

Report to: Assets and Operations Committee

Report Ref: A1918
Meeting Date: 16th December 2019
Agenda Item: 8
Prepared By: Public Toilets Working Group
Cllrs Coan, Forbes (lead), Malloy, McCulloch and the
Town Clerk



Subject: Public Toilets Options Review

1.0 BACKGROUND

Full council tasked the Assets and Operations Committee with considering options for the future operating or not of the Town's Public Conveniences. The committee established a working group comprising Cllrs Forbes, Coan, McCulloch and Malloy. The working group met, noted its terms of reference and elected Cllr Forbes as its leader.

Public Toilets are always likely to cost money although there may be ways to reduce the costs. A project to reduce the costs by converting and letting out the redundant areas within the two blocks was paused by council in January 2019 until at least the 2020/21 civic year. This had delayed the receipt of any income to offset running costs.

2.0 OPTIONS

The working group considered:

- as many different options as it could think of
- the capital and operational costs / revenues of each from existing known data
- the more holistic pros and cons of each.

Seven options were established, and these are detailed at Appendix A. The options broadly fell into two groups:

2.1 CLOSE THE PUBLIC TOILETS

Options A to D

The more holistic cons were broadly:

1. Detrimental to visitors' experience and especially older residents (more so older women who tend to be reluctant to 'pop-in' to a public house on their own to use the loo). As a result they would be more reluctant to venture into the Town and stay at home instead
2. No sharps dispensers in town centre (for e.g. diabetic visitors and residents)



3. Limited access to accessible toilets (most restaurants and pubs in Town do not have accessible toilets). This not only results in fewer disabled visitors but also their companions
4. No toilets near the Moor making it a less attractive open space to visit
5. No baby change facility near the Moor making it a less attractive open space to visit for young families

And the pros were broadly:

1. Lessened costs over the long term

2.2 RETAIN THE PUBLIC TOILETS

Options E to G

The more holistic pros were broadly:

1. The opposite of the cons in 2.1
2. Opportunity to reduce costs (option F only) in the short and long term compared to the status quo
3. Opportunity that renegotiated contract could clarify the capital costs enabling the capital receipts reserve to be used, reducing the precept requirement.

And the cons were:

1. Long-term commitment

2.3 OPTIONS DISCUSSION

The basic decision is whether the council wish to stop having public conveniences in Knutsford or continue offering the service noting:

- The operational cost difference over five years (based on the cheapest operational costs for closing vs keeping) is £28,057 or £5,611 p.a.
- To cancel the contract before the 2021/22 financial year would greatly further affect the 2020/21 precept in a year when the council is under considerable financial pressure
- Having decided whether or not to continue offering the service:
 - If keeping the service, the operationally cheapest is option F at a total cost over five years of £86,457¹
 - If closing the service, the operationally cheapest option is option B, with capital costs of £92,500 and operational costs of five years of £58,400.

3.0 CAPITAL COSTS AND INCOME COMPLICATION

¹ The operational cost may be lower if a renegotiated contract allows capital payments to be made from the capital receipts reserve.



Money raised from selling assets cannot be used to reduce the precept but must be held in a capital reserve to be spent on capital projects e.g. improving or purchasing a building or asset. Capital projects can be spent on from either capital reserves or from the precept (possibly spread over time by means of a loan with loan repayments).

Future build works could be funded from capital reserves without impacting the precept.

The current contract for reworking the toilet blocks and providing the service was taken out when the council did not have any capital reserves. The quarterly invoice includes an element for the capital costs (£7,253.44 annually) the rest being operational. The Town Clerk has taken advice that as the annual payments themselves do not result in the enhancement of the asset, this element cannot be considered capital expenditure. Should the contract be re-negotiated this could potentially be corrected allowing the capital costs to not impact the precept.

The termination fee for the current contract would be an operational expenditure, the sale of the buildings would be a capital receipt and could not be used to offset the termination fees.

4.0 RECOMMENDATION

It is recommended that the committee recommends to Council that authority be given for the existing lease to be renegotiated with the current supplier and the to be works undertaken to create the commercially lettable spaces as per Option F.



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APPENDIX A: OPTIONS OVERVIEW

Option	Pros	Cons	Financial Implications
A Close toilets, Mothball Building	<ul style="list-style-type: none"> Reduced annual costs 	<ul style="list-style-type: none"> No public toilets, detrimental to visitors and older residents No sharps dispensers in town centre Limited access to accessible toilets No toilets near the moor No baby change facility near the moor Waste of town centre floorspace 	<ul style="list-style-type: none"> TR Parking Permit Business rates Reduced coin income Reduced contract costs Annual insurance Termination fee Routine maintenance/inspection costs
B Close toilets, let non-toilet space	<ul style="list-style-type: none"> Generates rental income Floorspace in use Provides opportunity for local business, supporting local economy 	<ul style="list-style-type: none"> No public toilets, detrimental to visitors and older residents No sharps dispensers in town centre Limited access to accessible toilets No toilets near the moor No baby change facility near the moor Triggers overage 	<ul style="list-style-type: none"> TR Parking Permit Business rates Reduced coin income Reduced contract costs Annual insurance Termination fee Routine maintenance/inspection costs Works Cost Professional Fees Rental Income Planning Fees Overage
C Close toilets, let out whole building	<ul style="list-style-type: none"> Generates rental income Floorspace in use Provides opportunity for local business, supporting local economy 	<ul style="list-style-type: none"> No public toilets, detrimental to visitors and older residents No sharps dispensers in town centre Limited access to accessible toilets No toilets near the moor No baby change facility near the moor Triggers overage 	<ul style="list-style-type: none"> TR Parking Permit Business rates Reduced coin income Reduced contract costs Annual insurance Termination fee Routine maintenance/inspection costs Works Cost Professional Fees Rental Income Planning Fees Overage



