

ECONOMIC COMMITTEE

12 October 2021 at 6.00 pm

Present: Councillors Cooper (Chair), Gunner (Vice-Chair), Dixon, Edwards, Northeast, Roberts, Seex, Dr Walsh, Yeates, Mrs Cooper (Substitute for Dendle) and Jones (Substitute for Stanley)

The following Members were absent from the meeting during consideration of the matters referred to in the Minutes indicated:- Councillor Walsh - Minute 354 to Minute 358; Councillor Seex – Minute 361 (Part).

Councillors English and Goodheart were also in attendance for all or part of the meeting.

354. APOLOGIES FOR ABSENCE

Apologies for Absence had been received from Councillors Dendle and Stanley.

355. DECLARATIONS OF INTEREST

Councillor Dixon declared a Personal Interest in Agenda Item 9 [Lorry Park, London Road, Bognor Regis - Marketing Update] as a member of the Bognor Regis Civic Society.

356. MINUTES

Following amendment of the record to reflect the declaration made by Councillor Dixon at Minute 179 as a member of the Bognor Regis Civic Society rather than the Bognor Regis Regeneration Society, the Minutes of the previous meeting held on 26 July 2021 were approved by the Committee and signed by the Chair.

357. ITEMS NOT ON THE AGENDA THAT THE CHAIRMAN OF THE MEETING IS OF THE OPINION SHOULD BE CONSIDERED AS A MATTER OF URGENCY BY REASON OF SPECIAL CIRCUMSTANCES

The Chair confirmed that there were no urgent items.

358. PUBLIC QUESTION TIME

The Chair invited questions from members of the public who had submitted their questions in advance of the meeting in accordance with the Council's Constitution. The Chair confirmed that four questions had been submitted. The questions were asked and responded to by the Chair.

(A schedule of the full questions asked and the responses provided can be found on the meeting's webpage at: [Arun District Council](#))

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The Chair then drew Public Question Time to a close.

359. BUDGET 2022/23 SETTING REPORT

(Councillor Walsh arrived at the beginning of this item.)

Upon the invitation of the Chair, the Interim Group Head for Corporate Support and Section 151 Officer presented her report explaining that under the newly adopted Committee structure it was important that all Members be fully aware of the budget process. The process was approved by the Corporate Policy and Performance Committee at its meeting on 1 September 2021. She further explained that the report recognised the need for some resource switching in order to progress the Council's priorities, and that projects brought forward must deliverable in 2022-23, must aim to be cost neutral and mindful of limited Officer time and support.

Members then took part in a full debate on the item where a number of points were raised including:

- the need for resource switching to be done in a sympathetic way and not to the detriment of the District's most vulnerable residents
- some resource switching having been agreed at the last Committee meeting
- how additional resource within the Economic Regeneration Team could be looked at in order to be able to further help business development in the District and in particular grant funding and additional bids from Government
- whether Brexit had had local impacts that affected the Council
- whether funding had been allocated in this budget to the Regis Centre application to the Levelling Up Fund

The Interim Group Head for Corporate Support and Section 151 Officer, Group Head of Economy and Director of Place provided Members with responses to all points raised during the debate.

The Committee

RESOLVED

To note the budget setting process for 2022/23

360. RIVER ROAD GARAGES TERMINATIONS

Upon the invitation of the Chair, the Property, Estates & Facilities Manager presented his report which set out the options available for the future use of Council Freehold Land at River Road, Arundel, West Sussex. He highlighted the Officer recommendation for Option 2 - Demolish existing garages and reconstruct eight new garages and lease out at increased rental levels.

