



FOUR MARKS PARISH COUNCIL

Full Council Meeting Wednesday 23rd June 2021

NEW COMMUNITY BUILDING AND RECREATIONAL HUB

AGENDA ITEM 14

MOTION TO SEEK APPROVAL OF THE SECRETARY OF STATE FOR HOUSING, COMMUNITIES & LOCAL GOVERNMENT TO BORROW BY WAY OF A PWLB LOAN OF £1,000,000 OVER THE BORROWING TERM OF 50 YEARS AT A FIXED RATE FOR THE BUILDING OF A NEW COMMUNITY BUILDING AND RECREATIONAL HUB AND INCREASE PRECEPT BY 25% FOR THE LOAN REPAYMENTS

Following the Council's unanimous decision to move forward with the project, the next stage is to secure funding for the proposed facility. The following information is to assist Council in considering the Resolution to Borrow, as per the motion above.

BUILDING COSTS AND FUNDING PROPOSALS

Building costs

The proposal to build a facility with the projected floorspace of 1250 sqm as per the presented concepts has been calculated at approximately £2,000 for sqm for a turnkey solution (excluding car parking and landscaping which will be drawn down from other allocated funds). The funding requirement, therefore, for the building is £2,500,000.

Proposed funding sources:

£1,250,000	EHDC CIL INFRASTRUCTURE FUNDING (application pending)
£1,000,000	PWLB LOAN
£250,000+	OTHER GRANT SOURCES
	- £60,000 specified S106 Developers contributions
	- £50,000+ Parish Council reserves
	- £150,000+ local funding and other grant streams eg. Sport England

PWLB Loan Repayments:

A £1,000,000 PWLB, at today's current figures over the borrowing term of 50 years fixed rate at 2.39%, the repayments would be approximately £34,500 per annum, paid in two half yearly tranches (table attached as **Appendix 1**). At a fixed rate this means the repayments would not changeover the loan period and allows for accurate budgeting.

Proposed Precept increase:

To cover the repayments, and to avoid reduction in the services currently provided by the Parish Council, the proposal at this stage would be to increase the Precept by the full annual repayment amount, which would be an increase on the 2021/2022 Precept of £133,780 of 25%, which would equate to an additional £16.30 a year on a Band D property based on this year's housing tax base (this figure could potentially fluctuate marginally should the tax base go up or down), or 31p a week. [Precept calculator attached as **Appendix 2**]

This year the precept was increased by just over 4%, however a reduction in expenditure in some cost areas, should ensure that the Precept for 2022/2023, will not need to be increased any more than the proposed repayment amounts, without affecting the provision of current services. Additionally, there was only a minimal budgeted income for 2021/2022 due to the ongoing uncertainty following the pandemic, however income will be increased as sports and recreational clubs return to full usage of Council facilities.

Budget:

The application needs to include the budget for 2021/2022 and draft budget for 2022/2023, which is attached for consideration in principle, and to show that the repayments would be affordable (attached as **Appendix 3**). The draft budget will be assessed further by the Finance & General Purposes Committee in October 2021, for presentation and approval at the November Full Council meeting.

RESERVES, FUTURE BUDGETING AND FUNDING MITIGATION**Reserves**

The Parish Council currently holds, as per its financial regulations and best practice, no less than three months operational reserves, currently standing at just under 5. Over the last few years, the Council has during the budget process allocated a reserve amount for this specific project, and this will continue. Once the project is completed an agreed amount will be included within the budget, instead of for the actual building itself, for building contingency and ongoing future maintenance, this will be reviewed each year and based on the previous year's expenditure and with consideration given to annual operational charges. The Council carries out a detailed budgeting process every October, and has steadily increased its Precept, in line with increased costs in services, to ensure additional expenditure is adequately covered. A budget v actual report is presented to Council every quarter, so any under spend can be highlighted and addressed before any operational issues arise.

Mitigation should the loan repayments become unaffordable.

Should the Council's reserves deplete for any reason, to ensure the Council is still able to serve the community and afford to pay the annual loan payments, there are several options available to the Parish Council to ensure it can mitigate issues and ensure repayments can still be made.

- Local authority grants. Both County and District Councils have grant streams available for local projects which would negate the need to use Council funds for repairs and replacement of equipment or continue with projects that could potentially become unaffordable.
- The Council has a minimal income from recreational pitch hire, annual rental and Cemetery charges, all of which could be reviewed and increased sympathetically to mitigate any shortfall in reserves.
- The Parish Council would review its budget, administration costs and any assets and identify options to reduce expenditure.
- Review the management and costs of the new facility and look at additional management and/or revenue options.

