Batheaston Parish Council

REPORT FOR BORROWING £135,000 THROUGH PWL IN SUPPORT OF DEVELOPING AN ASSET OF COMMUNITY VALUE: BATHEASTON'S GREEN

Purpose of the Report

1. This report is to provide Batheaston Parish Council ("Council") with the details on the development of the Batheaston Green, an asset of Community Value, and to seek approval for borrowing £115,000 from the Public Works Loan Board to fund the Feasibility Assessment and Resident Support stage of acquiring, developing and managing the asset for the community.

Background

2. The village of Batheaston is located on the eastern approach to Bath on the London to Bristol A4 trunk Road. As a rural satellite settlement to Bath, the parish is one of the largest in the region with c3,300 residents in c1,200 households.

3. Batheaston's layout is determined by its local topography: the hills and valleys of Little Solbury, Charmy Down and Bannerdown, and the watercourses of the River Avon (East to West) and St. Catherine's Brook (North to South). The southern extremity of the village is defined by the flood plain of the River Avon, which in turn, determined the routing of the old A4 and associated building development above flood plain levels.

4. Historically, the development followed the London-Bath (A4) route above flood plain levels, now known as the High Street. Exploitation of hydropower in the 18th and 19th century gave impetus to building development along the west side of St Catherine's Brook creating the linear village structure of Northend, stretching northwards from the High Street. During and post WW2, national demand for housing led to the construction of the public sector housing of Elmhurst and St Catherine's Estate on the east side of St. Catherine's Brook, followed in the 1960s and beyond by private sector housing development on the upper and lower slopes of Bannerdown. Combined, this has created a village of 4 separate parts with no recognised "centre".

5. The lack of a centre is detrimental to community cohesion. It is where usually the village school, parish hall, public houses, repair shops, play areas, post office, etc. are located, with communal benefits arising from the synergies between these. Such central areas to meet, interact, trade and relax foster a natural sense of community in the local population and a sense of place to visitors.

6. There is however an area considered by many to be a kind of a village centre. It consists of an area of approximately 7.5 acres between the school and the surgery north-south and Coalpit Road and Northend east-west, with St. Catherine's Brook running through the western part of this area, hereafter referred to as the "Green".

7. The site currently contains a play area, communal garages, an all-weather multi-sports pitch, a football field, the Rhymes pavilion, the Health Centre's vacant plot of land and a Wessex Water pumping station. It also contains the Brook's lower course, a noted corridor of wildlife and plants.

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8. An overwhelming number of respondents to the 2009 Vision and 2017 Neighbourhood Plan surveys supported the "promotion" of the Green as the centre for Batheaston. The feedback called for improving the quality of space, increasing variety of facilities and making greater and better use of the environmental resources of the location.

9. The time has come to put this feedback into action. Many of the facilities have come to the end of their useful life and Brook's bank is overgrown, leading to underuse and underappreciation by residents of this valuable natural asset and its intrinsic potential.

Project and operating model

10. Council will secure, develop and manage the Green as a sustainable asset of Community Value (the "Project").

11. Council will borrow, through PWL if approved by Ministry of Housing, Communities & Local Government, to fund the integration of land and creation of facilities to create a vibrant and sustainable village green with a variety of communal and recreational facilities, e.g. community garden, "riverside" walking trail, parkland, children's playground, sport fields, a Community Hub, green energy facilities, parking and a safer pedestrian and cycling route through the village.

12. In addition to typical communal spaces, the new Community Hub will offer workspaces in support of the local economy. Modern shared and individual office spaces are rare in the immediate region and the Hub will offer local businesses, entrepreneurs and home workers the facility to meet and work without commuting. This further supports the local authority's climate emergency plans.

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13. Council is will set up a community benefit society ("CBS") to support ongoing community engagement and ownership of the Green. The CBS will raise community capital, hold operating licenses and act as operator of the Green, letting the Hub and exploitation of recreational facilities to tenant businesses.

14. Council will enter into a declaration of trust and partnership agreement with the CBS defining the ongoing relationship. Upon completion of the projects, repayment of borrowing will be secured against payments received from the CBS for use of the Council's share of the land and buildings.

