

**TAVISTOCK TOWN COUNCIL
19TH NOVEMBER, 2019**

**GUILDHALL GATEWAY COMPLEX/CENTRE
APPLICATION FOR LOAN FROM PUBLIC WORKS LOAN BOARD &
BORROWING APPROVAL**

1. PURPOSE OF THE REPORT

To seek the approval of the Secretary of State for Housing, Communities and Local Government for a Public Works Loan Board (PWLB) loan of £400,000 over the borrowing term of 25 years toward the capital cost of the renovation and restoration of the Guildhall Complex to provide a Cornwall and West Devon Mining Landscape World Heritage Centre, Visitor Information Centre, Council Offices and associated facilities.

2. CORPORATE POLICY CONSIDERATIONS

The project relates to Council Priorities C1- Working Together, C5 – Community Assets, D3 – Consultation, EN1 – Environment (General), EN2 – Environment (Council Ownership), EC1 – Economic Development.

It is also specifically addressed via the Council's longstanding commitment to EC3 – Gateway Centre (the Council will support the delivery of a Guildhall WHS Gateway Centre and associated uses as a basis for the sustainable public use of this historic complex and development toward Tavistock becoming a WHS "Key Centre") as described in the Council Strategic Plan 2017-21.

3. LEGAL AND RISK MANAGEMENT ISSUES

This project is of longstanding in the development (more than 10 years in total) and has been subject to regular monitoring and consideration by the Council for the past 3-4 years. Also monitoring and review by it's delivery partner (National Lottery Heritage Fund (NLHF)). Diligent post tender value engineering works have brought the projected scheme cost in line with NLHF Funding and available Council reserves when supplemented by the scheduled loan from the Public Works Loan Board.

Whilst there is necessarily a level of risk attached to all building projects, risk has been reduced by:-

- Having in place a proven professional and contracting delivery team which has previously delivered on major historic building projects within the Town;
- Engaging an experienced and proven main contractor;
- Extensive pre-tender work across all aspects of the contract, accompanied by post tender review and value engineering;

- Having in place both regular project and funder (NLHF) monitoring meetings to review progress;
- Having appropriate contingencies in place;
- Early opening up works indicating no major issues.

4. RESOURCE ISSUES

The resource issues arising from this report are consistent with the decision of Council to let the contract in connection with the above building works in the sum of £1,383,695 plus an additional (over and above project contingency) contingency of £75,000) based upon the provision of capital works funding as follows :-

- National Lottery Heritage Fund £613,254;
- Additional monies already raised from other sources £100,000 (via Tavistock Heritage Trust (THT));
- scheduled funding via the Public Works Loan Board £400,000;
- Tavistock Town Council from reserves 345,441.

In addition Council will be aware by way of preparation:

- a sinking fund has been established to address the costs of future repair and maintenance of the premises;
- the report identifies the organisational savings and efficiencies which offset the loan cost on an ongoing basis. Consequently, restoration of the premises is cost neutral in relation to the Precept as indicated below.

Application for borrowing approval is now being made following confirmation after early opening up works that no significant changes to approved contract scope are anticipated.

5. ENVIRONMENTAL ISSUES

The Scheme has been prepared consistent with current environmental regulations aligned to the need for sensitivity in the restoration and repair of a Grade II Listed Building.

6. COMMUNICATION ISSUES

The project has been in active development for approaching 5 years. NLHF applications require a high level of public consultation and engagement, both with stakeholder groups, organisations and the community at the concept (round one) and development (round two) stages. A list of letters of support for the scheme is available on the Town Council website:-

<https://www.tavistock.gov.uk/your-council/council-initiatives/guildhall-project>

Additionally the NLHF development stage involved extensive consultation and engagement with the public and stakeholder groups including over 400 people to inform the Activity Plan and explore support for the proposal:-

https://www.tavistock.gov.uk/sites/default/files/users/SueWilliamson/Activity%20Plan%20Guildhall%20Project_0.pdf .

Further communications are reported below.

7. RECOMMENDATIONS That the Council

- a) Authorise the Clerk to seek the approval of the Secretary of State for Housing, Communities and Local Government to apply for a Public Works Loan Board loan of £400,000 over the borrowing term of 25 years for the restoration and repair of the Guildhall Complex (with the facility to draw down from 10th January, 2020) to bring it into a state of repair, remove it from the Buildings at Risk Register and provide a Guildhall Gateway Centre;
- b) agree the measures listed in para 2.3 below to secure the funding of loan repayments without recourse to an increase in the Precept;
- c) further agree that:-
 - i. the dedicated Guildhall Project page on the website <https://www.tavistock.gov.uk/your-council/council-initiatives/guildhall-project> be updated on a monthly basis with progress reports – both in connection with the progress of the works and the application for borrowing approval;
 - ii. the Council newsletter to all households in the Town continue to carry updates throughout the project and further press releases be issued regularly. The next Council newsletter to all households being issued later this month.
 - iii. and note
 1. as works progress, and when safe to do so, the Council and THT will be initiating engagement and promotional activities (including soft launch activities, tours, talks, early access etc) to publicise and promote the facility and its patronage in accordance with the approved Bid;
 2. as part of the scheduled NLHF post project evaluation a survey will be undertaken with residents and visitors at opening.

