

Agenda Item	8
Report No	NC/19/21

THE HIGHLAND COUNCIL

Committee: Nairnshire Committee

Date: 15 September 2021

Report Title: Nairn Common Good Fund

Report By: Executive Chief Officer Communities and Place and
Executive Chief Officer Resources and Finance

1. Purpose/Executive Summary

- 1.1 This report provides information on income and expenditure in relation to the Nairn Common Good Fund (NCGF) for period April to June 2021 and also provides an update on current NCGF issues. It also asks Members to scrutinise and note the position of the NCGF as shown in the Quarter 1 Monitoring Statement found at **Appendix 1**.
- 1.2 Further, the recent discussions regarding the Harbour Street Toilet Block are summarised. An account is given of the state and condition of the building along with estimated costs associated with reinstatement as a public convenience and an option is given for future consideration.

2. Recommendations

- 2.1 Members are asked to:
- i. Scrutinise and note the position of the NCGF as shown in the Quarter 1 Revenue Monitoring Statement against Budget for 2021/22.
 - ii. Homologate spend within Quarter 1 undertaken in respect of
 - a. Urgent necessary repairs and interventions due to health and safety concerns and/or to prevent further degradation to Nairn Common Good Fund property; and
 - b. Granting a waiver of the usual fee for the use of the Nairn Links by the Funfair for the period 9 – 21 August 2021 only.

- iii. Agree to defer commissioning further non-essential refurbishment work to the Harbour Street Toilet Block, pending an additional assessment on the viability and justification of reinstating the building as a public convenience. With a report to be taken to the first scheduled meeting of the Committee in 2022.

3. Implications

3.1 Resource

Financial implications are as outlined in this report and as previously reported to this Committee, expenditure continues to be kept to a minimum to give the NCGF the best opportunity to build reserves for future projects for protection or development of NCGF Assets. As noted previously to this committee, work is required to develop an approach to income generation to ensure a source of revenue for development and replacement of new assets such as the Splash Pad.

3.2 Legal

The application of funds will fall within the competency guidelines set out both in statute and common law in relation to Common Good funds. The application of funds will remain compliant with all financial regulations.

3.3 Community (Equality, Poverty, Rural and Island)

There are no community implications associated with this report.

3.4 Climate Change / Carbon Clever

None. Any future project for the protection or improvement of assets would seek to protect the environment and increase energy efficiency where possible.

3.5 Risk

To mitigate the risk to the Common Good Fund, consideration must be given as to the potential for income generation from Nairn Common Good assets to support ongoing maintenance and sustainability of other projects coming forward.

3.6 Gaelic

None

4. Quarter 1 Revenue Monitoring Report

- 4.1 A monitoring statement showing transactions against budget for the period to 30 June 2021 and the estimated year end position is attached at **Appendix 1**.
- 4.2 Members will note the (unaudited) balance of usable reserves at 31 March 2021 was £681,861.
- 4.3 **Income** – The income received to date relates principally to property rentals, which are anticipated to be on target. However, lettings are currently showing a small income to date, with an anticipated deficit of £12,300 by the year end. This is primarily due to the cancellation of the Nairn Highland Games as a result of covid-19, where annual income received from stalls and tendering for the provision of a hospitality tent provides significant income.
- 4.4 **Expenditure** – Limited expenditure has been incurred in the year to date. Under property maintenance, the approved budget is for grass cutting and grounds maintenance, the Highlife Highland management fee for the Leisure Park and Paddling Pool/Splash Pad, replacement equipment and for maintenance works carried out across the Links to benches, shelters and noticeboards.

Further, homologation is invited for the decision to waive the fees for the use of the Nairn Links by the Funfair. The decision was taken to support the presence of the Funfair at a time when the community is recovering from the implications of the COVID-19 pandemic and to account for the fact that the Nairn Games had to be cancelled for this year for the same reason, the reduction in fee income to the NCGF is £9,464. This forms part of the total anticipated deficit in lettings income of £12,300. The decision was taken by the Inverness City Area Manager in consultation with Members.

- 4.6 Unforeseen additional expenditure was required urgently to carry out repairs and interventions which addressed either health and safety concerns or which prevented further degradation all in respect of NCGF property.
- 4.7 The Committee are invited to homologate the following expenditure accordingly:
- Removal of dead trees at Viewfield (due to Dutch Elm) £850.00
 - Vermin Cull at Viewfield £250.00 (final cost tbc)
 - Links Flagpole repairs £186.00
 - Harbour Street Toilet Block £504 (see **APPENDIX 2** for detail)
- 4.8 Annual Surplus – The approved budget for the year expected a surplus of £47,375 to be generated this year with that sum being added to reserves or available to fund project spend. As a result of the income shortfall as referenced to in 4.3 a reduced surplus of £35,075 is now forecast. £15,000 has been allocated towards project expenditure, in respect of the splashpad.

