

ALCESTER TOWN COUNCIL

BUSINESS CASE FOR TAKING OUT A LOAN OF £100,000 TO PURCHASE A HEATING AND VENTILATION SYSTEM FOR THE GREIG HALL

Purpose of the Report

1. This report is to provide Councillors with an update on the finances of the Greig Hall renovation project and to seek approval for borrowing to fund a new heating and ventilation system for the Greig Hall.

Background

2. Alcester is a market town serving an immediate community of approximately 9000 people and with surrounding communities a total of some 14000 who depend on the town for facilities such as doctors' surgeries, shops, the library and community gathering places such as the Greig Hall.
3. The Greig Hall was closed in 2011 and has been unoccupied since that date.
4. The Town Council took a 125-year lease of the Greig Hall from Stratford-on-Avon District Council in April 2021.
5. Since acquisition, the Town Council has commenced on a programme of renovation work with a view to reopening the Hall as a community centre, arts venue and entertainment arena in 2022.
6. The renovation project is managed by the ATC Greig Working Group.

Programme of Works

7. Work undertaken to date is as follows:

Item of expenditure	Cost
Intro film, hall clear out, climbing tower	3230
Roof, Heating + Engineering Surveys, Heating Appraisal	25755
Canopy Repairs, Asbestos Removal, Drain Clean + Survey	12891
Protective flooring, Fire Risk Assessment Boiler capping off	3310
Small Miscellaneous	435
Total	£45621

8. Work still requiring to be completed:

Item of expenditure	Cost
Insulation	31000
Lighting	40000
Doors	2664
CCTV	3811
Wi Fi set up	2530
Roof	13500
Doors and door furniture	3000
Fire alarm	7500
Security fencing	3200
Advice from Engineering Services Design Partnership (ESDP)	2900
Heating and ventilation system	100000
Plumbing toilets	4000
Ventilators for kitchen and toilets	4000
Painting	3000
Curtain cleaning	5100
Audio equipment	10000
Stage lighting	10000
Wet Stock Bars	2000
Ventilators/refrigeration units for beer cellar x 2	1800
Ice machines x 2	1000
Glass washers x 2	1500
Window/door glass repairs and fitting film screen	3000
Hearing loop	3000
Hand dryers for toilets	800
Preparation of tenders ESDP	945
Burglar alarm	2500
Total	£262750

9. Total anticipated expenditure as at December 2021 is therefore £308,371. This is deemed to be the bare minimum required to reopen the Hall.

10. This figure does not include any contingency which might reasonably be set at 10% - ie £31,000 giving a total anticipated expenditure of **£339,371**.

11. The anticipated expenditure figure does not make any provision for some of the extra items which will realistically be required to be done before the Hall can be reopened. In particular, there is no provision for cleaning and repairs to the wooden floors, refitting of the kitchen and incidental building works to make the Hall more suitable for the 21st century (new toilet cubicles etc).

Fundraising

12. The following grants have been received:

Donor	Amount
Friends of the Greig Hall	95000
Church Street Property Trust	31660
Alcester and District Lions Club	1300
Alcester Town Council (from reserves)	10000
Alcester Mens Sports Club	250
Total	138210

13. The following grants and donations have been secured (but not yet received):

Donor	Amount
s106 income from Bloor Homes	20800
WCC Green Shoots grant	25000
SDC Infrastructure Fund Statement	50000
Friends of the Greig Hall	5000
Total	100800

14. The total sum raised (or secured) in grants as at December 2021 totals **£239,010** leaving a deficit of circa £100,000.

15. The Town Clerk applies for grants on an ongoing basis as funds become available but opportunities are limited at the current time particularly following the Covid pandemic. A number of small grant applications are pending but even if these are successful, there are none significant enough to cover the anticipated deficit.

16. The main source of funds received has been the Home2Home shop which has been run by the Friends of the Greig Hall since October 2018. This has raised £100,000. The shop has been forced to close from 19th December 2021 as a result of their shop unit being relet. Regular income from the shop will cease until new premises are secured.

17. The Town Clerk applied to Severn Trent for a £75,000 grant towards the installation of a new heating system (this being the maximum available under that particular grant) but this application was unsuccessful due to over demand for that grant fund.

Proposal for heating system

18. The previous gas central heating system had been condemned and has now been decommissioned and removed.

19. The Town Council has commissioned ESDP to design a new heating system for the Greig Hall.

20. It will not be possible to operate the Greig Hall as a community centre and arts venue without a new heating system. There is the possibility of being able to run

events during summer months but the Hall would then need to close from September to April each year.

21. The Greig Working Group has considered the following options for heating the Hall:
 - a. Gas Fired Central Heating system
 - b. Air Sourced Air Conditioning Heat, Cooling and Clean Air Ventilation system
 - c. Mix of both above
19. In view of the costs involved, all three options will be put out to tender in accordance with the Town Council's Financial Regulations. This tender process will commence in January 2022.
20. Whichever option is selected, initial quotations suggest that the cost will be in the region of £100,000.