15. The CBS will be expected to maintain a cash reserve of a minimum of one year's payment and appropriate terms will be included in the declaration of trust / partnership agreement. The CBS will also maintain funding for future improvements to the facilities that are not part of the tenants' obligations.

Project management

16. Project management is organised in 4 distinct stages, each of with distinct action steps, decisions and risk mitigation options:
    a. Stage 1: Feasibility assessment and resident support
    b. Stage 2: Planning and permissions
    c. Stage 3: Land acquisition and Green development
    d. Stage 4: Commercialisation

17. The Council's assessment of required capital expenditure for developing the Batheaston Green as a Community Assets is c£1m over the course of 4 years:
    a. Feasibility and Resident Support assessment, year 1: £115-135k;
    b. Land transactions, year 2: £150-200k;
    c. Hub and facility development, year 3-4: £600-750k.

18. This Report seeks approval for borrowing the initial £135,000 to fund the Feasibility Assessment and Resident Support stage, and if approved, prepare for Stage 2 of planning and permissions.

19. Specifically, Feasibility Assessment and Resident Support stage will consist of:
    a. Confirming the feasibility of land purchases, leases, swaps and/or access arrangements with B&NES, CURO, Wessex Water, Crossman Homes and the Surgery necessary to create a single integrated space;
    b. Inviting, evaluating and selecting architects on the basis of design resilience, community support (see participatory consulting below), construction organisation and forecast capital and running costs;
    c. Obtaining indications of possible planning consent objections and conditions, including environment and flooding assessments;

d. Participatory consulting with the community, in a way that allows all residents to engage without the need of specialist skill and that captures individual input into collective insight;
e. Confirming the specific demand and utilisation of all facilities and the Hub, be it from Batheaston residents or the immediate catchment area.

20. At the end of Feasibility Assessment and Resident Support stage, the Council will have a detailed and agreed plan between all parties (residents, landowners, planners) for the Green's development, the specifics of which in turn will allow Council to identify further funding and grant sources.

Rationale

21. Council's support for this project should be considered within a number of policy contexts. Councillors should also be aware of views of the community and the powers and rights of the Council's in considering the proposal.

National policy

22. The Localism Act provided for a number of community rights, many of which are actionable by Parish Councils to support the creation and retention of locally important services and facilities.

Local policy

23. The Project is consistent with the longer-term priorities for Batheaston as defined by residents in the 2009 Vision Plan and 2017 Neighbourhood Plan (agreed by Council in form of a Community Plan). The latter has six priorities, one of which is the creation of the Green.

24. Council is committed to delivering on the priorities of the Community Plan and to create and register the Green as an asset of community value.

25. This legal protection will secure a pivotal area in the village centre for the community and encourage improvement and regeneration per the Community Plan.

Sustainable community engagement and benefit

26. This is and must be a community-led project. An overwhelming response (82%) existed in 2009 and 2017 requesting the area to be designated and promoted as the Village Centre, and to overcome the divisive nature of the four geographical areas of the village.

27. Community benefit is being sought in two ways: benefits from the operation of a CBS and benefit from the wider Batheaston community derived from increased awareness and engagement with community needs, events and village life:
    - Creating a thriving, viable and sustainable business owned by community shareholders and run for the benefit of the community that it serves;
    - Providing a place to meet and socialise in a venue that is welcoming to all ages offering access to a range of activities and community events that will address cohesion, loneliness and isolation especially for the elderly, disabled and young families in the community;
    - Providing a venue for other community businesses to grow;
    - Engaging with the community and working with Batheaston Parish Council to achieve its charitable objectives and bring wider community benefit.

28. Involvement and engagement will be designed into the future operation of the CBS. The society will have a management committee, elected by shareholders at an annual meeting and the group will hold regular gatherings and events for Members to update on progress and new initiatives. This will offer direct personal involvement for those purchasing shares, direct communication on the work of the CBS and opportunities in the community.

29. The operation of the CBS is particularly intended to provide a place to meet and socialise in a venue that is welcoming to all ages offering access to a range of activities and community events that will address cohesion, loneliness and isolation especially for the elderly, disabled and young families in the community. These obligations will be shared with any potential tenants.

Local economy

30. As part of the negotiations with potential tenants the CBS will have expectations that where possible the Hub will be used to support the local economy. Modern shared and individual work spaces will offer local businesses, entrepreneurs and home workers a facility to meet and work without commuting, in the process support local climate emergency plans.