5. Harbour Street Toilets

- 5.1 Following discussions regarding the potential of reinstating public access to and use of the former toilets at Harbour Street, officers have undertaken work to confirm:
- The current state and condition of the building and works required to fully reinstate with the condition report attached (**APPENDIX 3**) and
 - A spreadsheet detailing the expected running costs for operating the building as a public convenience (**APPENDIX 4**)

- 5.2 Officers have authorised urgent work required to keep the building in a safe and wind and watertight condition and these works are listed within **APPENDIX 2**.
- 5.3 The remaining works listed within the report at **APPENDIX 3** are required if the building is to be opened (this or next season).
- 5.4 The urgent works to the roof have been completed. Remaining works recommended within the condition report have not been commissioned, pending a decision to bring the toilet block up to a standard which would allow public use.
- 5.5 Even if the remaining works were approved at today's meeting, it is unlikely that they would be completed before mid-September and that is assuming nothing further is identified once the electrical testing is done.
- 5.6 This means that the toilets may only be operational for an approximate 7-week period prior to the end of the tourist season in October.
- 5.7 The attached financial summary (within **APPENDIX 4**) provides confirmation of how much it would cost to operate the toilets for the remainder of 2021 season (assuming opening on the 13th September to end of Oct) and provides a projection for the 2022 season.
- 5.8 This clarifies that a significant proportion of the NCGF's annual surplus for 2021/22 would be used to operate the toilets for a relatively short period of time.
- 5.9 In consequence, it is recommended that the Committee agrees to defer any decisions regarding further investment in non-essential repairs to the Harbour Street Toilet Block along with consideration of the viability of reinstating the toilet block for public use, until early 2022.

6. Nairn Common Good Fund Investments

- 6.1 The Council has delegated power to manage cash Investments by NCGF to the Investment advisory sub-committee, which reports to the pensions committee. The Nairn Area Committee has power to administer the Revenue income of the NCGF and Projects. In this context officers are able to confirm that the value of the fund increased by 6.1% over the quarter ending 30.06.21, in comparison to a benchmark gain of 4.9%. Over the past 12 months, the portfolio has risen by 18.5% in contrast to the benchmark gain of 14.8%. The value of the investments at end of June 2021 was £0.610m. The value of the investments is subject to constant change based on the market conditions (see **APPENDIX 5**).

Designation: Executive Chief Officer Communities and Place
Executive Chief Officer Resources and Finance

Date: 25 August 2021

Author: David Haas, Inverness City Area Manager

Background Papers:

**Nairn Common Good - Quarterly Monitoring
Period to June 2021**

APPENDIX 1

	Actual to date £	Annual Budget £	Estimated Outturn £	Variance £
INCOME				
Rents	35,583	121,800	121,800	0
Lettings	194	12,500	200	12,300
Miscellaneous Income	27	125	125	0
TOTAL INCOME	<u>35,805</u>	<u>134,425</u>	<u>122,125</u>	<u>12,300</u>
EXPENDITURE				
Property Costs	2,629	69,000	69,000	0
Electricity	127	2,000	2,000	0
Water charges	32	700	700	0
Rents, Rates and Insurance	0	3,600	3,600	0
Central support	0	10,500	10,500	0
Advertising	0	250	250	0
Legal Expenses	0	1,000	1,000	0
TOTAL EXPENDITURE	<u>2,788</u>	<u>87,050</u>	<u>87,050</u>	<u>0</u>
Income less Expenditure	<u><u>33,017</u></u>	<u><u>47,375</u></u>	<u><u>35,075</u></u>	<u><u>12,300</u></u>
PROJECTS				
EXPENDITURE				
Project Costs NCGF	617	15,000	15,000	0
	<u>617</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
	32,400	32,375	20,075	
Unaudited Usable Reserves for 2020/21	£681,861			

Harbour Street PC - Urgent works authorised - to be homologated at AC

Item	cost
Key box installation and spare keys	£104.00
Roof repairs	£400.00
Total	£504.00

HC 04154B Nairn Harbour Public Toilets – Condition Report

Survey completed on 19/07/2021 by A Huggett

External condition

The harling and public entrance doors are in reasonable condition, the service door has had local repairs, the door frame is loose and requires re-fixing to the building.

The timber screen is in reasonable condition.

There is a lot of broken glass laying in the entrance area.

The south roof elevation has a broken tile which has slipped down and is letting water into the loft space, the rest of the roof surface appears to be in good condition.



The roof verges are in very poor condition and are a health & safety concern for the public, the under cloak is cement board and this has been snapped off in places, all of the verge pointing needs to be replaced there are large areas missing and other areas that the pointing is hanging off of the top of the under cloak.