Future operational costs for the new facility

A draft basic business plan is attached for the first 5 years anticipated operational costs (**Appendix 4**). After 5 years it is anticipated that the building will be obtaining enough annual revenue to be completely self-funding, but there will always be a reserve held by the Parish Council for future building maintenance, improvement or expansion costs.

Application for PWLB

The application needs to be submitted to MCHLG by HALC and needs to be accompanied by a report to HALC detailing the proposed project and justification for the request to borrow. The proposed report is attached as **Appendix 5**.

RECOMMENDATION

The Council are being asked to pass a RESOLUTION to seek approval of the Secretary of State for Housing, Communities and Local Government to borrow by way of a PWLB of £1,000,000, over the borrowing term of 50 years at a fixed rate for the building of a new Community Building and Recreational Hub and increase the Precept by 25% to cover the full cost of the Loan Repayments to ensure that the Council can continue to operate without reducing the current services provided to the local community.

This resolution needs to be passed with all Council members in attendance.

The Council will, should the Resolution be passed;

- agree to immediate publication of the draft Minutes on the Parish Council website at the earliest opportunity;
- issue a Press Release for publication on the website, notice boards, and if appropriate, local publications (draft attached as Appendix 5)

APPENDIX 1

Details of PWLB Interest and Repayment Rates at today's date.

Period (years)	Annuity			EIP			
	Rate %	½ Yearly Cost (£)	Total Cost (£)	Rate %	Initial ½ Yearly Costs (£)	Reduces by each ½ year (£)	Total Cost (£)
Over 41½ not over 42	2.39	18,928.34	1,589,980.56	2.37	23,754.76	141.07	1,503,625.00
Over 42 not over 42½	2.39	18,798.70	1,597,889.50	2.37	23,614.71	139.41	1,509,550.00
Over 42½ not over 43	2.39	18,672.33	1,605,820.38	2.38	23,527.91	138.37	1,517,650.00
Over 43 not over 43½	2.39	18,549.11	1,613,772.57	2.38	23,394.25	136.78	1,523,600.00
Over 43½ not over 44	2.39	18,428.93	1,621,745.84	2.38	23,263.64	135.23	1,529,550.00
Over 44 not over 44½	2.39	18,311.69	1,629,740.41	2.38	23,135.96	133.71	1,535,500.00
Over 44½ not over 45	2.39	18,197.29	1,637,756.10	2.38	23,011.11	132.22	1,541,450.00
Over 45 not over 45½	2.39	18,085.64	1,645,793.24	2.38	22,889.01	130.77	1,547,400.00
Over 45½ not over 46	2.39	17,976.64	1,653,850.88	2.39	22,819.57	129.89	1,555,675.00
Over 46 not over 46½	2.39	17,870.22	1,661,930.46	2.39	22,702.69	128.49	1,561,650.00
Over 46½ not over 47	2.39	17,766.28	1,670,030.32	2.39	22,588.30	127.13	1,567,625.00
Over 47 not over 47½	2.39	17,664.75	1,678,151.25	2.39	22,476.32	125.79	1,573,600.00
Over 47½ not over 48	2.39	17,565.55	1,686,292.80	2.39	22,366.67	124.48	1,579,575.00
Over 48 not over 48½	2.39	17,468.62	1,694,456.14	2.39	22,259.28	123.20	1,585,550.00
Over 48½ not over 49	2.39	17,373.87	1,702,639.26	2.39	22,154.08	121.94	1,591,525.00
Over 49 not over 49½	2.39	17,281.24	1,710,842.76	2.39	22,051.01	120.71	1,597,500.00
Over 49½ not over 50	2.39	17,190.68	1,719,068.00	2.39	21,950.00	119.50	1,603,475.00

APPENDIX 2

PRECEPT CALCULATOR

2021-2022		
Amount	Band D taxbase	Contribution per property
£133,780.00	2110	£63.40
2022-2023		
		Notes
Council Tax Support Grant	£0.00	No longer applicable
Revised Band D taxbase*	2110	<i>Based on 21/22 tax base, will change if tax base fluctuates up/down</i>
Proposed Precept	£168,162.00	
Total Income (Precept + grant)	£168,162.00	Note - this does not include any other income stream
22/23	£79.70	This would be the annual payment for Band D properties in our ward
Net difference to 21/22 contribution	25.71%	This is the % figure that will be visible on council tax bills