Presidium meeting – 14th December 2021

21. At the Presidium meeting on 14th December 2021, the Committee considered the draft budget for 2022-2023 prepared by the Town Clerk as Responsible Financial Officer.
22. The draft budget anticipates that the General Reserves of the Town Council will be circa £150,000 at the end of the financial year 2021-22. This is a satisfactory level of reserves but does not give any scope to fund the heating system for the Greig Hall.
23. The Town Clerk reported that the Town Council currently had two existing loans with the Public Works Loan Board as follows:

Loan	Purpose	Date	Amount outstanding as at 1.4.21	Term ends
£132,301	Support for the Greig Hall	October 2008	£46,045	April 2025
£40,000	Purchase of land at Stratford Road	April 2009	£21,022	April 2029

24. Councillors considered that in view of the fact that the larger loan was due to be paid off in 2025, it would be reasonable to take out an additional loan from the PWLB to pay for the heating system for the Greig Hall.
25. Without a loan, Councillors agreed that the renovation project would realistically need to be halted until additional grant funding was secured.
26. Councillors also noted that current low interest rates mean that borrowing is relatively cheap at the current time.
27. The estimate figures obtained by the Town Clerk on 14th December 2021 indicate that the cost of a £100,000 loan on a fixed rate annuity basis would be circa £11,000 per annum for 10 years. Currently the interest rate is 1.52%. The estimate figures are included in Appendix A of this report.
28. Payments would be made half yearly and would not increase over the term.

29. It was also noted that with the construction of 350 houses by Bloor Homes over the next 5 years, the tax base would be increasing, and therefore the additional cost falling on the precept will have a decreasing impact on Council taxpayers.

Community Support

30. It is a condition of a PWLB loan that public support for the project and the borrowing is evidenced.
31. The Alcester Neighbourhood Development Plan was made by Stratford on Avon DC following a referendum in May 2021 where 79.7% supported the Plan. The NDP includes a project relating to the Greig Hall reopening.
32. The Greig Hall renovation project is a community led project. Ever since the Hall was closed in 2011, there have been multiple requests by the community including several petitions to have the Hall reopened.
33. The Friends of the Greig Hall – an ever-growing group of Alcester residents, has, through local fundraising events such as cakes sales, ladies pampering evenings, quizzes, recycling unwanted furniture - raised £100,000. A fantastic demonstration of community involvement with the sole objective of re-energising this much-loved community building.
34. The first event held at the Greig Hall was a Christmas Fayre on 4th December 2021. The Fayre was very well attended showing the strong public support for the project and over £2000 was raised on the day.
35. Residents are kept up to date on progress with the renovation work via the website www.greighall.org.uk and social media.
36. We already have nearly 200 volunteers engaged with the project. Every call to action has engaged a different group of enthusiastic, local residents and a wide range of expertise.
37. In an online survey carried out by Stratford on Avon DC on behalf of the Town Council in 2021, 95% of those responding supported the reopening of the Greig Hall as a community centre and arts venue.
38. The public will be consulted in the New Year on the principle of borrowing £100,000 by way of an online consultation and, Covid restrictions permitting, a public meeting at the Greig Hall. This consultation will be completed prior to the submission of the application for the Secretary of State's authority to borrow.

Potential risks and affordability.

39. Borrowing carries risks for any organisation but borrowing from the Public Works Loan Board is at a fixed interest rate therefore the payments will remain unchanged throughout the term.
40. Councillors should note that the loan will be repayable regardless of the success of the Greig Hall.
41. The loan will need to be repaid via the precept for the next 10 years.

42. The Town Clerk has advised as Responsible Financial Officer that the borrowing is affordable (representing only 3.7% of the annual precept for 2022-23).
43. Stratford District Council have advised that the tax base for Alcester Town Council for 2022-23 is 2226.30 therefore the impact of an additional £11,000 in precept is £4.94 per year for each Band D Council Taxpayer (equivalent to 9 pence per week).

Recommendation

44. The recommendations and propositions to Council are:
 - a. That a consultation exercise is undertaken in January 2022 to consult residents on the proposal to borrow £100,000 from the Public Works Loan Board to finance the installation of a heating system in the Greig Hall and to increase the precept to cover the cost of loan repayments.
 - b. That the Town Clerk is requested to report to Presidium by email on the outcome of the consultation.
 - c. Subject to Presidium approving the response to the consultation, that the Town Council seeks authority from the Secretary of State for Levelling Up, Housing and Communities to borrow £100,000 from the Public Works Loan Board to finance the installation of a heating system in the Greig Hall. This loan will be for a borrowing term of 10 years. The loan will be annuity based at a fixed rate of interest and annual loan repayments will be in the region of £11,000. It is intended to increase the precept by £11,000 per annum for the purposes of loan repayment.
 - d. That if authority is received from the Secretary of State, the Town Clerk is authorised to make an application to the Public Works Loan Board for the loan.
 - e. That the Town Clerk is authorised to vary the application in consultation with Presidium to reflect any changes in interest rates before borrowing approval is confirmed.