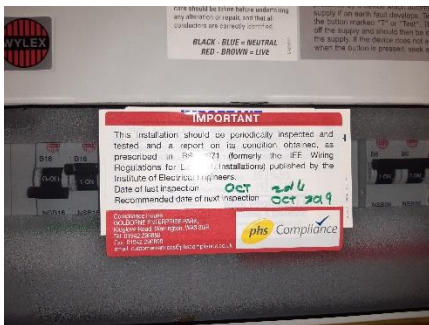
The facias need repair and redecoration.

At the river side of the building there are lots of weeds that require removal to stop damage to the building.



Internal

Service area, there is a lamp missing from one light fitting, the main electrical distribution board indicates that the fixed wired electrical safety condition report is 8 years out of date, I therefore only operated some of the electrical equipment.



The pipework is inadequately insulated and there are dead legs in the cold-water system which pose a legionella risk. The hot water cylinder is badly corroded, and it appears there may be a leak on the bottom seam of the cylinder, I would suggest the cylinder is not fit for use and should be replaced.



Toilets, the hand dryers in both toilets work but the casings are corroded and are unhygienic.



Male toilets the basin divider is raised and requires re fixing, the middle leg of the basin support is badly corroded and requires repair or replacement.



The bib tap has no cross head, if the plan is to use this for filling drinking water containers, I suggest fitting a percussion tap.

The ceilings are textured coatings and there are some areas of cracking, it is noted on the asbestos report dated 15/05/2021 that this textured coating contains chrysotile asbestos, and this needs to be encapsulated in the cracked areas before opened to the public.



The door to the male toilets is in good condition but the door closer is broken and needs to be replaced.



The drop-down rail in the disabled toilet is corroded and the ferrule is missing from the leg, so I suggest this is replaced for hygiene and safety reasons.



The toilet paper dispensers in most of the male and female toilets have parts missing.

The main light in the gents and the fan heater show signs of corrosion but a full electrical test would be required to ensure safety of these fittings.

The window furthest from the door, handle is broken and will not lock.

The wall tiles are in reasonable condition, but the floor needs a deep clean, the urinals do not appear to be connected to the water supply.



Female toilets the second toilet has staining in the pan and the seat and lid have had heat damage to them.



Are the sanitary waste bins from an old contract or are they recent?

In summery the building requires an EICR electrical check, it also needs the dead legs taken out of the cold pipework, and cylinder replaced.

The roofing work will need to be completed regardless of the toilets opening or not to protect the building and make it safe.

Estimated costs

Electrical testing, & replacement hand dryers £850.00

New cylinder and plumbing corrections £900.00

Joiner work door frame, drop down rail, window handle £250.00

Builder roof works £750.00

Clean down and external tidy £280.00

Operating Costs - 2021 Season - 13th September to 31st October

Costs to open the PC

Area / Item	Breakdown of works	Breakdown Cost	Total Cost
Building works to make fit for reopening	Electrical testing and repairs - max cost	£2,000.00	urgent repairs to keep building safe and secure urgent repairs to keep building water tight
	New cylinder and plumbing corrections	£900.00	
	Joiner work - door frame, drop down rail and window handle	£250.00	
	Builder roof works	£750.00	
	Clean down and external tidy	£280.00	
			£4,180.00
Signage	Toilet sign with directional arrow (each)	£28.87	** One sign is at depot
	Post Clips	£2.00	
	Back to Back bracket x4	£5.40	
	Installation	foc	
			£36.27
Consumable dispensers - Provision and Installation	2x Soap dispensers (£20.05 per unit - 1 in each toilet)	£40.10	
	2x Paper towel dispensers (£52.90 per unit - 1 in each toilet)	£105.80	
	Installation (£3.50 per unit x 4)	£14.00	
			£159.90
Deep clean	max - depending on quotes (plus vat)	£396.10	** going by dearest quote
			£396.10
Key Box	Provision, installation and 2 spare keys	£100.00	** tbc
			£100.00
Total Cost to open			£4,872.27

Costs to operate the PC - 2021 Season - 13th September to 31st October

HLH - Management Fee	weekly management fee - 7 weeks at £59.27 (plus vat)	£414.89	
	<i>price based on 2 checks per week, administration time, obtaining meter readings. If there are additional or out of hours calls there will be additional charges.</i>		
			£414.89
Usage Counter	cost per month (x2 months Sept / Oct)	£200.00	
			£400.00
Utilities	Electricity - approx. when in use (£65.19 per month x 2 months) **	£130.38	** as per last info - charged in Feb 2019
	Water - approx. when in use (£134.93 per month x 2 months) **	£269.86	
			£400.24
Daily Clean / Opening & Closing	daily charge (x 49 days for 2021 season)	£60.00	** going by dearest quote
			£2,940.00
PC Consumables	daily charge (x 49 days for 2021 season)	£15.00	** going by dearest quote
			£735.00

