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Meeting	Parks & Open Spaces Committee
Date	Tuesday 13th June 2023
Report Title	Grounds Maintenance Facility
Agenda Reference	18
Author	Georgina Morgan-Denn, Chief Officer/Clerk & RFO Laura Cutter, Deputy Clerk & Services Manager Dave Hunt, Head of Parks & Open Spaces Jodie Smart, Finance Officer/ Deputy RFO

Officers' Recommendation

1. To note an update on the Grounds Maintenance Facility project to date.

Background

The Grounds Maintenance Facility (GMF) project has been in progress for the last two and a half years. During this time the Council has spent a significant amount of time, resources, and costs to date on bringing the project to the stage it is today. The current committed and spend total is £97,413.81 and this figure does not represent the staffing costs of the Council's senior officers and several councillors who have dedicated many hours of their time to attending site visits, working parties and various ad hoc meetings.

Since Swindon Borough Council devolved grounds maintenance services to the Parish Council in 2017 the size of the Council's in-house Parks & Open Spaces Team has increased significantly. For numerous years, the Parish Council has had a temporary arrangement at the Goodearl Allotment site which is simply not fit for purpose. For more information on the background of the project, please refer to the report that was taken to Full Council on 28th February 2023.

Planning Permission

Planning permission was granted in early June for all the revised conditions. This now enables the project to begin, and permission is valid for three years from the time a local planning authority grants it[1].

Community Infrastructure Levy (CIL)

The CIL Liability Notice has been received and the fee is nil. There is still one other action, that is to raise a "Commencement Notice" for us to complete our obligations to CIL and this happens once the project start date is agreed.

Project Manager

The Council has appointed the Project Manager and has met to conduct a site visit and review contract documents. Five suggested changes were made to the contract and passed on to the Council's appointed Solicitors to review. Most items were small adjustments clarifying information and a possible amendment to the retention percentage which may be raised.

[1] To comply with the requirements of Section 91 (1) of the Town & Country Planning Act 1990

Project Planner
The project planner is being updated as and when key dates are received.

Update from Building Contractor: Affleck
1. **Utilities:** Previously there was a 16-week delay in new installation quotations. The 16-week window is coming to an end. Our contractor has chased Thames Water last week but still awaiting a response.
2. **Relocation:** Parks & Open Spaces Team (POST) will be relocating to Waterside to ensure the site is available for clearance ahead of ground works. The Head of Parks & Open Spaces will notify the contractor when the site is available.
3. **Project Manager Meeting:** The Project Manager is engaged to discuss next steps and update all stakeholders fortnightly.
4. **Updates:** The Officers will continue to update the Council every fortnight on any matters arising with this project. The contractor is onboard with this frequency.
5. **Specification/Cost Savings:** The contractor is reviewing the documents and will send any potential cost savings.

Move to Waterside Depot
Once the move date is agreed with Swindon Borough Council, it will take approximately a week to move the equipment. Once completed the rental cost for Waterside is £1,110 per month but will save on average £800.00 per month by returning the Temporary Welfare Unit (one week's notice to off hire). This cost was approved by Full Council on 28th February 2023 (FC 220) and CIL (EMR 319) funds are available for this purpose.

One of the existing containers will remain on Goodearl site for the grass mowing machines and one will be moved across to Rose Walk for the tenants' use. It is suggested that one of the containers could be offered to Wiltshire Wildlife Trust for the Friends of Mouldon Hill Group which the Council may wish to join. Wiltshire Wildlife Trust is coming to July's Parks & Open Spaces Committee to introduce this idea.

Timeline
Affleck has confirmed that it will begin the project within six weeks of exchanging contracts and the project will take 22 – 26 weeks to complete. Adding in extra time for further unplanned for delays, the estimated completion date of the project is early December 2023.

Communications
As the site is an active working Leisure Garden site, it is imperative that the plot holders are kept up to date with the planned progress. The last update was at the beginning of the year, when plot holders were informed that planning permission had been received and the contractor had been appointed. The timescale then was that the project would begin in the summer, however, now it is likely that the project will begin early autumn.

A further communication will go out as soon as we have a ground works start date.