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D	Close toilets, sell building	<ul style="list-style-type: none"> • Reduced annual costs • Generates capital receipt • Provides opportunity for local business, supporting local economy 	<ul style="list-style-type: none"> • No public toilets, detrimental to visitors and older residents • No sharps dispensers in town centre • Limited access to accessible toilets • No toilets near the moor • No baby change facility near the moor • Triggers overage 	<ul style="list-style-type: none"> • TR Parking Permit • Reduced coin income • Reduced contract costs • Termination fee • Overage • Sale proceeds
E	Change Supplier	<ul style="list-style-type: none"> • Potentially reduced annual costs • Potentially improved service • Retains public toilet provision 	<ul style="list-style-type: none"> • Potentially worse service • Potentially more expensive • Requirement to build new relationship 	<ul style="list-style-type: none"> • Professional Fees • Change in contract costs • Termination fee
F	Renegotiate contract, let non-toilet space	<ul style="list-style-type: none"> • Generates rental income • Whole building in use • Provides opportunity for local business, supporting local economy • Potentially lower annual costs • Retains public toilet provision • Opportunity for capital costs to be charged to capital receipts reserve 	<ul style="list-style-type: none"> • Upfront costs • Potentially longer contract • Increase in tenant management requirement 	<ul style="list-style-type: none"> • Professional Fees • Renegotiation costs • Planning Fees • Works costs • Business Rates • Insurance
G	Do nothing	<ul style="list-style-type: none"> • Simplest option, no work needed 	<ul style="list-style-type: none"> • Waste of town centre floorspace • Loses opportunity to reduce expenditure 	<ul style="list-style-type: none"> • No change



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APPENDIX B: FINANCIAL IMPLICATIONS DETAIL

Ref	Implication	Amount	Explanatory
1	Town Ranger Parking Permit	£1,000 pa	There is an arrangement with Cheshire East Council whereby parking wardens are allowed free use of the public toilets in return for a permit which entitles the Town Ranger to park on double yellow lines and in public car parks.
2	Termination Fee	£151,800	Termination fee is £15,000 plus £7,200 per year remaining.
3	Overage	NIL	Presumed to be zero based on the £181k cost of capital works on the asset and current valuations. A sale above £726k would trigger overage.
4	Business Rates	£5,280 pa	Current annual business rates
5	Coin Income	£4,600 pa	Average annual coin income
6	Contract Costs	£47,771.40 pa	Annual cost of services as per the existing lease. Comprises £7,253.44 (capital), £29,226.32 (services) and £11,291.64 (rates, utilities). Lease allows for it to be RPI/CPI adjusted.
7	Insurance	£350 pa	Cost of insurance per year. Under contract it is charged back to Danfo.
8	Building Maintenance	£1,500	Assumes some repairs to fabric of the empty building
9	Building Inspections	£1,100	Every five years, structural survey and valuations
10	Building Works	£82,000	Cost of creating the lettable spaces
11	Rental Income	£21,000 pa	Figure quoted by Williams Sillitoe based on provided a shell unit as per existing plans. Letting the whole property (on a shell unit basis) would generate a higher income.
12	Planning Fees	£500	Discharge of conditions applications required for both sites prior to works
13	Professional Fees	£10,000	Budget cost for preparing leases, agent fees for letting, surveyor costs etc.
14	Sale Proceeds	£63,000	Based on valuations from March 2013 of £25k for Bexton Road and £38k for Malt Street
15	Renegotiation Costs	£2,000	Budget cost for solicitor fees for new leases



APPENDIX C: FIVE YEAR OPTIONS EXPENDITURE FORECAST

CAPITAL

Option	2020/21	2021/22	2022/23	2023/24	2024/25	5 YEAR TOTAL
A Close toilets, Mothball Building	-	-	-	-	-	-
B Close toilets, let non-toilet space	92,500	-	-	-	-	92,500
C Close toilets, let out whole building	108,900	-	-	-	-	108,900
D Close toilets, sell building	-63,000	-	-	-	-	-63,000
E Change Supplier	-	-	-	-	-	-
F Renegotiate contract, let non-toilet space	92,500	-	-	-	-	92,500
G Do nothing	-	-	-	-	-	-

OPERATIONAL

Option	2020/21	2021/22	2022/23	2023/24	2024/25	5 YEAR TOTAL
A Close toilets, Mothball Building	159,930	6,630	6,630	6,630	7,730	187,550
B Close toilets, let non-toilet space	133,120	-18,680	-18,680	-18,680	-18,680	58,400
C Close toilets, let out whole building	178,500	-24,200	-24,200	-24,200	-24,200	81,700
D Close toilets, sell building	152,800	1,000	1,000	1,000	1,000	156,800
E Change Supplier	151,800 + Unknown	Unknown	Unknown	Unknown	Unknown	151,800+ Unknown
F Renegotiate contract, let non-toilet space	18,891	16,891	16,891	16,891	16,891	86,457
G Do nothing	43,171	43,171	43,171	43,171	43,171	216,957

