

Full Council

Report Title:	Thame's Community and Youth Building - Public Works Loan
Meeting Date:	21 January 2025
Contact Officer:	Mandy Sturdy, Town Clerk

Purpose of the Report

1. To update the Council with the result form the Community Survey regarding this Project and proposed application for a Public Works Loan.
2. To provide financial scenarios to allow the Council to consider the value of any loan and investment of Thame Town Council funds.
3. To seek **approval** to continue with the project as outlined below.

Action Required

4. To **review** the results of the survey and **consider** if they evidence sufficient community support for the project to apply for a public works loan.
5. Subject to approval, to apply to the Public Works Loan Board, the council are asked to approve:
 - a. the maximum loan value
 - b. The Maximum investment from Thame Town Council's investment funds

Background

6. Whilst this project has been progressing for almost 10 years with the support of the council, based on community needs identified through numerous consultations; It had reached a crucial stage requiring specific evidence of community support in regard to a possible rise in Thame's Precept for the project to be funded.
7. The questions were specified by the Public Works Loan Board (PWLB) which would require the Council to seek community support by way of a public consultation including the following questions:
 - a. Are you in FAVOUR of the town council going ahead with the Community and Youth Project Building? YES / NO
 - b. Are you in FAVOUR of the town council going ahead with the Community and Youth Project Building if it includes a council tax precept increase of £35 a year for the purpose of the loan repayments? YES / NO

8. Communication – to reach as many Thame residence as possible our communication campaign included those questions which were shared via:

- social media – Instagram and Facebook
- updates and links on our website
- regular articles in our weekly Newsletter
- a brochure to every household in Thame
- an article in Thame Out
- an interview with Red Kite Radio
- Thame Hub
- Oxford Mail
- Bucks Herald
- posters on notice boards around the Town
- school email

9. Results have been reviewed, and I can share the following statistics as of noon on Friday 17 January:

	Total	Yes	No	% in favour	Thame Tax Base	Thame Population
					5154	13273
Total Responses	635					
Should the Project Continue		559	76	88.0%		
Should a PWL be applied for		512	119	80.6%		
Total Responses in OX9 + Thame Only	499				9.68%	3.76%
Should the Project Continue		443	56	88.8%		
Should a PWL be applied for		412	86	82.6%		

10. In addition to the survey results, some letters of objection regarding the project have been received. The Town Clerk has shared with these the council for consideration alongside the above results.

11. At the October Full Council meeting the Council were presented with the Business Case, Funding Strategy and Needs Assessment for this project. Based on the information presented

The Council resolved:

- i) **To approve that the project to build the Community and Youth Project Building on Southern Road Recreation Ground continues to the next phase.**
- ii) **To approve that a public consultation in line with the Public Works Loan Board’s requirements is put to the community.**
- iii) **That the results of the consultation are brought back to the Full Council to consider if the level of support is sufficient to apply for a Public Works Loan.**

12. The business case set out that based on the figure at the time of the report the **Loan finance would be required**: It is not feasible to fund the capital project entirely from grant

funding. Therefore, TTC would need to raise finance from the Government Public Works Loan Board. Depending on the Scenario chosen, the loan would be approximately between **£1,569,000** and **£3,019,000**. TTC would be liable for repayments of between £92,910 and £178,771 per year¹. If the Council Tax precept is raised to cover this, it would entail an indicative raise of between 10 and 18%.

13. Below are just two scenarios which show possible options for the Council to consider regarding:

1. The total value of the loan to be applied for
2. The total value of the Thame Town Council Investment.

(approximate figures based on a one-time look at the interest rates).

Based on a project cost of £4,394,000 (this includes the construction of the changing rooms but not the fit out) and working on the model where the Council run the facility.

Data from the Business Case Presented to Full Council in October 2024	Scenario 1: TTC only (Minimum investment from TTC)	Scenario 2: TTC only (£800K top-up investment from TTC)
NON-REPAYABLE FUNDING		
Thame Town Council investments	£300,000	£1,100,000
Other funding & donations	£1,075,000	£1,075,000
Total to be secured from non-repayable funding	£1,375,000	£2,175,000
FINANCE		
Remaining to be secured as Public Works Loan	£3,019,000	£2,219,000
Estimated annual loan repayments	£178,771	£131,400

Thame Town Council Investment

14. TTC hold investment funds of circa £1.8m (sales value which is approximately £1.2m net value) the above scenarios show £300,000 or £1,100,000 invested by TTC. Note - £300,000 has already been funded for this project so this is not calculated in the £1.8m but the council had initially planned to recoup this money from the S106 funding once the project is approved.
15. The exact effect of withdrawing any funds from our investments will not be known exactly until the time of the transactions as share prices can change daily. Below are estimates calculated in 2024 by Rathbones who are our investment consultants.

¹ Subject to the interest rate at the time the loan is taken out.

- a) 500k withdrawal – estimated income would fall by c.£7,000 (pg.8) from £33,134, a projected annual income of £26,773.
 - b) 800k withdrawal – estimated income to fall by £13,000 (pg. 9) from £33,134, to a projected annual income of £20,051.
16. If the council were to consider investing £1,100,000 which would be made up of £800,000 from their investment funds and the £300,000 already invested towards the community facility, it would reduce the financial risks to the project but allow for all surplus fund raising to be returned to the council and reduce that £1,100,000.

Public Works loan

17. There is a great deal of work to be completed before the application for the loan can be submitted, this includes securing other grants and funding. The council are asked to consider supporting the maximum value of the loan² to minimise the financial risks to the project. This would mean that during the application process it could be possible that the loan value may reduce.

Resource Appraisal

18. Finances as outlined above.
19. Staff resources to manage the application and project

Risk Assessment

20. Without the PWL the project is unlikely to be viable. The survey has indicated that 82.6% of the people who responded from Thame are in support of the project going ahead if it includes an increase in their precept.
21. The current project will be stopped, and funds and resources used to date lost.
22. S106 Monies allocated to this site / project will go back to the developer if a project is not realised (first expiry date is May 2026).
23. Further delay to the project or design of the building will incur further cost.
24. Further details are included in the Risk Register within the Business Case shared in October.
25. We may be required to fit out or provide alternative changing rooms in future.

Powers

- National Loans Act 1968, Section 3
- Public Works Loans Act 1965, Section 2

² Based on the Precept not increasing more than £35 in relation to this project

Recommendation

- i. Based on the survey response approve moving forward with the application for a Public Works Loan.*
- ii. Subject to i. approval, the council are asked to consider the maximum value the council will invest in the project from available resources.*
- iii. Subject to i. approval, the council are asked to approve applying for the maximum value of the loan which should not exceed a maximum increase of £35 per year to a band D precept.*