Members then took part in a full debate on the item where a number of points were raised including:

- concerns over the lack of consultation with the Town Council, District Ward Councillors or current lease holders and others with interests in the site when deciding on proposals of this kind
- whether the garages would be leased with full repairing leases, and if not how the cost of ongoing maintenance would impact the return on investment or payback periods
- the preference for retaining the asset, which is not an option considered in the report, and the Council building something (perhaps apartments with parking) that would provide a guaranteed income over the long-term
- borrowing money for investment works
- the need for the Council to find ways to become more self-financing by making best use of assets
- support for Option 4 (to demolish existing garages and provide 10 external parking spaces) which was considered less risky with smaller costs and therefore faster to break even, quicker to turn around for existing residents and would have the benefit of taking more cars off the road
- the garages being used as storage space and, if taken away, the potential impacts on small business
- whether the proposal to replace garages with garages lacked ambition and other options needed to be explored
- the need to balance the ambition of making money with responsibility to the public and serving our residents
- support for increased car parking
- the need for housing in the District and housing being more likely to have a greater return than the proposals in the report over the same period
- the possibility of an Airbnb on the site
- whether the report needed to be deferred to another meeting so that an option 7 exploring residential and commercial possibilities could be added

The Property, Estates & Facilities Manager and Director of Place provided Members with responses to all points raised during the debate.

Councillor Gunner then proposed a recommendation, which was seconded by Councillor Dixon, and, following Officer input,

The Committee

RESOLVED

That this report comes back to the Economic Committee at the earliest available opportunity so that an Option 7 can be added for unspecified residential development, in consultation with the Town Council and Ward Members.

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361. BEACH HUT SERVICE REVIEW

Upon the invitation of the Chair, the Property, Estates & Facilities Manager presented his report which set out several options available for Private and Council owned and rented beach huts, with a focus on service improvement and financial viability of a non-statutory service including the securing of both increased revenue and an increased number of beach huts for the Council. After briefly defining the seven options outlined in the report, he explained that the preferred Officer recommendation was Option 2 [to maintain the existing position but with a 30% uplift in rental price]. This Option:

- retained all existing private beach hut leaseholders as well as the leaseholders that rented Arun-owned beach huts and sought to increase the length of the lease offered to customers – the leases for the 92 Arun owned and rented huts be increased from 1 year to 3 years and the leases to private hut owners be increased from 5 years to 7 years (which in reality would be just short of seven years in order that the leases were not required to be registered at the Land Registry).
- included a lease clause that permitted the Council a financial receipt on the assignment of a private beach hut lease. The recommended fee on assignment would be six times the annual ground rent payable at the time of sale or 20% of the sale price agreed, whichever was greater. A large proportion of the overall market value of a beach hut attained on disposal on the open market was derived from the location upon which the beach hut sat. This was land under the Council's freehold ownership and as such it was considered sound commercial practice for the Council as landowner to receive a proportion of this attained value. Under the current 5-year lease, the Council charged the leaseholder an assignment fee of £500 on disposal of the beach hut.
- included a lease clause that permitted a beach hut customer the right to rent out their beach hut (a right currently excluded under the current lease) to assist in making the limited number of beach huts more accessible and also to allow customers flexibility. This option would be available to customers at the outset of their lease following payment of a 25% lease premium
- included a rent increase clause within all leases issued which permitted the sum of 3% to be added to the annual rent from 1 April in each year of the lease.

The Property, Estates & Facilities Manager concluded that Option 2 as recommended would see a 33% increase in annual revenue for the Council when compared to the current financial position this season. This increase excluded the additional revenue that would be raised for the Council following assignment of beach huts and allowing customers the right to rent out their huts commercially following payment of a lease premium. The Option was therefore recommended to the Committee for acceptance as it was considered to be in the best interest of the Council.

Members (and two non-Committee Members) then took part in a full debate on the item where various points were raised including:

