

Chinley, Buxworth and Brownside Parish Council

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Approval for Loan for Chinley Community Centre Project

Report to Chinley, Buxworth & Brownside Parish Council

Meeting date: Wednesday 24 July 2024

Prepared by: Georgina Cooper, Clerk to the Council and Responsible Financial Officer

Subject: Approval for loan for Chinley Community Centre Project

Purpose: to set out relevant information to enable a decision to be taken with respect to seeking approval for a loan to be used towards the construction of the new Chinley Community Centre

Recommendation: To resolve to seek the approval of the Secretary of State for Housing, Communities and Local Government to apply for a loan of up to £100,000 for the Chinley Community Centre Project

1. Background

The Parish Council has worked collaboratively with Chinley, Buxworth & Brownside Community Association (the "Community Association") for over 10 years on a project to rebuild the Community Centre off Lower Lane, Chinley which was asset-transferred to the Council in 2016 by Derbyshire County Council as an alternative to demolition, and to keep it in the hands of the community. A building condition survey in 2018 deemed the old building beyond refurbishment and at the end of its usable life. Significant work was undertaken by both the Parish Council to secure initial funding to achieve planning permission (February 2022) and submit a fully funded proposal to secure the necessary funding. This was carried out alongside significant worldwide events including the Covid pandemic all of which ultimately increased the expected project cost more than two-fold in a relatively short space of time and meant that support from a number of funders was required.

The original building was a much-loved community asset and support for the project has been significant, demonstrated initially through consultation feedback and latterly through support for a Crowdfunder campaign organised by the Community Association, who managed the old building and will manage the new building via a lease already granted in their favour on a 25-year term for £1 per year. The community have been kept abreast of developments on the project through regular newsletters and the community Facebook page.

The Parish Council and Community Association have secured over £1 million in funding towards the project and contractors took over the site in May 2024. On 10 June 2024 the old building was demolished and work is now well under way constructing the replacement building. The Parish Council are paying all costs to erect this new building and the Community Association have raised money to fit it out.

The final project will deliver a brand new, fit-for purpose community building, which will be fully accessible and designed to high environmental standards which will significantly reduce running costs and carbon emissions over its lifetime. It will include a main hall, meeting room, central social circulation space, an office for the Parish Council, library, changing rooms, outdoor terrace and improved parking and pedestrian access.

2. Project funding

After a full tender process, the Parish Council appointed TH Michaels (Construction) Ltd to rebuild Chinley Community Centre. The total project cost is £1,249,977.85 plus VAT, with the Parish Council's contract to erect the building being £1,074,978.57 plus VAT and the Community Association paying the balance on fitting out works under a separate contract. In addition to this there are other costs for architect, legal and other professional services anticipated at £45,981 and a contingency of £87,500 has been allowed for. This is a total project cost of £1,383,459 as below.

Cost element (excluding VAT)	Cost (to the nearest £)
Construction cost	£1,249,978
Architect, legal and professional services	£45,981
Contingency	£87,500
TOTAL	£1,383,459

Funding has been secured or been applied for by both the Parish Council and Community Association and the status of this funding is as follows:

Funder	Amount	Status	Grant Holder
National Lottery	£490,000	Confirmed	Parish Council
UK Government (Community Ownership Fund)	£250,000	Confirmed	Parish Council
Derbyshire County Council	£100,000	Confirmed	Parish Council
Parish Council earmarked reserves	£80,000	Confirmed	Parish Council
Tarmac Landfill Communities Fund	£71,552	Confirmed	Parish Council
S106 Agreement monies (Forge Works and Alders Meadow developments, Chinley)	£56,907	Confirmed*	Parish Council
High Peak Borough Council Move More monies	£50,000	Confirmed	Parish Council
Wain Homes Donation	£40,000	Confirmed*	Parish Council
UK Shared Prosperity Fund	£40,000	Confirmed	Parish Council
Football Foundation	£25,000	Unconfirmed	Parish Council
General fundraising including Crowdfunder campaign	£90,000	Confirmed	Community Association
Bernard Sunley Foundation	£50,000	Confirmed	Community Association
Garfield Weston Foundation	£40,000	Confirmed	Community Association
TOTAL	£1,383,459	* at risk	

At the point of accepting the tender and progressing towards construction, the Parish Council anticipated securing the necessary funding for the project alongside the Community Association.

3. Reason for loan

The Parish Council have recently been made aware that some of the funding previously understood to be confirmed may now be at risk. Furthermore, an outcome of the application to the Football Foundation has still not been received. In addition to this, it is anticipated that a significant portion of the contingency will be used up early in the project due to increased foundation costs which were unforeseen. Therefore, as a precaution, since the project is underway, it is recommended that approval for a loan be sought so that funds can be made available at relatively short notice if required to enable the project to be completed to the agreed specification. The worst case scenario is that up to £100,000 may be required to cover any shortfall, although it is still hoped that the full amount may not all be required. Alongside this, the project team are investigating options for value engineering the project in order to reduce the overall cost.

During the early stages of the project, the Parish Council had expected to need a loan in the region of up to £200,000 and consultation with the community on this basis had been carried out. However, when the UK Government's Community Ownership Fund became available for Parish Council's to apply for, and then when the Council were subsequently successful with their application, it was hoped that a loan may no longer be required but was always considered as a fall-back option.

4. Funding loan repayments

Based on an estimate obtained on 10 July 2024 from the Public Works Loan Board, a £100,000 loan over 25 years would cost the Parish Council £3,633.84 every six months or £7,267.68 every year.

In the Parish Council's current budget for 2024/25, £5,100 is allocated towards costs associated with the rental of the Parish Room (the Council's offices). Further, £3,500 is allocated towards the Community Centre Project. Once the Community Centre has been constructed, the Parish Council will relocate to the new building, as per the terms of the lease granted to the Community Association, and no further costs associated with the project are anticipated. Although the Parish Council will contribute towards the costs associated with being based in the new building (their share of electricity, water, cleaning etc), the Community Association understand the level of contribution will depend upon any loan repayments the Parish Council may need to make. However, fundamentally the Parish Council have up to £8,600 available to reallocate towards loan repayments from 2025/26 onwards without impacting on the precept required.

In the future, the Council would have the option to increase the precept if they found they were unable to afford the loan repayments. However, this is not expected to be likely.

5. Summary

In summary, it is recommended that the Parish Council seek approval from the Secretary of State for Housing, Communities and Local Government to apply for a loan of up to £100,000 over a maximum period of 25 years towards the construction of the new Chinley Community Centre to ensure that the building can be completed to the original specification and in the original time frame. This will contribute towards a £1.25million building that matters to the community, will bring people together and support significant outcomes for residents.