Comparison on previous years Precept increases

2017-2018		
Amount	Band D tax base	Contribution per property
£105,000.00	2180	£48.17
2018-2019		
Amount	Band D tax base	Contribution per property
£109,000.00	2132	£51.13
2019-2020		
Amount	Band D tax base	Contribution per property
£113,200.00	2112	£53.60
2020-2021		
Amount	Band D tax base	Contribution per property
£128,000.00	2013	£60.87
2021-2022		
Amount	Band D tax base	Contribution per property
£133,780.00	2110	£63.40
2022-2023 [Proposed]		
Amount	Band D tax base	Contribution per property
£168,162.00	2110	£79.70

APPENDIX 3

DRAFT BUDGET

	2020/2021 Agreed £	2020/2021 Actual £	2021/2022 Proposed £	2022/2023 Proposed £
BUDGET INCOME				
Cemetery Fees	4,000	5,930	5,000	5,000
Sports Pavilion Income	4,000	4,000	4,000	4,000
Sports Pitches/ground hire	2,500	0	0	3,000
Wayleave	70	72	70	70
Events/Entries	1,000	246	0	500
Bank interest dividend	600	563	0	0
PRECEPT	128,000	128,000	133,780	168,280
<i>Non-budgeted Income (including grants, developers' contributions & VAT repayment)</i>		52,200		
Total	140,370	191,011	142,850	180,850
BUDGET EXPENDITURE				
Net Salaries/PAYE	33,800	32,882	38,000	39,000
Pension contributions	6,900	7,141	8,500	8,700
Mileage and Travel	800	395	600	600
Chairmans Allowance	100	30	100	100
Bank charges	300	159	200	200
Administration	1,900	1,908	1,600	1,600
Village Hall Hire	200	18	150	250
Subscriptions	1,450	1,445	1,450	1,450
Audit charges	1,200	1,080	1,300	1,300
Training and publications	1,000	445	750	750
Insurance	2,250	2,248	2,250	2,250
Legal and Professional fees	4,000	40	2,000	0
Event expenses	1,000	286	0	500
Utilities (including rates and bins)	10,470	10,419	12,600	12,800
General; labour, annual servicing & materials	7,500	5,197	7,000	7,000
Open Space; labour, annual servicing & materials	55,000	43,178	46,150	34,650
Community Building Fund	6,300	1,257	15,000	30,000
Grants and Donations	5,000	4,233	4,000	4,000
Neighbourhood Plan	200	172	200	200
Capital Expenditure	1,000	1,470	1,000	1,000
PWLB Repayments	0	0	0	34,500
<i>Non-budgeted expenditure</i>		42,918		
Total	140,370	156,921	142,850	180,850

APPENDIX 4

DRAFT BUSINESS AND MAINTENANCE PLAN

YEARS 1 - 5

As part of the project planning proposals once the building is completed, the intention is to pass the administration and management of the facility to a Managing Trust Committee or CIC, who would take over the financial control as well as administration and internal maintenance costs, as with other community buildings within the Parish.

Upon completion, the Parish Council propose to give the Managing Committee a reserve fund for initial operational and marketing costs. A subsequent reserve fund would be allocated annually, reducing by a percentage as the revenue increases each year. For the purposes of this report the initial figure for Year 1 has been based on an approximate year's maintenance costs with a proposed 20% reduction year on year, to be reviewed annually. Any of the reserve fund allocated but not passed on to the Managing Committee would be held in a specific ear marked reserve for any future maintenance that would be the responsibility of the Parish Council as owner of the building, as well as building its own reserves. This reserve would be reviewed and agreed during the budget process and adjusted accordingly.

Maintenance Costs

Based on average documented maintenance costs of approximately £27 per square metre, with the proposed building at 1250sqm, the anticipated total established annual maintenance costs for both reactive and responsive maintenance would be in the region of £34,000 per annum. This would be funded by the Managing Committee of the facility, with the assistance from the Parish Council reserves should the revenue not be sufficient to cover the maintenance costs in the early years. It is anticipated that the facility would be self funding by Year 3, but this plan allows for up to 5 years.

Proposed Revenue costs

Detailed research and a full analysis have been carried out on hire charges of all similar facilities within the surrounding area. The anticipated revenue has been based on comparable charges and using the current annual income from the Village Hall of £22,000 per annum as a local benchmark and taking into consideration the higher sqm in the new facility, it is anticipated that the revenue would be twice that of the Village Hall within 3-5 years. Additional revenue would also be created by the provision of the café, pop up business hubs and meeting room facilities, all of which have been identified as high usage and in demand. A detailed marketing strategy will be in place and ongoing to ensure maximum usage of all the facilities.