- no reported consultation with affected Ward Members or existing tenants, and concerns it showed the Council in a bad light as a landlord
- imposing a 30% increase on the assumption that the market could bear it, and fears long-term leaseholders may be forced to give up their beach huts
- whether the Committee should not accept any of the options in the report until it has seen the consultations with Ward Members and tenants and then revisit at a later meeting
- comparing rental rates to build costs, beach huts being great investments and, due to the demand, whether the Council should be building many more, which would keep them affordable but also make the District's beaches busier
- the need to keep them affordable for the District's residents and visitors
- a 'beach hut tax' where the Council takes a percentage of the sale price being unnecessary if demand were satisfied with prices restrained
- concerns over obscured views and planning restrictions when building more beach huts, and concerns of overdevelopment
- the Council and Councillors being responsible for all residents of Arun, not just those who currently lease beach huts, and so looking at the proposals as a business decision Councillors have a duty to get best value especially if, as the report confirmed, the proposed rents are the market rates
- if not charging market rates, then the Council (and by extension, all taxpayers in the District) is subsidising hut owners
- reinvesting the revenue generated by beach huts into building more
- thinking about what is trying to be achieved, capping revenue also means capping what could be spent
- seeking to service the community as well as increase revenue and bearing in mind the significant number of people on the waiting list, the option of leasing huts for three-year blocks on a rotation basis and then offering them to the next person on the list, and concerns over the feasibility of this idea or even necessary if some huts were available on seasonal leases
- concerns over the 30% increase and many ideas whether to introduce this differently or at all – whether it should be staggered over a period to bring it up to the commercial rate, set at the renewal of annual leases, fixed to RPI if possible, start with a lower figure and review in 12 months times, whether this only applied in the first instance to new rentals – and the need for this to be specific for Officers to action
- beach huts seen as integral to the seaside economy, but recognition that they are also a luxury
- disappointment when the possibility of more beach huts was rejected by Planning Committee
- the need for a clear direction of travel from the Committee
- if only considering maximisation of revenue then the appeal of Option 6 [open market disposal]

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- concerns of residents that their beach huts would be taken away from them but none of recommendations made in the report advocating this
- support for Option 2 as it generated additional revenue
- support for Option 7, with some huts retained for daily or weekly rental, as would help with demand and make them more available to visitors, but concerns how these would be chosen
- the issues around sub-letting
- the benefits of composite huts which are virtually maintenance free
- the potential need for more administration and service resource with different options, and the intention of the report to streamline the service and make it more effective
- the number of huts owned or leased by people outside of the District
- Ward Councillors being elected to act as the voice of their electorate and therefore the need to always be consulted during the writing of these reports to consider the local impacts and discuss with residents
- delivering beach huts as a service similar to deck chairs
- making the most of available IT solutions
- the need to be mindful of the 'traditional holiday scene' with beach huts differing in colour and size which creates the unique ambience of the setting, and the need to be creative and imaginative to achieve this
- all about encouraging people to come and have fun on the District's seafronts
- the need to improve beach access

The Property, Estates & Facilities Manager and Director of Place provided Members with responses to all points raised during the debate.

Councillor Walsh then proposed a variation to Option 2 as written in the Officer report [to maintain the existing position but with a 30% uplift in rental price], which was seconded by Councillor Edwards, and following Member discussion and Officer input, was as follows – additions have been shown using **bold** and deletions shown using ~~strikethrough~~:

1. To propose a 30% increase for new tenants ~~and existing tenants~~ **and an annual uplift of 10% (in simple rather than compound interest terms) over the next three years for existing tenants** [without change to recommendation 6 in the report – to approve for the Council to proceed with the inclusion of an annual rent increase clause (3%) within all beach hut leases issued as set out in the body of the main report (section 1.8)].
2. **That a report on the provision on new beach huts be brought back to Committee.**
3. **That any new leases given only to be given to residents of the Arun district.**

Following debate and on this proposal being put to the vote, this variation to Option 2, was declared CARRIED.

The substantive recommendations were then proposed and seconded.

Following debate, the Committee

RESOLVED - to

1. Approve for the Council to proceed with the beach hut review as set out in Option 2, including information within the body of the report and the attached viability appraisal at Appendix 1, as amended:
 - i. To propose a 30% increase for new tenants and an annual uplift of 10% (in simple rather than compound interest terms) over the next three years for existing tenants [without change to recommendation 6 in the report – to approve for the Council to proceed with the inclusion of an annual rent increase clause (3%) within all beach hut leases issued as set out in the body of the main report (section 1.8)].
 - ii. That a report on the provision on new beach huts be brought back to Committee.
 - iii. That any new leases given only to be given to residents of the Arun district.
2. Approve for the Council to proceed with the award of beach hut leases on Council owned and rented beach huts for a term of 3 years.
3. Approve for the Council to proceed with the award of beach hut leases on all privately owned beach huts for a term of 7 years.
4. Approve for the Council to proceed with the inclusion of a lease clause that ensures that the Council obtain a financial receipt on the assignment of a private beach hut lease as set out in section 1.5 of the report. The fee payable will be 6 times the annual ground rent payable at the time of sale or 20% of the sale price agreed, whichever is the larger of the two sums.
5. Approve for the Council to proceed with the inclusion of a lease clause that permits any beach hut customer the right (upon suitable payment) to rent out their beach hut, as set out in the body of the main report (section 1.7).