Contingency - Emergencies / Repairs		£500.00	
Winterisation	shut down of toilets for winter season	£400.00	
			£900.00
Total Cost to operate for 7 weeks			£5,790.13

Annual Costs

Non Domestic Rates	Annual rate	£1,813.00	
			£1,813.00
Utilities	Electricity - annual standing charge (£0.12 daily x 365 days) **	£43.80	
	Water - annual Standing charge **	n/a	
			£43.80
Total Annual Costs			£1,856.80

** as per last info - charged in Feb 2019

Overall Cost to open and operate the Harbour St PC for the remaining 2021 season **£12,519.20**
 (assuming operation from 13th Sept to 31st October 2021)

Costs to open the PC - 2022 Season - 1st April to 31st October - costs are estimated using available figures

Costs to open the PC

Area / Item	Breakdown of works	Breakdown Cost	Total Cost
Building works to make fit for reopening	Electrical testing and repairs - max cost	£2,000.00	urgent repairs to keep building safe and secure urgent repairs to keep building water tight
	New cylinder and plumbing corrections	£900.00	
	Joiner work - door frame, drop down rail and window handle	£250.00	
	Builder roof works	£750.00	
	Clean down and external tidy	£280.00	
			£4,180.00
Signage	Toilet sign with directional arrow (each)	£28.87	** One sign is at depot
	Post Clips	£2.00	
	Back to Back bracket x4	£5.40	
	Installation	foc	
			£36.27
Consumable dispensers - Provision and Installation	2x Soap dispensers (£20.05 per unit - 1 in each toilet)	£40.10	
	2x Paper towel dispensers (£52.90 per unit - 1 in each toilet)	£105.80	
	Installation (£3.50 per unit x 4)	£14.00	
			£159.90
Deep clean	max - depending on quotes (plus vat)	£396.10	** going by dearest quote
			£396.10
Key Box	Provision, installation and 2 spare keys	£100.00	** tbc
			£100.00
Total Cost to open			£4,872.27

Costs to operate the PC - 2022 Season - 1st April to 31st October

Area / Item	Breakdown of works	Breakdown Cost	Total Cost PA
Deep clean - to open for season	max - depending on quotes (plus vat)	£396.10	** going by dearest quote
			£396.10
HLH - Management Fee	32 weeks - based on £59.27 p/w + 5% (uplift from 2021 quote)	£1,991.47	
			£1,991.47
Usage Counter	cost per month (plus vat) x 7 months	£200.00	
			£1,400.00
Utilities	Electricity - approx. when in use (£65.19 per month x 7 months) **	£456.33	** as per last info - charged in Feb 2019
	Water - approx. when in use (£134.93 per month x 7 months) **	£944.51	
			£1,400.84

Daily Clean / Opening & Closing	daily charge (x 214 days for 2022 season)	£60.00		** going by dearest quote
			£12,840.00	
PC Consumables	daily charge (x 214 days for 2022 season)	£15.00		** going by dearest quote
			£3,210.00	
Total Cost to operate			£21,238.41	

Annual Costs

Non Domestic Rates	Annual rate (based on 2021/22)	£1,813.00		
			£1,813.00	
Utilities	Electricity - annual standing charge (£0.12 daily x 365 days) **	£43.80		** as per last info - charged in Feb 2019
	Electricity usage (based on last average cost over previous 4 yr operational period)		£553.00	
	Water - annual Standing charge **	n/a		
	Water usage (based on average cost over previous 4 yr operational period)		£1,461.00	
Total Annual Costs			£3,870.80	

Maintenance	Emergency repairs & winterising (average over last 4 yr operational period £716)	£716.00
Uplift allowance 3%	(based on total cost of £25,109.21)	£753.27
		<u>£1,469.27</u>
Overall Cost Estimate to open and operate the Harbour St PC for the 2022 season		<u>£31,450.75</u>

**APPENDIX 5
MONITORING STATEMENT 2021/22
NAIRN COMMON GOOD FUND PROJECT SPEND
FOR PERIOD ENDING JUNE 2122**

	£000
Value of investment portfolio at 31.03.2021	575
Change in value of investment portfolio over 2021/22 Q1	<u>35</u>
Value of investment portfolio at 30.06.2021	610
* Loans Fund balance (cash reserves) as at 31.03.2021	109
Total reserves balance as at 30.06.21	<u>719</u>
Anticipated use of reserves during 2021/22:	
To fund core budget spend (from Appendix 1)	0
To fund project spend (from Appendix 2)	0
Anticipated reserves as at 31.3.2022**	<u>719</u>
ANTICIPATED RESERVES AFTER COMPLETION OF ALL PLANNED PROJECTS	<u><u>719</u></u>

* unaudited

** does not take into account any potential movement in value of investments over remainder of the year