1. BACKGROUND

- 1.1 The premises were purchased in order to protect and preserve an iconic listed building complex on the Historic England 'Buildings at Risk Register' and to provide a sustainable public use for premises of both local and national significance through delivery of a Gateway Centre to the Cornwall and West Devon Mining Landscape World Heritage Site.
- 1.2 Consideration of this report by Council follows a lengthy development process with particularly intense work over the past three years which has been regularly reported at Council meetings. The Round 2 (development stage) process involved, amongst others (and as part of

the due diligence and proper preparation for application to NLHF for Grant Funding) preparation of Activity, Interpretation, Business, Management and Maintenance Plans and cash flow projections which have previously been adopted by Council. These can be viewed at <https://www.tavistock.gov.uk/your-council/council-initiatives/guildhall-project>

- 1.3 Looking forward, on completion, the premises constituting the Gateway Centre will be subject to a lease to the delivery partner of the Council – Tavistock Heritage Trust on preferential terms to enable it to deliver the visitor experience and information centre.

2. CURRENT SITUATION

- 2.1 Members will recall Council has accepted the lowest tender submitted in connection with the capital works from RM Builders in the sum of not more than £1,383,695¹. Work commenced in September and a copy of the tender information can be viewed at <https://www.tavistock.gov.uk/information/procurementtenders>
- 2.2 In addition for up to date information as at the half year point (September), a project Progress Report to NLHF is tabled on the Agenda for the Budget and Policy Committee Meeting which follows this Meeting of the Council.
- 2.3 Funding of the works is as outlined above in the executive summary and contingent on the scheduled loan of £400,000 from the PWLB. In order to ensure the works do not place any additional burden on the local tax payer² repayments will be funded by:
 - a) The realisation of the ongoing saving achieved through the introduction of LED lighting into the Pannier Market and associated main premises (£15,000pa);
 - b) Property Maintenance Budget – a reduction of £5,185pa ongoing in the allocated budget³.Note - this reduction is sustainable because it
 - reflects the extensive investment in listed buildings restoration and repair made by the Council to improve both the fabric of the Town Centre and its commercial viability over the past 5 years⁴;
 - Also in recognition of the introduction of sinking funds three years ago to provide for future repairs to the three main Council buildings including the Guildhall

¹ + additional £75,000 contingency

² ie to avoid a consequential increase in the precept

³ ie from £73,935 to £68,750

⁴ More than £1m to Council owned premises

which are funded by rental income realised from Council owned commercial properties⁵;

- c) Reallocation of monies realised from the conclusion of loan repayments on existing/recently repaid loans (totalling £3198)⁶.

- 2.4 Different durations for a loan have been discussed previously, ranging from up to 11 ½ years to up to 25 years. However, to avoid an adverse impact on the Precept, your officers would recommend proceeding with application for a 25 year loan on an annuity basis. Whilst this is slightly more expensive than an EIP (equal instalments of principal) loan at the headline gross repayment figure (approx. £18,000 over the whole term) your Accountant recommends this approach on the basis that, when taking into account the future cost of money on a discounted cash flow basis, it is the more economical. It also ensures predictability of payment amounts.
- 2.5 Taking the PWLB rates as applicable on 1st November this equates to an annual repayment over the term of iro £22,405.30 which is more than covered by the ongoing savings listed⁷.

3. CONCLUSION

- 3.1 All other funding is now in place and works underway after extensive due diligence and review, both by Council and funding partners. Now that the value engineering has concluded and early opening up works indicate no significant changes affecting the loan request it is timely to make application for a PWLB loan, as outlined above.
- 3.2 The Council and heritage community have been working on this scheme now for several years and the Round 2 approval (and associated funding) from NLHF is in place, as amended to reflect the value engineering undertaken and to bring the project within appropriate thresholds, whilst still respecting the Approved Purposes.
- 3.3 This loan, the final stage of the funding enables this nationally important historic building to be restored and brought back into use as part of the longstanding commitment of the Council to providing both economic regeneration for the Town and a 'Gateway' to the World Heritage Site delivered through anchor partner and tenant - Tavistock Heritage Trust.

⁵ Guildhall standing at £38,250 as at 31.03.2019

⁶ Loans - 474696 Terminating 2019 (£3,000pa), 020924 terminating 2020 (£168.93pa), 020934 Terminating 2022 (£28.61pa)

⁷ ie £23,383

**CARL HEARN
TOWN CLERK
TAVISTOCK TOWN COUNCIL
NOVEMBER 2019**