There would be a regular reporting system to the Parish Council incorporated into the new facility's Constitution, to ensure any financial concerns are identified at the earliest opportunity for resolution.

DRAFT PLAN FOR EXPENDITURE RESERVES FOLLOWING COMPLETION

YEAR	Expectation	Proposed Allocated Funds	Comments
YEAR 1	Initial Reserve Fund for initial operating costs and marketing fund	£35,000	Any initial defects or snagging would be the responsibility of the construction company
YEAR 2	Anticipating an initial loss in the first year	£28,000	Fund would be held in PC reserves in anticipation that the facility runs at a loss over the first two years or other expenditure items identified over original specification.
YEAR 3	Anticipate break even	£21,000	To be reviewed and adjusted as appropriate subject to revenue/expenditure
YEAR 4	Anticipate Self-funding	£14,000	Allocated, but to be reviewed subject to accounts
YEAR 5	Anticipate Self-funding	£7,000	Allocated, but held in reserves, Parish Council will review at the 5 year period and reassess the Ear Marked reserves moving forward
YEAR 6	Self-Funding	£0	Parish Council's reserves to be reviewed each year.

APPENDIX 5

FOUR MARKS PARISH COUNCIL PROPOSED COMMUNITY BUILDING AND RECREATIONAL HUB

REPORT TO HALC TO SUPPORT APPLICATION

BACKGROUND AND EVIDENCE OF NEED

Four Marks and its abutting population has and continues to grow rapidly to well over 5,000 individuals with a 30% growth in dwellings in just the last 15 years. There has been no significant infrastructure added to existing facilities to compensate for the needs of this fast and large increase in population.

The Local Authority's Draft Local Plan LAA evidence on the planning area Four Marks and 'South' Medstead, states 'the amount of services and facilities in Four Marks and South Medstead have not kept pace with the delivery of new residential development in recent years'.

The Four Marks Community Plan (2012) identified a need for meeting rooms, sports hall/leisure centre facilities, community hall, and internet café.

The Medstead and Four Marks Neighbourhood Plan (2016) on the infrastructure consultation notes, 'the results from the questionnaire made it very clear that residents are concerned that investment in the infrastructure in our villages has lagged significantly behind the very rapid increase in the number of new houses that have been built'.

EHDC Community Facilities Study (2021)

7.10 As an exception to the general good coverage of meeting places across the North/A31 corridor, there is a notable absence of facilities in Four Marks in relation to the size of the village, the recent growth experienced and the quantum of facilities in other places. The village has one facility, Four Marks Village Hall. The facility is well used but is not a modern flexible space that can respond to the varying and growing needs of this community.

In a bid to improve the facilities for the ever-growing village of Four Marks, it has been a continuing ambition to build a new facility which would complement the existing facilities to serve both residents of the village and beyond. With community support, the Parish Council is now actively pursuing a project to provide a multi-functional, modern, adaptable and flexible new community space that would include sports, youth activities, meeting places, pop up business hubs, café and venue for hire for Four Marks and its surrounding villages.

With the recent unprecedented circumstances, and with the likely increase in residents working from home, this has accentuated the identified need for pop up business space, and ad hoc meeting facilities, which together with an integrated café, would bring an additional revenue stream to assist the building in becoming self-funding.

The proposed location at the Recreation Ground would encourage youth and social interaction, the new facility would provide a recreational hub for all ages, a safe space for the children and youth to meet, socialise and enjoy recreation with a variety of organised sports and activities.

Proposals for the new building would take into consideration the current climate emergency, and be sustainable with green credentials, with additional sympathetic landscaping to compensate for any loss of green space and be fully in line with local County and District, as well as Parish, climate change policies, and offer a local facility necessitating the need for travel to alternative and further afield locations. Additional and improved access and parking facilities would also support the local Primary School's 'park and stride' initiatives, encouraging walking to school.

In summary, the proposed new Community Building and Recreational Hub would be a 'one stop location' for community activities, general leisure, youth activities, sport, health and wellbeing, local business opportunities and social space for all ages, and being fully adaptable to accommodate growth for the benefit of future generations to come.

ATTACHMENTS WITH APPLICATION

1. Report presented to Four Marks Parish Council for consideration to pass a resolution to approve borrowing proposal.
2. 2021/2022 and draft 2022/2023 Budget sheet
3. 2020-2021 Annual Accounts and Reserves breakdown
4. Precept calculator showing the proposed Precept, percentage increase and Band D contribution
5. Community Survey analysis summary of recent survey
6. Draft business and maintenance plan
7. Application form