

LONGFORTH ROAD TOILET BLOCK

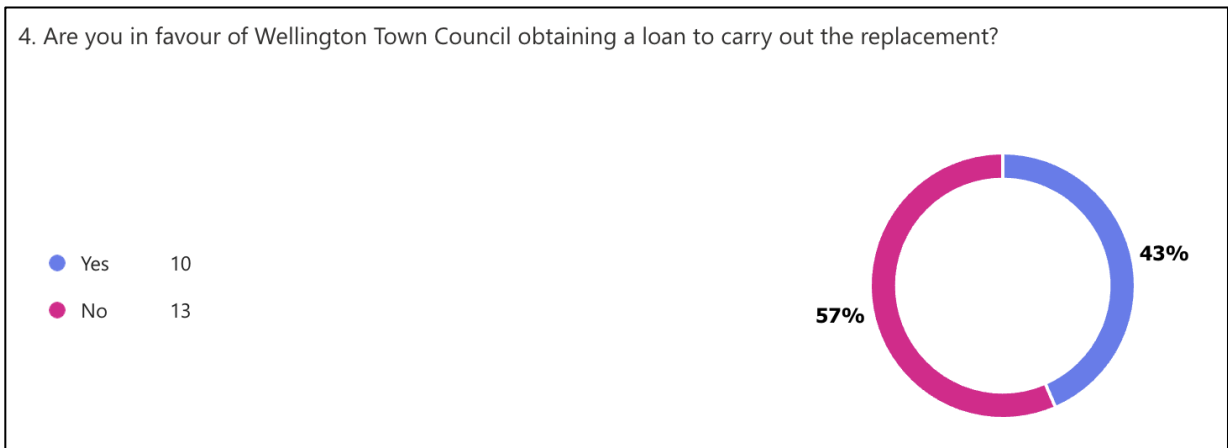
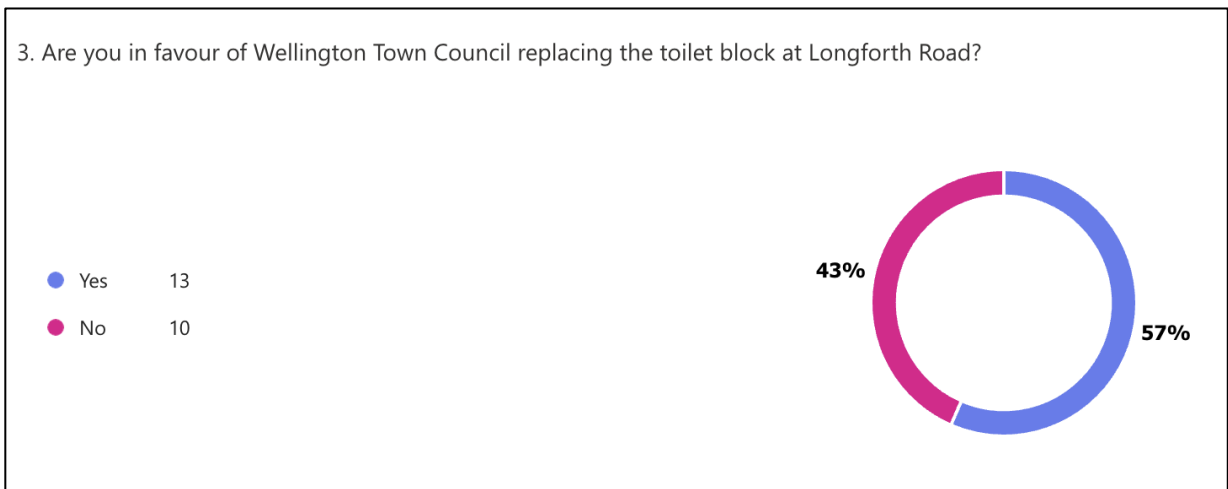
1. Introduction

1.1. This paper is presented to the February meeting of the Policy & Finance to provide an update and set out the next round of considerations for the project including a possible recommendation to Full Council on seeking borrowing approval.

1.2. This report refers to the RIBA Stage 3 Cost plan as previously presented by Ravenslade and is attached within the appendices of the Business Case.

2. Consultation Update

2.1. At time of writing, only a small number of replies (23) have been received. Of those responses, 57% answered yes to the question 'Are you in favour of Wellington Town Council replacing the toilet block at Longforth Road?'. 43% of respondents answered no to the question 'Are you in favour of Wellington Town Council obtaining a loan to carry out the replacement?'