31. The café will include local as well as wider-sourced goods and services and is well placed to take advantage of offerings from local producers and suppliers, thus strengthening the local economy

32. A successful Hub and recreation facilities will be a source of permanent, temporary and seasonal employment within the village, creating opportunities for residents and also potential environmental benefits from green travel options such as walking and cycling which are more practical to achieve with a local workforce.

Risk and financial recovery

33. Like all project and business development of this size, there is a level of risk involved that the Council must consider, as well as potential mitigations.

34. To minimise risk Council will over the course of the project:
    a. Seek specialist community business advice and support, e.g. the Plunket Foundation
    b. Engage specialist VAT, capex accounting and legal advice
    c. Drawdown the borrowing in tranches throughout the project
    d. Seek two seats on CBS management board
    e. Seek the CBS to raise its own funds via a share offer to provide working capital

35. The CBS in turn will have a pressure-tested business plan and a requirement to hold sufficient funds to be able to pay the parish council for 12 months, reducing the short-term risk to the Council and offering further risk mitigation options: a new tenant / longer-term tenant pipeline, alternative uses / development options for the Hub and facilities and raising additional capital.

36. As an option of last resort, Council can absorb the costs into the parish council budget (Schedule 4)

Powers

37. Batheaston Parish Council has clear powers to purchase land (including building) and to provide facilities for the benefit of parishioners. The Council understands these powers to provide the basis for the action proposed in this report. In particular S124 of The Local Government Act 1972, provides for the acquisition of land by agreement by parish and community councils for the purposes of (a)any of their functions under this or any other public general Act, or (b)the benefit, improvement or development of their area.

38. Council understands these powers to provide the basis for the action proposed in this report. The primary objective of the purchase is not for a function of the Council but is considered to be for the benefit, improvement and development of the area. The benefits are detailed throughout the report including community engagement, benefit and contributions through the provision of community gardens, play, meeting and community facilities/space. It is considered that the purchase would further the improvement and development of the area as prioritised through the Parish Plan.

39. Council understands that these powers do not include the power to run the Hub and this report does not propose that the Council should do so.

Costs of Stage 1 and financing

40. The capital expenditure of the Feasibility Assessment and Resident Support is forecast as follows:
    a. Feasibility discussions with 3rd parties: £25k
    b. Architect tenders: £20k
    c. Planning consent advice: £15k
    d. Participatory consulting: £35k
    e. Demand and utilisation forecasting: £20k
    f. Contingency / next stage planning: £20k

41. On the basis of this forecast and given the nature of the capex at this stage, Council will:
    a. Apply to borrow £115,000 through the PWL Board, repayable as an annuity over 30 years;
    b. Draw down the credit facility in stages, each preceded by confirmation a decision to continue the project;
    c. Repay the drawn down principal per Schedule 2.

42. Repayments of the Stage 1 PWL are secured by the Infrastructure Funding Ringfence, a dedicated part of the Council budget set aside to fund structural improvements in the village in line with the Community Plan. For 2020/21, the Infrastructure Funding Ringfence includes use of an approved borrowing mechanism – The Public Works Loan Board – to support borrowing up to £5,500 p.a. in interest rate and capital repayments. At current interest rates (27/06/2020), the term (x axis, years) vs principal (y axis, £) are shown in Schedule 3.

43. Council notes that the total repayment over 30 years of a £115,000 PWL at current interest rates amounts to £168,368.

Recommendation

44. The recommendations to Council are that:
    a. Council approves initiation of Stage 1 of the Batheaston Green project;
    b. Council applies to the PWLB for a £115,000 loan repayable over 30 years at a total of £168,368
    c. The proper officer and responsible financial officer be authorised to vary the application to reflect any changes in interest rates before borrowing approval is confirmed,
    d. Council reaffirms the authority of the proper officer and responsible financial officer to continue to receive specialist advice on the proposal
    e. The proper officer, responsible financial officer, chairman and vice-chair be authorised to provide instruction to solicitors, sign the required documentation to implement this decision

Supporting schedules

- Schedule 1: Capital expenditure forecasts Feasibility Assessment and Resident Support stage
- Schedule 2: Stage 1 PWL drawdown schedule
- Schedule 3: PWL duration term vs principal trade-offs
- Schedule 4: Full loan repayment costs and precept impact