Vanessa Lowe

Town Clerk

20th December 2021



United Kingdom
Debt Management
Office

PWLB FIXED RATE LOANS
ESTIMATED REPAYMENT COSTS

Amount of Advance: 100,000.00

Period (years)	Annuity			EIP			
	Rate %	½ Yearly Cost (£)	Total Cost (£)	Rate %	Initial ½ Yearly Costs (£)	Reduces by each ½ year (£)	Total Cost (£)
1 year	-	0.00	0.00	-	0.00	0.00	0.00
Over 1 not over 1½	-	0.00	0.00	-	0.00	0.00	0.00
Over 1½ not over 2	1.19	25,372.98	101,491.92	1.19	25,595.00	148.75	101,487.50
Over 2 not over 2½	1.23	20,370.51	101,852.55	1.23	20,615.00	123.00	101,845.00
Over 2½ not over 3	1.27	17,039.04	102,234.24	1.27	17,301.67	105.83	102,222.50
Over 3 not over 3½	1.30	14,659.55	102,616.85	1.30	14,935.71	92.86	102,600.00
Over 3½ not over 4	1.33	12,876.95	103,015.60	1.32	13,160.00	82.50	102,970.00
Over 4 not over 4½	1.35	11,489.47	103,405.23	1.35	11,786.11	75.00	103,375.00
Over 4½ not over 5	1.37	10,380.61	103,806.10	1.37	10,685.00	68.50	103,767.50
Over 5 not over 5½	1.39	9,474.38	104,218.18	1.39	9,785.91	63.18	104,170.00
Over 5½ not over 6	1.41	8,720.13	104,641.56	1.41	9,038.33	58.75	104,582.50
Over 6 not over 6½	1.43	8,082.79	105,076.27	1.43	8,407.31	55.00	105,005.00
Over 6½ not over 7	1.44	7,534.57	105,483.98	1.44	7,862.86	51.43	105,400.00
Over 7 not over 7½	1.46	7,062.61	105,939.15	1.46	7,396.67	48.67	105,840.00
Over 7½ not over 8	1.47	6,647.62	106,361.92	1.47	6,985.00	45.94	106,247.50
Over 8 not over 8½	1.48	6,281.82	106,790.94	1.48	6,622.35	43.53	106,660.00
Over 8½ not over 9	1.50	5,959.77	107,275.86	1.49	6,300.56	41.39	107,077.50
Over 9 not over 9½	1.51	5,669.49	107,720.31	1.51	6,018.16	39.74	107,550.00
Over 9½ not over 10	1.52	5,408.56	108,171.20	1.52	5,760.00	38.00	107,980.00
Over 10 not over 10½	1.53	5,172.79	108,628.59	1.53	5,526.90	36.43	108,415.00
Over 10½ not over 11	1.54	4,958.76	109,092.72	1.54	5,315.45	35.00	108,855.00
Over 11 not over 11½	1.55	4,763.61	109,563.03	1.55	5,122.83	33.70	109,300.00
Over 11½ not over 12	1.56	4,585.01	110,040.24	1.56	4,946.67	32.50	109,750.00
Over 12 not over 12½	1.57	4,420.96	110,524.00	1.57	4,785.00	31.40	110,205.00
Over 12½ not over 13	1.58	4,269.79	111,014.54	1.58	4,636.15	30.38	110,665.00
Over 13 not over 13½	1.59	4,130.06	111,511.62	1.59	4,498.70	29.44	111,130.00
Over 13½ not over 14	1.61	4,003.33	112,093.24	1.60	4,371.43	28.57	111,600.00
Over 14 not over 14½	1.62	3,883.00	112,607.00	1.61	4,253.28	27.76	112,075.00
Over 14½ not over 15	1.63	3,770.92	113,127.60	1.62	4,143.33	27.00	112,555.00
Over 15 not over 15½	1.64	3,666.30	113,655.30	1.64	4,045.81	26.45	113,120.00
Over 15½ not over 16	1.65	3,568.43	114,189.76	1.65	3,950.00	25.78	113,612.50
Over 16 not over 16½	1.67	3,479.51	114,823.83	1.66	3,860.30	25.15	114,110.00
Over 16½ not over 17	1.68	3,393.39	115,375.26	1.67	3,776.18	24.56	114,612.50
Over 17 not over 17½	1.69	3,312.41	115,934.35	1.68	3,697.14	24.00	115,120.00
Over 17½ not over 18	1.70	3,236.12	116,500.32	1.69	3,622.78	23.47	115,632.50
Over 18 not over 18½	1.72	3,166.98	117,178.26	1.71	3,557.70	23.11	116,245.00
Over 18½ not over 19	1.73	3,098.99	117,761.62	1.72	3,491.58	22.63	116,770.00