

The Highland Council
Resources Committee – 25 February 2015

Agenda Item	9(a)
Report No	RES/09/15

Tain Common Good – Alexandra Bridge Refurbishment

Report by the Director of Finance and the Head of Policy and Reform

Summary

This report updates Members on the position in relation to the Alexandra Bridge, Tain. The report outlines the budget implications resulting from the higher than expected tenders submitted for refurbishment work and the work done to identify an improved funding package to allow the proposed bridge refurbishment work to proceed.

Members are asked to approve increased contributions of £10,000 from the Capital Discretionary Fund and £76,670 from the Tain Common Good Fund which, along with agreed increased contributions from Historic Scotland and the local Ward Discretionary Budget, would allow the much needed refurbishment to go ahead.

1. Background

- 1.1 The Alexandra Bridge, built in 1902 of a metal and timber construction is held on the Tain Common Good Account. It is a Category B Listed structure and an important local bridge for a number of reasons. It provides a crossing of the River Tain at the convergence of three Core Paths and allows access to the foreshore to the east of Tain.
- 1.2 The bridge is well used but requires full refurbishment. It had to be closed in 2011 due to wear and tear and severe corrosion. Closure caused significant local concern and the number of walkers in the area visibly declined. Strengthening work carried out allowed it to be re-opened on a medium term basis to allow time to identify a funding package for full refurbishment but this is not a long term solution.
- 1.3 The total cost of refurbishment, including preparatory works, was expected to be approximately £200,000, based upon an engineer's report 'Feasibility of Repair and Refurbishment' by Allen Gordon & Co Ltd, March 2012. With the £200,000 funding package outlined below in place, preparatory works commenced leading to the agreed scheme being put out to tender early in 2014.
 - Council's Capital Discretionary Fund , 20% of project up to £40,000 (approved by FHR April 2013)
 - Historic Scotland (HS), 25% of what are deemed eligible costs up to £50,000
 - Tain Common Good Fund, £100,000 (approved by FHR April 2013).
 - Ward Discretionary Budget, £5,000
 - Tain Community Council, £5,000

2. Refurbishment Costs

- 2.1 The work was tendered but the prices returned were higher than anticipated, the lowest being £195,550 which gave a total project cost of £342,450 allowing for the cost of preparatory work, fees, environmental licenses etc. As this was significantly higher than the £200,000 budget available an options appraisal of the possible ways forward and their implications was prepared. A summary of the Options Appraisal is contained in **Appendix One**.
- 2.2 The conclusion of the Options Appraisal was that reducing the specification in order to lower costs was not viable. This was because all the included works are essential and any reduction would in any case simply reduce the Historic Scotland grant available. It was also concluded that the implications of not carrying out the work were not acceptable and that therefore an increased funding package should be sought. After an exploration of potential funding options the conclusion was that additional Capital Discretionary and Common Good funding should be sought to allow the work to be completed.
- 2.3 As a result of the time taken to explore all options and in order to comply with procurement rules the works had to be retendered. That has now been done and the lowest tendered price for construction is £189,450, £6,100 lower than last time. Allowing for the cost incurred by retendering the total project costs therefore remain essentially the same, i.e. approx. £342,450. The Historic Scotland grant contribution has been recalculated on the new tender amount resulting in a minor variation.

3. Recommended funding package

- 3.1 Given the costs and circumstances outlined, Members are asked to approve increased budget contributions from both the Capital Discretionary Fund and the Tain Common Good Fund, with this being supported by an increased Ward Discretionary Budget contribution.
- 3.2 It is proposed that the Capital Discretionary Fund contribution is increased to £50,000. As the Committee has already approved a contribution of up to £40,000 (FHR April 2013), this request would require the Committee's agreement for a further £10,000.
- 3.3 The Tain Common Good Fund has significant reserves, but a number of responsibilities, and limited and variable income. A budget and long-term financial strategy needs to be developed, however, initial work has been completed on a 4 year forecast and that has been used in preparation of this report. Based upon this, it is proposed to increase the Common Good Fund's contribution from the £100,000 approved at FHR in April 2013, to £176,670, an increase of £76,670.
- 3.4 At 31st March 2014, the Fund balance was £447,075. This balance reflects £59,321 already contributed to this project in 2013/14 plus £5,000 income contributed towards it from the Ward Discretionary Budget. The additional commitment proposed from the Tain Common Good is considered to be within the prudent levels of spend given the balances available and income and expenditure forecasts.