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6. Approve for the Council to proceed with the inclusion of an annual rent increase clause (3%) within all beach hut leases issued as set out in the body of the main report (section 1.8).
7. Delegate authority to the Group Head of Corporate Support & s151 Officer and the Group Head of Technical Services to alter the use of a small proportion (circa 30 No.) of future provided beach hut units under control of the Council so that the Council may explore alternative commercial uses including letting out to local businesses, daily / weekly rentals and in the event they are not considered to be financially viable, following a minimum 12 month period of operation these may be returned to normal service use.

362. LORRY PARK, LONDON ROAD, BOGNOR REGIS - MARKETING UPDATE

Upon the invitation of the Chair, the Group Head of Technical Services presented his report which provided an update on progress against the instruction of the Economic Committee on 26 July to procure the services of an agent and market the site [Minute 176].

Members then took part in a full debate on the item where various points were raised including:

- concerns that all other options except disposal have been excluded
- the process in establishing this preference
- demonstrating best value if Members haven't considered all options
- the purpose behind the sale and whether the money from the sale has been earmarked for anything
- the payment terms of the agents

The Group Head of Technical Services provided Members with responses to all points raised during the debate.

The Committee then noted the report.

363. POP UP RETAIL

Upon the invitation of the Chair, the Business Development Manager presented her report which explored how Pop-Up retail might be provided in Arun and updated Members that the proposed tenant of Unit 10 in the Arcade in Bognor Regis was the Bognor Regis BID who had agreed to run it as an emporium-style pop-up for a minimum of one year.

Members (and one non-Committee Member) then took part in a full debate on the item where various points were raised including:

- the Drapers Yard (shed system) private business model in Chichester and whether this could be explored to work in Arun
- an update on the Littlehampton Arcade and its renovation
- support for the Bognor Regis BID being the tenant of Unit 10 in the Bognor Regis Arcade
- whether the Council was subsidising the lease of Unit 10 in any way
- the possibility of using funds from the Economic Recovery Fund in achieving recommendation 2
- the need to establish the town and venue in proposals before exploring the suitability of particular retail options
- concerns for other areas (first and second floors) of the Bognor Regis Arcade and what the long-term plan was

The Business Development Manager and Director of Place provided Members with responses to all points raised during the debate.

The recommendations were then proposed and seconded.

The Committee

RESOLVED – to

1. Agree Officers work with our Partner to provide Pop-Up Retail in Unit 10, The Arcade, Bognor Regis.
2. Instruct Officers to investigate the options to provide Pop-Up retail premises in Littlehampton and return to the Economy Committee with a report.

364. DISCRETIONARY GRANTS - WIDER BUSINESS SUPPORT

(Councillor Edwards declared a Pecuniary Interest as a Director of Mancave Movement which had received a start-up grant, so confirmed he would not be taking part in the discussion or vote.)

Upon the invitation of the Chair, the Business Development Manager presented her report which advised the Committee on the progress of the funding it agreed in June 2021 be allocated from the Government Additional Restrictions Grants to a wider business support fund [Minute 61] and requested further funds be allocated.

Members were pleased to be able to offer support to businesses across the District. The recommendations were proposed and seconded.

The Committee

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RESOLVED

That Committee agree to allocate £140,000 additional funding to two grant streams as set out in this report (Get Online and Upgrade Grant - £80,000 and New Business Start Up Grant £60,000).

365. PROPOSED SUSSEX BY THE SEA FESTIVAL, LITTLEHAMPTON

Upon the invitation of the Chair, the Group Head of Economy presented her report which sought support for the proposal of an annual public event on the Greens and/or surrounding areas at Littlehampton seafront.