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SCHEDULE 1

CAPITAL EXPENDITURE FORECASTS FEASIBILITY ASSESSMENT AND RESIDENT SUPPORT STAGE

Data: 27-Jun-2020

1 Feasibility discussions with 3rd parties

The objective of this work stream is to establish willingness and conceptual agreement with and between affected parties

Hourly cost of legal advice				500
		Fcst Hours	% advised	Total
Parties for discussion and negotiation	B&NES	10	75%	3,750
	CURO	20	75%	7,500
	Wessex Water	10	75%	3,750
	Surgery	5	75%	1,875
	Crossman Homes	20	75%	7,500
Feasibility OOP cost		65	75%	**24,375**

2 Architect tenders

Subject to confirmed validity and pertaining conditions, a request for proposal is drawn up and architects invited to tender. As part of the tendering process, architects are requested to submit concept sketches

Hourly cost of tender AEC advice			500
	Fcst Hours	% advised	Total
Preparation	20	75%	7,500
Architects' Q&A	15	75%	5,625
Tender evaluation	15	50%	3,750
Tender OOP cost	50	67%	**16,875**

3 Planning consent advice

Subject to selected RfPs and concept sketches, indications of possible planning consent objections and conditions, including environment and flooding assessments, are sought from B&NES

Hourly cost of planning advice			500
	Fcst Hours	% advised	Total
Preparation	10	50%	2,500
B&NES Q&A	10	75%	3,750
Evaluation	20	75%	7,500
Pre-planning advice OOP cost	40	67%	**13,750**

4 Participatory consulting

Based on preferred proposal(s), Council conducts a 2-stage inclusive and comprehensive public consultation designed to listen and incoporate the public viewpoint.

Hourly cost of consulting support				500
		Fcst Hours	% advised	Total
Stage 1: Proposals and benefits	Roadshow materials	20	90%	9,000
	Website	10	90%	4,500
	Roadshows	10	25%	1,250
	Q&A forum	10	33%	1,650
Stage 2: Resident inputs	VR app and input	15	100%	7,500
	Feedback evaluation	10	100%	5,000
	Preferred proposal	10	75%	3,750
	Resident dialogue	10	75%	3,750
Participatory consulting advice OOP cost		95	74%	**36,400**

5 Demand and utilisation forecasting

Based on preferred proposal, Council conducts a resident survey of intended use by residents and the wider area

Hourly cost of consulting support			250
	Fcst Hours	% advised	Total
Survey development	20	75%	3,750
Website and Q&A forum	10	90%	2,250
Survey marketing and go live	40	25%	2,500
Feedback evaluation	20	100%	5,000
Resident confirmation	10	75%	1,875
Demand and utilisation forecasting advice OOP cost	100	73%	**15,375**

6 Contingency / next stage planning and total Stage 1 cost

Feasibility OOP cost		24,375
Tender OOP cost		16,875
Pre-planning advice OOP cost		13,750
Participatory consulting advice OOP cost		36,400
Demand and utilisation forecasting advice OOP cost		15,375
		106,775
Contingency margin	10%	**10,678**
Total Stage 1 OOP cost		**117,453**

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SCHEDULE 2
STAGE 1 PWL DRAWDOWN SCHEDULE

Data: 27-Jun-2020

Year	1	2	3	4	5	6	7	8	9
	Feasibility	Tenders	Planning advice	Participatory consulting	Demand forecasting	(1+2)	(6+3)	(7+4)	(8+5)
	25,000	20,000	15,000	35,000	20,000	45,000	60,000	95,000	115,000
1	-	-	-	-	-	-	-	-	-
2	596	476	357	834	476	1,072	1,429	2,263	2,739
3	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
4	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
5	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
6	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
7	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
8	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
9	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
10	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
11	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
12	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
13	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
14	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
15	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
16	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
17	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
18	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
19	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
20	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
21	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
22	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
23	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
24	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
25	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
26	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
27	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
28	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
29	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
30	1,191	953	715	1,668	953	2,144	2,859	4,526	5,479
Total	33,946	27,156	20,367	47,524	27,156	61,102	81,469	128,993	156,150