3.5 The table below shows the original and proposed revised contributions that, if approved, will allow the revised project cost to be fully met. Given the costs and circumstances outlined it is recommended that the Resources Committee be asked to approve increased budget contributions from both the Capital Discretionary Fund and the Tain Common Good, with this being supported by an increased Ward Discretionary Budget contribution. This would then allow the Tain Common Good to secure the Historic Scotland support and so permit full refurbishment of the bridge, securing its long term future. The revised funding package proposed for this is as follows:

Organisation	Original max. contribution	Revised Contribution	Comment
Historic Scotland	£50,000	£98,895	Amount confirmed.
Ward Discretionary Budget	£5,000	£11,935	£5,000 already paid, an additional £6,945 proposed. Member support confirmed.
Tain Community Council	£5,000	£5,000	Confirmed. TCC has limited wind farm funds so no additional contribution proposed.
Tain Common Good,	100,000	£176,670	£100,000 already approved, of which £64,000 is already spent. An additional £76,670 would complete the package and retain balances within the recommended minimum over 4 years.
Capital Discretionary Fund	£40,000	£50,000	£40,000 already approved. This increase would top up the other increased contributions to complete the package.
Total	£200,000	£342,500	This includes fees etc already incurred, ongoing project management, £50k contingency and construction costs as in lowest tender received.

3.6 Implications for the Tain Common Good

3.6.1 The useable reserves of the Tain Common Good Fund were £447,075 as at the end March 2014. This balance takes into account spend of approximately £60,000 on the Alexandra Bridge refurbishment package already incurred which forms part of the £100,000 contribution already approved. It also includes £5,000 Ward Discretionary Budget income already received.

- 3.6.2 By approving the further contribution from the Common Good Fund, the useable reserves will reduce by a further £116,670 to £330,405.
- 3.6.3 Historically Tain Common Good had a relatively high level of income from the sale of mussels. There are other income sources (grazings and some property lets) but these are relatively minor. However in recent years income from mussels had been very depleted and whilst estimates earlier in the current year were for a small surplus, sales have been low and overall the current forecast is for a £12,000 deficit on the mussel operations. The position will continue to be closely monitored but variations in income levels due to the wide range of factors that affect the mussel beds mean that sales will inevitably continue to be an issue.
- 3.6.4 It is recommended that the Common Good fund usable reserves should not be allowed to fall below £150,000 - £160,000 over the next 4 years. It is also normal best practice to ensure that a) year on year deficits should not be permitted as clearly this eats into reserve balances and b) income should be used, in the first instance, to maintain the assets of the fund.
- 3.6.5 Funding the bridge improvements will not result in repeated calls on the reserves in future years and investment of this money into the refurbishment work will lever in significant funding from Historic Scotland and others and safeguard the future of an important asset of the Common Good. The additional contribution will not reduce the balance to below the recommended minimum.

3.7 Implications for the Capital Discretionary Fund

- 3.7.1 The current uncommitted balance on the Capital Discretionary Fund is £944,000. £40,000 support is already committed to this project. If this contribution is increased by £10,000 as requested the total contribution to the project will incur a cost of approx. £5,000pa on revenue for the period of the borrowing. However the contribution will also, along with the Common Good contribution, lever in additional support most notably from Historic Scotland and will safeguard and make safe an important local asset. The revenue costs of borrowing are already provided for within the Loans Fund budget.

4. Implications

- 4.1 Resource – the resource implications are included within the report.
- 4.2 Legal - there are no legal implications.
- 4.3 Equalities – there are no equalities implications.
- 4.4 Climate Change/ Carbon Clever – there are no climate change or carbon clever implications.
- 4.5 Gaelic – there are no Gaelic implications.

- 4.6 Rural – This project has positive rural implications. Alexandra Bridge is an important local attraction and supports both the local community and tourism in the area.
- 4.7 Risk – if the funding package is not put in place timeously there is a risk that the opportunity to obtain funding from Historic Scotland will be lost as noted in the report. If the work is not carried out there is a risk that the bridge will become dangerous again and have to be permanently closed. Past experience suggests that when the bridge is closed off some people will persist, despite warning notices and robust barriers, in breaking through barriers to use the bridge regardless. This can cause safety risks to these people and others who may believe the bridge has been intentionally opened and also additional expenditure to the Tain Common Good as it has to reinstate the barriers. There is also a level of risk that once works start to the base of the bridge towers underground additional work become necessary. However this risk is being managed in two ways; investigatory works were carried out as part of the preparation phase to inform the specification and tender and secondly the budget includes an amount for contingencies.

