margarets Bay there is a long history of providing basic beach huts, which are not serviced. The offering and existing pricing structure are known to those on the waiting list and in the community more generally. For this reason, together with the contingent Planning risks, radical alternatives such as two storey serviced beach chalets have been discounted as credible alternative proposals.
- 2.6 Similarly the option of disposing of the land has been discounted. The Planning constraints and lack of services are such that the residual value of the site after allowing for the costs of demolishing the existing huts, estimated to be in the region of £60k, does not make disposal of the site a viable option. Disposal foregoes the opportunity of future beach hut income. Such an option is also anticipated to be unacceptable to the community at St Margarets.
- 2.7 Work on the feasibility of developing the site has been undertaken by members of the Assets & Building Control team and it has been identified that there is a potential to introduce a further 10 beach huts without compromising the existing 14 No. huts unduly. Cost estimates have been obtained from a local contractor in order to establish likely capital costs and a business case, using these estimates, has been constructed both for a refurbishment only project and for a scheme that also introduces 10 No new beach huts. The schemes will of course be subject to public scrutiny and modification through the planning process.

3. Identification of Options

- 3.1 Option 1: Refurbishment of Existing 14 No. Beach Huts
- 3.2 Option 2: Refurbishment of Existing 14 No. Beach Huts and Construction of 10No new beach huts.

4. Evaluation of Options

- 4.1 Option 1: Refurbishment of Existing 14 No. Beach Huts

- (a) The business case demonstrates that with an annual income to DDC of £1145 per hut per annum, a sum consistent with charges across east Kent, maintenance costs of £150 per hut per annum and a capital cost of £57,800 the pay-back period is 4 years 2months. Thereafter there is an expected net income to DDC of £13.9k per annum, at today's prices. Although the pay-back period is slightly reduced compared with option 2 the income thereafter is nearly 40% less than that of option 2.
- (b) The proposals address the maintenance issues and expunge potential future health & safety risks by removing the asbestos elements from the existing beach huts. However the proposal does not exploit the further potential of the site to generate income.
- (c) The proposal will leave the compound as essentially a private space, used exclusively by those renting the beach huts. This scheme therefore does not add value to the public amenity.
- (d) This option is recommended only in the circumstance that option 2 is not approved.

4.2 Refurbishment of Existing 14 No. Beach Huts and Construction of 10No new beach huts

- (a) The business case demonstrates that with an annual income to DDC of £1145 per hut per annum, an average maintenance cost of £212.50 per hut per annum and a capital cost of £109,000 the pay-back period is 4 years 10 months. Thereafter there is an expected net income to DDC of £22.4k per annum, at today's prices.
- (b) The proposals address the maintenance issues and expunge potential future health & safety risks by removing the asbestos elements from the existing beach huts.
- (c) The proposals open up the connections between the compound and the promenade so that the compound itself becomes more of a shared public amenity rather than an area exclusive to those renting the beach hut. This is an improvement given the high usage and limited area at St Margaret's Bay.
- (d) The proposals will reduce the number of people on the beach hut waiting list.
- (e) For the above reasons, in particular the increased income and the enhancement of the public amenity, this is the recommended option.

5. **Resource Implications:**

- 5.1 A sum of £100k has been allocated for the purposes constructing new beach huts. The comparative business cases have been undertaken using cost estimates from a local contractor to ensure that the budgeted sum of £100k is realistic. Subject to the planning outcome not introducing significant additional costs and subject to the tender results, it is anticipated that a value engineering exercise will bring the contract sum within budget.

6. **Corporate Implications**

- 6.1 Comment from the Section 151 Officer: Accountancy has been consulted and has no further comment to add. (KW)
- 6.2 Comment from the Solicitor to the Council: 'The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.'
- 6.3 Comment from the Equalities Officer: 'This report does not highlight any equality implications, however in discharging their responsibilities members are required to comply with the public sector equality duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15> '
- 6.4 Other Officers (as appropriate): Not applicable.

7. **Appendices**

Appendix 1 – Business Case (contains exempt information)

8. **Background Papers**

None.

Contact Officer: Martin Leggatt, Head of Assets and Building Control