2.2. Officers have extended the consultation by two weeks to make a total live time of four weeks. Further promotion has been done on social media and extra posters have been put up around town. The introduction text has been altered slightly to express the importance of the loan to fund the project at this stage: "At present, matters relating to any insurance claim are still ongoing. Therefore, in order to move the project forward, the Council feel that a loan is the best way to seek funding. Without a loan, the project will continue to lay dormant until any claim is settled."

2.3. If the overall response to question 4 is 'No' the Council will have to make a very strong case on any application to the PWLB and the risk of refusal will be greater.

3. Insurance Update

- 3.1. Because the block was demolished before the loss adjuster's surveyor visited the site, they have carried out an estimation of works required to repair the damage caused to the frontage. This was also based on the structural survey undertaken in June 2023. The amount they have quoted is £39,372.83.
- 3.2. The 'Value at Risk' at the time of loss was calculated to be not less than £290,000 whereas the sum insured was £85,530.79 meaning a percentage of cover of 29.5% is applied. Meaning that of the sum quoted in 3.1 above, £11,612.38 is given as a settlement figure.
- 3.3. A detailed breakdown has been requested for the calculation of the sum in 3.1.
- 3.4. There are also further claims outstanding for Professional Fees, Surveys and some miscellaneous items totalling £25,857.45. An update is still awaited on this.

4. Funding/Budget Update

- 4.1. As there has now been an initial settlement figure suggested, the Council could adjust the amount of borrowing to apply for.
- 4.2. Re-payments are made at half yearly intervals with the first being no later than six months from the date of the advance. Given the processes required for approval (by Council and PWLB) and time for publishing of tenders etc, it is likely that only one repayment will be made in the 25/26 year, meaning around half of the budget line planned for repayments could be used to offset some of the amount borrowed.
- 4.3. Example: The combination of the settlement figure and the probable budget balance approximately covers the amount required for section 11 (professional & design fees) in the cost plan with the balance either being covered by the further claim amount or the annual professional fess budget. Therefore, the Council could limit its borrowing requirements to only the works portion of the project

Settlement	£11,612.38
Budget Balance	£10,000.00
Total	£21,612.38
Section 11	£26,503.90
Balance	- £4,891.52

Total Project Estimate	£238,205
Minus items already paid	- £5,235
Minus Section 11	-£26,504
Total Borrowing	£206,466

- 4.4. This reduction in borrowing presents two scenarios:
- i. Reduction of repayment amount over the same term, or
 - ii. Reduction of borrowing period for the same estimated yearly repayments.

Comparison: *info taken from PWLB tables in Appendices A and B (correct at time of download)

Amount Borrowed	Term	Yearly Repayments	Total Cost
£238,205	20 Years	c£20,100	c£402,000
£206,466	20 Years	c£17,000	c£346,000
£206,466	15.5 Years	c20,000	c£307,000

- 4.5. **Given the overall saving presented, the RFO recommends reducing both the term and loan amount.**

4.6. NB – the additional claim amount mentioned in 3.4 could further offset the loan requirement if awarded. Any loan amount approved can be drawn down in tranches and final repayment amounts are only based on the final drawn total.

5. Loan Requirements

5.1. The loan process requires a Business Case to be presented to Council for approval, a draft is attached at appendix 4. The committee should review, suggest any amendments and **recommend its approval to Full Council.**

5.2. The resolution to borrow must meet the specific wording as detailed below and must be made at Full Council. The PWLB prefer all members of the Council to be present at that meeting and that the vote be unanimous.

“It was RESOLVED to seek the approval of the Secretary of State for Levelling Up, Housing and Communities to apply for a Public Works Loan Board loan of £206,466 over the borrowing term of 15.5 years for the replacement of the Longforth Road Toilet Block. The annual loan repayments will come to approximately £20,000.

It is not intended to increase the council tax precept for the purpose of the loan repayments.”

NB – it is the advice of SALC that because the Council have already included the repayments in the 25/26 budget and precept, the Council can answer ‘no’ to question 14 on the application ‘Are you increasing the Precept to fund this borrowing?’

6. Recommendations and Decisions

6.1. That the committee reviews and suggests any amendments to the business case and recommends its approval to Full Council.