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SCHEDULE 3

PWL DURATION TERM VS PRINCIPAL TRADE-OFFS

For i = 2% and term = x (years), maximum size of principal = y (£)

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SCHEDULE 4
FULL LOAN REPAYMENT COSTS AND PRECEPT IMPACT

Data: 27-Jun-2020

Full PWL:		1,000,000						
Precept		50,400						
Precept increase		3%						
	Year	Stage 1	Stage 2	Stage 3	Stage 4	**Total**	Precept	**Maximum total as share of precept**
Amount		115,000	20,000	175,000	690,000	1,000,000		
Term (years)		30	30	50	50			
Starting year		1	2	3	4			
	1	-	-	-	-	-	50,400	0.00%
	2	2,739	-	-	-	2,739	51,912	5.28%
	3	5,479	476	-	-	5,955	53,469	11.14%
	4	5,479	953	3,187	-	9,619	55,073	17.47%
	5	5,479	953	6,374	12,566	25,371	56,726	44.73%
	6	5,479	953	6,374	25,131	37,937	58,427	64.93%
	7	5,479	953	6,374	25,131	37,937	60,180	63.04%
	8	5,479	953	6,374	25,131	37,937	61,986	61.20%
	9	5,479	953	6,374	25,131	37,937	63,845	59.42%
	10	5,479	953	6,374	25,131	37,937	65,761	57.69%
	11	5,479	953	6,374	25,131	37,937	67,733	56.01%
	12	5,479	953	6,374	25,131	37,937	69,765	54.38%
	13	5,479	953	6,374	25,131	37,937	71,858	52.79%
	14	5,479	953	6,374	25,131	37,937	74,014	51.26%
	15	5,479	953	6,374	25,131	37,937	76,235	49.76%
	16	5,479	953	6,374	25,131	37,937	78,522	48.31%
	17	5,479	953	6,374	25,131	37,937	80,877	46.91%
	18	5,479	953	6,374	25,131	37,937	83,304	45.54%
	19	5,479	953	6,374	25,131	37,937	85,803	44.21%
	20	5,479	953	6,374	25,131	37,937	88,377	42.93%
	21	5,479	953	6,374	25,131	37,937	91,028	41.68%
	22	5,479	953	6,374	25,131	37,937	93,759	40.46%
	23	5,479	953	6,374	25,131	37,937	96,572	39.28%
	24	5,479	953	6,374	25,131	37,937	99,469	38.14%
	25	5,479	953	6,374	25,131	37,937	102,453	37.03%
	26	5,479	953	6,374	25,131	37,937	105,526	35.95%
	27	5,479	953	6,374	25,131	37,937	108,692	34.90%
	28	5,479	953	6,374	25,131	37,937	111,953	33.89%
	29	5,479	953	6,374	25,131	37,937	115,312	32.90%
	30	5,479	953	6,374	25,131	37,937	118,771	31.94%
	31		953	6,374	25,131	32,458	122,334	26.53%
	32			6,374	25,131	31,505	126,004	25.00%
	33			6,374	25,131	31,505	129,784	24.28%
	34			6,374	25,131	31,505	133,678	23.57%
	35			6,374	25,131	31,505	137,688	22.88%
	36			6,374	25,131	31,505	141,819	22.22%
	37			6,374	25,131	31,505	146,073	21.57%
	38			6,374	25,131	31,505	150,455	20.94%
	39			6,374	25,131	31,505	154,969	20.33%
	40			6,374	25,131	31,505	159,618	19.74%
	41			6,374	25,131	31,505	164,407	19.16%
	42			6,374	25,131	31,505	169,339	18.60%
	43			6,374	25,131	31,505	174,419	18.06%
	44			6,374	25,131	31,505	179,652	17.54%
	45			6,374	25,131	31,505	185,041	17.03%
	46			6,374	25,131	31,505	190,592	16.53%
	47			6,374	25,131	31,505	196,310	16.05%
	48			6,374	25,131	31,505	202,200	15.58%
	49			6,374	25,131	31,505	208,265	15.13%
	50			6,374	25,131	31,505	214,513	14.69%
	51			6,374	25,131	31,505	220,949	14.26%
	52			6,374	25,131	31,505	227,577	13.84%
	53				25,131	25,131	234,405	10.72%