

Request by the Eversdens Recreation Area Charity for a Public Works Loan of £50,000 – Additional Information

1. The Eversdens Recreation Area Charity and its new pavilion project

The recreation ground in the Eversdens is managed by the Eversdens Recreation Area (ERA) Charity, a completely independent recreational charity, which is not part of the Parish Council.

The existing pavilion is in a poor state of repair and requires substantial expenditure and work to bring it to an acceptable standard. The ERA Charity committee consider that a new pavilion is required. They have sought and obtained planning permission for a replacement pavilion. The ERA Charity committee's request for funding is for the construction of a building to that design. The approved plans for the new pavilion, together with other documents, are available from the Greater Cambridge Planning website using the QR code or by searching for application reference S/0376/19/FL on the webpage: <https://applications.greatercambridgeplanning.org/online-applications/>*



The new pavilion, if built, would be the sole property of the ERA Charity.

The new pavilion will comprise new purpose-built changing facilities, a kitchen, and a large multi-use function room. Concerns have been expressed that this new facility may affect the viability of the Village Hall. The ERA Charity committee have been asked by the Parish Council to address this problem. The pavilion is primarily a sports-related facility and not a replacement for the Village Hall. It is likely that there will need to be an intra-community understanding about the range of purposes for which the new facility should be used, in order to ensure the continued sustainability of the Village Hall and its community activities.

2. Financing the pavilion project

The ERA Charity committee have prepared a preliminary business plan, including estimates of the total project costs. Their current estimate, based on a rough cost per square metre estimate, and not on any detailed expert assessment of the costs of building to the architect's designs, is that the total project cost would be **just under £480,000**. This includes the cost of demolishing the old pavilion and preparing the car parking area.

The ERA Charity committee's business plan can be found on the Parish Council website eversdensparishcouncil.gov.uk/the-parish/eversdens-recreation-area/*



The ERA Charity committee expect to finance the construction costs from several different sources. Their business plan indicates that they expect to commit £50,000 from their own reserves, in addition to the £50,000 that they are seeking from Great and Little Eversdens Parish Council as a Public Works Loan.

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The ERA Charity committee's purpose in requesting the £50,000 Public Works Loan is to demonstrate local community commitment and support for their new pavilion project. This 'seed money' will be used as evidence of local community commitment, for the purpose of requesting additional funding from other bodies.

3. The nature and implications of the requested Public Works Loan

The source of the £50,000 borrowing requested by the ERA Charity would be the Public Works Loan Board, a government organisation that loans money for public purposes at interest rates linked to the gilt market.

The application to borrow from the Public Works Loan Board must be made by Great and Little Eversden Parish Council, which would come under the legal obligation to repay the borrowed sums over the term of the loan.

The ERA Charity have requested that the £50,000 borrowed from the Public Works Loan Board be paid to them as a grant. The Parish Council would not directly control how the £50,000 grant is spent, once it is paid to them, but it would expect to set conditions for its being paid to the ERA Charity committee.

It is important to emphasise that since Great and Little Eversden Parish Council will be borrowing the £50,000 sum from the Public Loan Works Board, this will entail a financial liability which will ultimately be met, over the term of the loan, via a combination of what the ERA Charity can contribute from increased income and the local 'precept'. The 'precept' is the component of the Council Tax levied on households in the Eversdens which is set annually by the Parish Council.

The total interest liability will depend on both the interest rates at the time the loan is taken out and the agreed term of the loan.

An estimate of the borrowing costs at the interest rate published in December 2022 of 4.35%, assuming a loan term of 25 years, suggests that the annual cost to residents could be **£3,288 per year** in total (on average approximately **£9.90 per household** or **£5.08 per registered elector**). The total borrowing cost would be around **£90,990 in capital repayments and interest charges**.

It is also important to emphasise that other bodies within the Eversdens could request additional funding in future. In considering whether to give your support to the current proposal, you should therefore bear in mind that there might be other projects that could add further to your household's annual Council Tax bill.