Recommendations

The Committee is invited to approve

- (i) additional contributions of £10,000 from the Capital Discretionary Fund and £76,670 from the Tain Common Good Fund to enable the bridge refurbishment to be undertaken

Designation: Director of Finance and Head of Policy and Reform
Author: Helen Ross, Senior Ward Manager, CSER
Date: 4 February 2015

Background papers:
Engineers report on Feasibility of repair and Refurbishment by Allen Gordon & Co Ltd, March 2012
Bridge Inspection Report by Allen Gordon & Co Ltd, April 2011

Attachments: Appendix 1 – Response Options Considered

Appendix 1

Response Options Considered

A meeting held with Historic Scotland, Council and HLH representation considered the following options:

Reduction of the scope of works. This option is not viable. The works included are essential and any reduction in grant eligible works would in any case reduce the grant aid provided by HS.

Not carrying out the work. If the bridge is not refurbished it will undoubtedly have to be closed again when the temporary repairs begin to fail which will certainly happen over time as there is significant corrosion. In the case of failure of the hanger rods there would be a risk that people crossing could be thrown into the river. Previous closure has not only had a very negative impact on the numbers of people walking in the area but there has also been a very persistent tendency for the barrier used to close the bridge to be cut open, even if significant fixed metal plates are used. This results in a continuing drain on Common Good resources and there is also the potential for following walkers to think the bridge is officially re opened, with the potential risk that that poses.

Filling the budget gap This option is made potentially viable by HS's confirmed strong support for the work and their agreement to increase the level of professional fees allowed as eligible to 20% and the funding overall to 40% of eligible works giving an increased contribution of £98,895. Whilst this still leaves a significant gap this option appears to present the best and most achievable way forward. Further information on funding sources explored is given below.

Alternative Funding Sources Considered

Funds considered were:

- 1) Coastal Communities Fund - When initial work to identify a package was taking place, Historic Scotland and the Coastal Communities Fund were identified as being the most likely sources of external funding. Applications were made to both but unfortunately the Coastal Communities Fund was unsuccessful. We were advised that due to the high level of applications detailed feedback could not be provided.
- 2) Local Businesses/Trusts - Enquiries were made to a local business and also to the Scottish Community Foundation's Head of Philanthropy but these were unsuccessful.
- 3) When the budget gap was identified, an expression of interest was submitted to the Heritage Lottery Fund for £150,000. This received a positive response. However a full application is a complex 2 stage process which takes a significant amount of time – and HS advised they could not hold their funding

offer open into 2015/16. HS also noted that if the current offer lapses any future application may well not succeed – competition is often very strong and the bridge application succeeded in a round when there was less completion than might usually be expected. We would therefore lose the £99k already in place. The £150k HLF pre application included an element of £50k for learning and outreach which would need to be undertaken in order to qualify for this fund. Therefore if HLF funding is pursued even if successful the funds available for bridge refurbishment would not be increased and a budget gap would remain. It is also likely that the loss of HS funding would in any case have a negative impact on HLF's assessment of the application.

- 4) Carbon CLEVER – the location of the bridge in relation to the town and local facilities means that its use is principally around leisure activities and it does not realistically impact on commuting habits. The refurbishment would therefore not be suitable for Carbon CLEVER funding.
- 5) LEADER –the project is unlikely to be eligible as it could not demonstrate enough of an element of development or innovation. Added to this, the Programme is still being developed nationally and is unlikely to be open and accepting applications until Summer 2015 at the earliest – which would again result in the loss of HS funding.
- 6) European Structural Funds (ERDF etc.) – the European Officer advises that the 2007-2013 funding programmes have all now closed for applications. The 2014-2020 Programmes have been significantly re-structured around 13 Scotland-wide Strategic Investments (SIs). The bridge project is unlikely to fit with the programme or any of the SIs for two reasons; firstly, the work is necessary and is refurbishment primarily on the grounds of safety and to re-establish existing access - this is not eligible under the current draft of the Operational Programme. Secondly, the new EU Structural Funds package for Scotland does not include a Strategic Investment that would cover activity based on the support for heritage structures or buildings. Within the Highlands and islands we have an agreement to operate a small Cultural Heritage package that will be attached to one of the existing SIs. Unfortunately, at the present time there is no detail on how this will be managed or what the rules/conditions of this package will be and therefore any early application for the first round is unlikely to be possible.