

REPORT TO: East Lothian Council

MEETING DATE: 31 October 2023

BY: Executive Director for Council Resources

SUBJECT: Applications for Funding to Musselburgh Common Good Committee

1 PURPOSE

- 1.1 To determine two applications for maintenance funding received by the Musselburgh Common Good Committee.

2 RECOMMENDATIONS

- 2.1 To consider the application for maintenance funding for the property at 118 New Street, Musselburgh, and to consider options to bring the property into useable condition, taking into account the recommendations from the Musselburgh Common Good Committee and the Head of Finance (as set out in Sections 3.2 - 3.5 and Appendix 1).
- 2.2 To consider the application for maintenance funding for Stoneyhill Community Centre, to enable the property to be advertised on the market for sale, taking into account the recommendations from the Musselburgh Common Good Committee and the Head of Finance (as set out in Sections 3.3 - 3.5 and Appendix 2).
- 2.3 In the event that the funding allocated exceeds the approved repairs and maintenance budget (£45,000), the Council will be required to approve a variation of the Musselburgh Common Good budget for 2023/24.

3 BACKGROUND

- 3.1 The Scheme of Administration for Common Good Committees administered by East Lothian Council states that Common Good Committees have the authority to approve revenue expenditure of up to £10,000 for the maintenance of assets of the fund. The Common Good Committees may make recommendations in relation to expenditure in excess of £10,000; decisions on such recommendations will be taken by

the Council. A request for maintenance funding is being presented to Council for determination, as set out in Sections 3.2–3.3 below.

- 3.2 A report was submitted by the Council's Executive Director for Place to the meeting of the Musselburgh Common Good Committee on 3 October 2023, which sought funding to carry out immediate and emergency repair works amounting to £20,000 on 118 New Street, Musselburgh, and on completion of the works to advertise both 118 and 118A New Street on the open market (see Appendix 1). The Musselburgh Common Good Committee recommended that the funding for these works should be awarded in full.
- 3.3 A second report was submitted by the Council's Executive Director for Place to the meeting of the Musselburgh Common Good Committee on 3 October 2023, which sought funding to carry out remedial works amounting to £70,000 on Stoneyhill Community Centre, Musselburgh, and on completion of the works to advertise this property on the open market (see Appendix 2). The Musselburgh Common Good Committee recommended that the funding for these works should be awarded in full, but that further consideration should be given to the proposal to advertise the property on the open market.
- 3.4 Prior to releasing these properties for sale, the Council would undertake a full consultation process with interested parties, in terms of the Community Empowerment (Scotland) Act 2015.

Financial Considerations

- 3.5 There are a number of important financial factors which Members are asked to take into consideration, and these are set out further below:
 - Common Good investment income and funds should primarily be used to maintain the Common Good asset base with any surplus funds being used to benefit the inhabitants of the area covered by the fund.
 - As set out in a previous report to Council relating to Common Good budgets, there remain structural challenges identified within Brunton Theatre which is one the main assets held by Musselburgh Common Good. Work is still ongoing to provide a detailed options appraisal which will support future investment decisions. Alongside this, work remains ongoing to review all of the future capital asset investment requirements and how this aligns to medium term financial planning to support the ongoing management of Common Good funds. A number of services involved in supporting this work requirement remain in business continuity arrangements, and as such given the collective pressures, the proposed budgets will be revisited once the outputs of this exercise are available.
 - There remain ongoing financial risks relating to Common Good investments and expected financial returns and these areas remain under wider discussion.

- Given that these applications relate to the funding of assets which are owned by the Common Good any award of funding would not be paid via a grant but through the wider expenditure budget.
- The Common Good budget for 2023/24 was set in June 2023, with an approved repairs and maintenance budget of £45,000 for Musselburgh Common Good Fund. Should the approval of funding for the two applications exceed the approved budget, a variation of that budget would be required to be approved by Council;
- Notwithstanding the wide range of growing financial pressures on the Common Good, given this investment is deemed to support existing Common Good assets, the Head of Finance supports the recommendation from the Common Good Committee to fund the works to the properties at 118 New Street, Musselburgh, and Stoneyhill Community Centre, Musselburgh, noting that it is anticipated subject to wider engagement that this investment will in turn generate a capital receipt to the Musselburgh Common Good Committee and remove on-going asset maintenance requirements.

