

Briefing Paper – Budleigh Salterton Beach Hut Provision

Overview

In this year's Portfolio holder report Streetscene recommended that EDDC no longer provide short term lets via the Budleigh Tourist Information Centre but offer them as EDDC pitches for seasonal rental instead. EDDC has had no contact at all from Budleigh TIC since 6th March 2020. Shortly after this time EDDC heard through word of mouth that the Budleigh TIC was closing down indefinitely due to the pandemic. To this date Streetscene have not been notified that Budleigh TIC are operating again in any capacity.

Brief background

EDDC has historically provided 6 large and 6 small beach huts to the Budleigh TIC so that they could offer visitors a daily or weekly beach hut rental. The last time this operated was in the 2019 season where EDDC earned a revenue of £9818.23, with Budleigh TIC taking a commission rate of £1,762.04 (circa 15%). At this time EDDC had their own dry storage facility for the huts during the off season but this is no longer available. There is no formal agreement or lease in place between EDDC and Budleigh TIC.

The TIC in recent years have increased the offering of seasonal rentals which was not only against the idea of the arrangement but also was a way for residents to circumnavigate EDDC's waiting list for seasonal huts. For context, 5 of the 12 huts in the 2019 season were rented out as seasonal huts. Streetscene made a request to the TIC in March 2020 prior to the season to no longer take seasonal bookings but were told that they had already made commitments to tenants for the season ahead. Shortly after this Streetscene heard that the TIC had closed down and this was the last communication we have had from them to date.

Reasons for Recommendations

1. The EDDC owned huts are in a dilapidated state and upon inspection during 2020 it was decided that they are no longer fit for purpose to rent to the general public. The cost to replace the 12 huts would cost EDDC Circa £13-£14k. The cheapest quotation was £13,584 (Nov 20).
2. EDDC are currently storing the 12 huts in Warren view sports ground due to a lack of dry storage facilities to site them during the winter. Warren view sports ground will not be available from June 2021 due to new tenants taking over the facility. The cost for winter dry storage for the beach huts will cost EDDC circa £3600 - £4200. The cheapest quotation was £3600 (Nov 2020).
3. EDDC currently have to install and take down the huts at the beginning and end of the season which has an impact on the limited resources within the operational team. To pay for this service, if carried out externally by contractors, the cost would be an additional £800 on top of the £3600 storage cost.

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4. We have a current waiting list of 413 Budleigh alone. This shows there is a real shortage of seasonal beach hut pitches in East Devon and the demand far outweighs the supply. By returning the former TIC site to EDDC seasonal pitches. EDDC will generate an annual income of £5183.30 with the only overheads being administration and provide much needed seasonal pitches for residents. In contrast if EDDC were to pursue with the short term let option, through the TIC an initial outlay of £13,584 would be needed to replace the huts and would only return a variable income, depending on the success of the season (set out below).

Cost Analysis

EDDC 10 x Seasonal Huts

Total Annual Income	£5183.30	Based on full season occupancy. Plus administration overheads
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EDDC/TIC Short Term Huts

	£9818.00	Net revenue. Based on 2019 income
	-£4200	Annual storage, erection & dismantling
	-£1358.50	Annual depreciation cost of huts (based on a 10 year lifespan).
Total Annual Income	£4,259.50	Based on 2019 income. Plus maintenance costs, administration and variable income

3.2 The short term lets income can vary each year, depending how busy they are, in 2019 we generated £9818.00. Additional resource was needed to keep the huts maintained, erect and dismantle each year and in addition the administration was more time consuming for our business support officer.

Brief Summary

EDDC made the recommendation in the Portfolio holder report based on a sound financial and resource standpoint but also because the TIC were letting out 40% of the huts seasonally. EDDC were not aware that the TIC were running anymore due to no contact or correspondence since March 2020 and as far as we were aware the TIC remains shut.