

Report to: Assets and Operations Committee

Report Ref: A1912
Meeting Date: 21st October 2019
Agenda Item: 11
Prepared By: Town Clerk



Subject: Public Toilets Lease

1.0 BACKGROUND

1.1 INTRODUCTION

At the September Council meeting, Council resolved that the committee should explore the options in respect of the lease and contract for the public toilets. This report provides background information to inform discussion at the committee meeting.

1.2 HISTORY

Public Toilets were part of the first tranche of asset transfers proposed by Cheshire East Council. The Town Council resolved in 2012 to take on the three public toilet buildings and undertook an EU procurement process for their renovation and operation. The Town Council had been provided usage figures from Cheshire East Council which were stated to be actual counts of usage; the usage since transfer is significantly lower, but the council did anticipate this due to the introduction of fees. The council set a budget of £58k for public toilets in 2012/13 and this was reduced to £44k in 2013/14 once it was known that the Northwich Road site would not transfer. The budget has consistently been around £42k-43k since then.

The transfer from Cheshire East Council was subject to an overage agreement; if the council disposes of part/all of the building a payment is triggered whereby 25% of the market value less the cost of improvements undertaken by the town council is owed to Cheshire East Council.

1.3 OPERATION ARRANGEMENT

The Town Council took freehold ownership of two public toilet units (Malt Street and Bexton Road) in July 2013. The buildings were leased to Danfo who installed three new toilet cubicles per unit. The council pays Danfo an annual fee to repay the capital works and cover the maintenance costs of the toilet buildings in full, including cleaning and maintenance of the toilets. Danfo collects a 20p usage fee which is credited in full to the council to reduce the overall costs with the net expenditure in the region of £42,500 per year. The lease and agreement with Danfo expires in July 2038.

1.4 VOID SPACE

The creation of the new toilet cubicles left a large area in each unit surplus to requirements. In 2014 a working group was established to investigate potential uses of this redundant space. The working



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group explored numerous ideas which were subsequently discounted by the Assets and Operations Committee including a sub-way station, tourist information centre and changing places toilet. It was agreed that the route forward be to create commercially lettable spaces within the empty space.

A scheme for creating these lettable spaces has been prepared and tendered. The council was in the process of revising the leases to the buildings when the project was paused in January 2019.

2.0 CURRENT LEASE

The lease lets to Danfo the entirety of the public toilet buildings on a full repairing lease. It has been the intention that the lease would allow the council to utilise the empty space within the buildings should it wish to but in preparation for the works it was discovered that the drafting was not in the council's favour; the lease allowed the council to require Danfo to issue a sub-lease but that Danfo be landlord and are entitled to the market rent.

The Town Clerk and Cllr Forbes met with Danfo in December 2018. Danfo explained that under the existing leases the council would get a share of the rental income but that they do not wish to be landlords nor have responsibility for the fabric of the entire building. Danfo stated their preferred route forward was for a new 25-year internal repairing lease for the public toilet area. Following the resolution in January, discussions with Danfo were terminated.

The current fees, as per the lease are:

Capital cost for works and equipment	£ 7,253.44
Annual cost of services	£ 29,226.32
Electricity, water, rates and insurance	£ 11,291.64
Total	£ 47,771.40

The lease provides that the annual service fee be adjusted for RPI/CPI annually; this has never taken place.

The lease allows the council to terminate the lease and agreement early, subject to the provision of 6 months' notice and a termination fee of £15,000 + £7,200 per year remaining in the agreement. The termination fee would currently be £151,800.

3.0 DECISIONS REQUIRED

The committee should consider the options it wishes to explore and direct the Town Clerk to prepare a further report outlining these in more detail.

4.0



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