3.6 The Council is asked to consider the recommendation made by the Musselburgh Common Good Committee in respect of the works at 118 New Street, Musselburgh, and Stoneyhill Community Centre, Musselburgh, and determine the amount of funding, if any, to be awarded.

4 POLICY IMPLICATIONS

4.1 None.

5 INTEGRATED IMPACT ASSESSMENT

5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 Financial - as set out in Section 3.5 above.

6.2 Personnel – none

6.3 Other - none

7 BACKGROUND PAPERS

7.1 Common Good Committees – Scheme of Administration

- 7.2 Report to Musselburgh Common Good Committee, 3 October 2023 – 118 New Street, Musselburgh: Repair Works and Options Appraisal
- 7.3 Report to Musselburgh Common Good Committee, 3 October 2013 – Stoneyhill Community Centre: Repair Works and Options Appraisal
- 7.4 Report to East Lothian Council, 27 June 2023 – Common Good Budget 2023/24

AUTHOR'S NAME	Ellie Dunnet
DESIGNATION	Head of Finance
CONTACT INFO	edunnet@eastlothian.gov.uk
DATE	20 October 2023



REPORT TO: Musselburgh Common Good Committee

MEETING DATE: 3 October 2023

BY: Team Manager – Estates

SUBJECT: 118 New Street, Musselburgh – Repair Works and Options Appraisal

1 PURPOSE

- 1.1 The purpose of this report is to provide information to the Musselburgh Common Good Committee on a request for expenditure required at 118 New Street, Musselburgh and to consider options to bring the property into usable condition.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Committee note the information provided and approve option 4, to carry out immediate and emergency repair works amounting to £20,000 and on completion advertise both 118 New Street and 118A New Street on the market for sale.

3 BACKGROUND

- 3.1 118 New Street, Musselburgh is held under Common Good and comprises a ground floor retail/office unit within a 2 storey detached sandstone building. There are two private self-contained flats above. In addition there is a small office premises to the rear at 118a New Street.
- 3.2 118 New Street occupies a prominent tertiary retail position close to North High Street in a predominantly residential area.
- 3.3 The property has been in a poor state of repair since the end of the previous tenancy in 2015. The property has remained vacant following completion of extensive asbestos removal works that led to a further deterioration in the condition of the property and efforts to undertake a comprehensive refurbishment stalled.

- 3.4 Condition surveys carried out by the Council in 2019 and 2020 estimated the cost of refurbishment works at £50,000. This estimate has been increased by 25% to reflect the increase in construction costs plus a further allowance for a replacement kitchen and inclusion of electric heating. These works will include an element of energy efficiency measures i.e. new LED lighting, energy efficient water heaters. The refurbishment cost is estimated at £70,000.
- 3.5 Due to more recent water damage there has been as significant deterioration in the condition of the property and there is now an urgent need to undertake immediate and essential works to address wet rot affecting the ceiling joists and flooring, to strip and replace damaged plasterwork and support the fireplace hearth in the flat above. The cost is estimated at £20,000 in addition to the refurbishment cost at 3.4.
- 3.6 The total estimated cost of the works is therefore estimated at £90,000, of which £20,000 is considered urgent and essential expenditure, to prevent a further deterioration in the condition of the building and to bring the property into a usable condition.
- 3.7 Following a full refurbishment and in good condition the property is likely to produce a rental income for the Musselburgh Common Good Fund of £7,000 per annum with a further rental income of £1,800 per annum for 118A New Street.

4 OPTIONS APPRAISAL

- 4.1 Option 1 - Do nothing – market the property for lease or sale in its current condition. This option is not recommended due to the need to undertake essential repair works to the joists and wet rot treatment. These works must be undertaken to limit further deterioration. The 118 New Street is not lettable in its current condition and a sale is not advised without first addressing the essential Health and Safety repairs.
- 4.2 Option 2 - Undertake essential repair works only – this would address the wet rot and joist repairs at a cost of approx. £20,000. Once complete, market the property for lease by offering a long lease at a reduced rental e.g. £1 per annum for 10 years then further 10 years at market rent. Income of £1,800 per annum would be received for 118A New Street throughout the period.
- 4.3 Option 3 - Undertake a full refurbishment - estimated cost of £90,000 producing a rental income of £7,000 per annum from summer 2024. If a preferred occupier is identified prior to undertaking the works, consideration could be given to adjusting or reducing the specification of some elements. Income of £1,800 per annum would be received for 118A New Street throughout the period.