Members (and one non-Committee Member) then took part in a full debate on the item where various points were raised including:

- support for the proposals generally, and for Littlehampton in particular, and thanks to the team and all involved in the project
- Littlehampton being uniquely placed to provide such events around East Green and West Green
- any potential operator having a proven track record
- the need for a quality event
- consideration and empathy for surrounding residents, but acceptance of the realities of living in a busy tourist seaside town
- a successful event that it could call its own would showcase Littlehampton and bring new and returning visitors to the town
- the possibility and opportunity of splitting an event or having more than one during the shoulder months of May and September
- any event getting people onto the water, for example a green/renewables festival with boat trips to the Rampion offshore windfarms
- the need for a bespoke event that is not seen elsewhere
- whether sponsorship could be sought for the event
- the process for decision-making as proposals come in and whether these would come back to Committee
- opportunities for the District more generally and making the District a hub for events

The Group Head of Economy provided Members with responses to all points raised during the debate.

The recommendations were then proposed and seconded.

The Committee

RESOLVED - to

1. Support the proposal to invite expressions of interest and tenders to deliver an annual festival event on the Greens and/or surrounding areas at Littlehampton seafront.
2. Identify funding in the annual budget for three consecutive years to establish the festival.
3. Instruct Officers prepare and issue a tender specification for the event.

366. ECONOMIC RECOVERY FUND

Upon the invitation of the Chair, the Business Development Manager presented her report which asked the Committee to accept funding allocated from West Sussex County Council's Economic Recovery Fund and delegate the future use of it for High Street recovery initiatives which had yet to be considered and costed. She clarified that the restrictions imposed on the fund meant funding could only on town centres and market towns (so Arundel, Bognor Regis and Littlehampton) and not geographically wider.

Members then took part in a full debate on the item where various points were raised including:

- support and praise for the report
- an aim to share the money fairly between the three towns
- the need to engage with relevant stakeholders in generating ideas

The Business Development Manager and Director of Place provided Members with responses to all points raised during the debate.

Councillor Gunner confirmed to Members that he did not vote in favour of the allocation of funding in July at a meeting of West Sussex Council Leaders, as detailed in the Executive Summary of the report, because he regarded that the sums being allocated were too small.

The recommendations were then proposed and seconded.

The Committee

RESOLVED

1. To accept the £70,000 from the Economic Recovery Fund
2. That the funds be used for economic recovery projects in the town centres of Bognor Regis, Littlehampton and Arundel, on projects yet to be decided.

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3. That £10,000 be allocated, from the Economic Recovery Fund, to Arundel Town Council for the purchase of Market Stalls.
4. To prevent further delay once such projects are developed, to delegate the agreement of those projects to the Group Head of Economy in consultation with the Chair of the Economy Committee where the contribution required is less than £10,000. The Constitution states that funding in excess of £10,000 requires Committee approval.'

367. CHANGE TO ORDER OF AGENDA

The Committee

RESOLVED

To change the order of the agenda in order to hear the Outside Bodies and Work Programme items before moving into Exempt Business to discuss Agenda Items 14 and 17 which had to be heard in exempt business due to verbal updates from Officers that needed to be given.

368. OUTSIDE BODIES

The Chair noted that one report had been received from Councillor Edwards regarding the Bognor Regis Regeneration Board which had been circulated in a supplementary pack ahead of the meeting.

369. WORK PROGRAMME

The Committee noted the Work Programme.

370. EXEMPT INFORMATION

The Committee

RESOLVED

That under Section 100a (4) of the Local Government Act 1972, the public and accredited representatives of newspapers be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act by virtue of the paragraph specified against the items.

371. EXEMPT - AVISFORD PARK PUBLIC TOILET REFURBISHMENT

Upon the invitation of the Chair, the Group Head of Technical Services presented this report which sought approval to enter into a formal contract to complete the refurbishment of the public toilets at Avisford Park, Rose Green, Bognor Regis.

Members then took part in a full debate on the item where a number of points were raised. The Group Head of Technical Services provided Members with responses to all points raised during the debate.

The recommendation was then proposed and seconded.

The Committee

RESOLVED

To delegate authority to the Group Head of Technical Services & s151 Officer in consultation with the Chair and Vice-Chair of the Economic Committee to negotiate and place formal contract for the refurbishment of the Avisford Park public conveniences following the tender exercise completed accepting the most economically advantageous tender submitted.

(The meeting concluded at 9.28 pm)