- 4.4 Option 4 – Undertake immediate and emergency works at an estimated cost of £20,000. On completion of works and the legal process required to sell these alienable Common Good properties, advertise both 118 New Street and 118A New Street on the market for sale. We could potentially achieve a combined sale price of between £20,000 and £40,000.

5 POLICY IMPLICATIONS

- 5.1 None

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

7 RESOURCE IMPLICATIONS

- 7.1 Financial – The emergency repair costs have been estimated at £20,000, this will be paid from the Musselburgh Common Good Maintenance Fund. A capital receipt on sale is estimated between £20,000 and £40,000 and will be paid to the Musselburgh Common Good.
- 7.2 Personnel - None
- 7.3 Other – None

8 BACKGROUND PAPERS

- 8.1 None.

AUTHOR'S NAME	Wendy Gillie
DESIGNATION	Team Manager – Estates
CONTACT INFO	Jane Williamson – Ext 7634
DATE	3 October 2023



REPORT TO: Musselburgh Common Good Committee

MEETING DATE: 3 October 2023

BY: Team Manager – Operational Asset Management

SUBJECT: Stoneyhill Community Centre, Musselburgh – Repair Works and Options Appraisal

1 PURPOSE

- 1.1 The purpose of this report is to provide information to the Musselburgh Common Good Committee on a request for expenditure required at Stoneyhill Community Centre, Musselburgh and to consider options to bring the property into usable condition.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Committee note the information provided and approve Option 2, to carry out urgent remedial works amounting to £70,000 and on completion commence the process to enable the property to be advertised on the market for sale.

3 BACKGROUND

- 3.1 Stoneyhill Community Centre, Musselburgh is held under Common Good and includes a community space comprising the Main Hall and Stage Area, Office Areas, Kitchen and Male, Female and Disabled Toilets at Ground Floor Level. The First Floor comprises Multi-Purpose Rooms to the North and South within the Community Centre and there is also a separate self-contained residential flat.
- 3.2 The Community Centre is located within a largely residential area of Musselburgh with Musselburgh Rugby Club Ground immediately to the East, residential properties to the South and West and retail accommodation to the North.

- 3.3 The property has been in a poor state of repair for a number of years having been declared surplus by the Council's CAG process however was used as a Vaccination Centre for a period of time in following the COVID pandemic. It has since been mothballed and has been unoccupied since then. There has been no significant investment in the property since a partial internal refurbishment was undertaken circa 12 years ago and the building fabric and services have deteriorated since then. This has been exacerbated by a water escape in December 2022 which caused extensive water damage to the Residential Flat and Ancillary Accommodation within the Community Centre directly below.
- 3.4 A Condition Survey was carried out by the Council in 2016 and estimated the cost of refurbishment works at £425,000. This estimate has been increased by approx. 25% to reflect the increase in construction costs which includes approximately £70,000 of remedial works as a result of the recent water damage.
- 3.5 Following the water escape, dehumidifiers were initially installed to dry out the affected areas but no further remedial works were undertaken. In addition, there has been recent localised dry rot as a result of a blocked downpipe and remedial works have been carried out to resolve this. The refurbishment works required due to water damage amounts to circa £70,000 (referred to in Section 3.4) which is considered essential works to bring it up to a habitable standard.

4 OPTIONS APPRAISAL

- 4.1 Option 1 - Do nothing – Market the property for lease or sale in its current condition. This option is not recommended as the Building is not currently in a habitable condition.
- 4.2 Option 2 - Undertake essential repair works only – this would address the remedial works required as a result of the water damage. Once complete, the property can be placed on the market for sale.
- 4.3 Option 3 – Undertake refurbishment works at an estimated cost of £425,000 whereby a preferred occupier or use could be identified.

5 POLICY IMPLICATIONS

- 5.1 None

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

7 RESOURCE IMPLICATIONS

- 7.1 Financial – The urgent remedial costs have been estimated at £70,000, this would require to be paid from the Musselburgh Common Good Maintenance Fund. A capital receipt on sale is estimated between £300K and £400K (est) and will be paid to the Musselburgh Common Good.
- 7.2 Personnel - None
- 7.3 Other – None

8 BACKGROUND PAPERS

- 8.1 None.

AUTHOR'S NAME	Neil Irvine
DESIGNATION	Team Manager – Operational Asset Management
CONTACT INFO	Neil Irvine – E-Mail: nirvine@eastlothian.gov.uk
DATE	3 October 2023