Finance Matters

A) Loan Progress
The Public Works Loan Application was submitted to the Wiltshire Association of Local Councils (WALC) on 28th March 2023 in accordance with the 28th February 2023 resolution (FC 220). WALC then forwarded their completed documentation with our application to the Department for Levelling Up, Housing & Communities (DLUHC) on 28th April 2023. The Policy Officer at DLUHC confirmed receipt of the application and answered a question posed by the Finance Officer regarding potential use of the Council's own reserves prior to drawing down the loan on 16th May 2023. The Policy Officer confirmed that it was entirely appropriate for the Council to use its own

Reserves prior to drawing down any loan and that use of the loan to top-up the reserve for this purpose is permitted. The Policy Officer confirmed that the loan application was partially satisfied on the 16th May 2023 and requested further clarification and documentation. This was completed on the 17th May 2023. The Finance Officer chased the application status on 26th May 2023 and was informed that the Policy Officer dealing with the application was on leave until 5th June 2023 when the application will then be sent to the approver who may have queries of their own before the approval letter can be sent out. The expected return of the approval letter has been stated as, by 16th June 2023.

B) Refinancing

A further question around the potential refinancing of the loan after 12 months has been posed to the Policy Officer. The Finance Officer is awaiting a response as there may be a possibility of the Council refinancing at lower interest rates as it does not achieve the same discounts as a unitary authority and therefore the repayment premium which makes this method unfavourable may not apply. This does still require confirmation from DLUHC.

C) Rising Interest Rates

A significant concern for Council around the financing of the project is the current economic climate and rising interest rates. The Public Works Loan interest rates are based on Government gilt prices which fluctuate in line with interest rates. The interest rate on the current loan application value of £768,590 is 5.46% with fixed twice annual repayments of £26,013.65 for 30 years. (As at 7th July 2023). The loan interest rates are reviewed twice daily and set at the point of the application to draw down the loan. The Bank of England bank rate is currently 4.5% and is due for review on 22nd June 2023. It is expected that it could take 2-3 years for the interest rate to reduce to an 'acceptable' level and that interest rates may rise further up to February 2024.

With the future of interest rates still unpredictable, the Council must make decisions on when and how much to draw down the loan based on the information that is available at the time. The loan does not have to be drawn down in one lump sum. It is estimated that the full amount of £768,590 will not be required. The Finance Officer recommends that the loan is drawn down in strategic instalments to minimise the financial impact as much as possible. However, it is worth noting that with each drawdown there is a fee of £0.35 per £1,000 with a minimum fee of £25. Therefore, the minimum drawdown to reach the £25 fee is £71,430.

D) Cashflow

The Finance Officer has prepared a cashflow projection model for the remainder of the current financial year (Appendix A). Please note that at this stage this is for illustrative purposes only to show how the Council may use its reserves throughout the build stages to attempt to apply for the drawdowns at the most opportune moments. When the build start date is known a formal proposal will be brought to Council. The aim of drawing down the loan over staggered amounts is that interest is set at each drawdown, so the aim is to do this at the lowest interest rate possible whilst ensuring the Council maintains the minimum level of Reserves. Please note that for the purposes of this illustration 'Reserves' includes both General Reserves and EMR balances. The current EMRs report is available for information.

Use of EMRs for the Trent Road play area have been accounted for in the cashflow forecast, as have salary back-payments as the NJC annual pay increments are likely to be agreed around November 2023. We will continue to monitor the interest rates and liaise with DLUHC with a view to obtaining confirmation on whether a refinancing option is available.

Haydon Wick Parish Council

LOCAL COUNCIL AWARD SCHEME QUALITY GOLD

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Appendix A

Cashflow Forecast	Assuming Build commence mid August										
	May	June	July	Aug	September	October	November	December	January	February	March
Balance B/F	975,702	929,099	836,034	742,969	649,904	1,007,420	866,355	558,332	609,559	391,786	399,013
Income (regular)	3,006	-			495,706	2,500					
Income (PWL Draw Down)	-							250,000		250,000	
Total Income	978,708	929,099	836,034	742,969	1,145,610	1,009,920	866,355	808,332	609,559	641,786	399,013
Expenditure (regular)	49,609	93,065	93,065	93,065	93,065	93,065	115,523	96,273	96,273	96,273	96,273
Expenditure (GMF Instalment)					45,125	50,500	192,500	102,500	121,500	146,500	44,500
Total Expenditure	49,609	93,065	93,065	93,065	138,190	143,565	308,023	198,773	217,773	242,773	140,773
Balance C/F	**929,099**	**836,034**	**742,969**	**649,904**	**1,007,420**	**866,355**	**558,332**	**609,559**	**391,786**	**399,013**	**258,240**
Over/(under) 3 months reserve	660,107	567,042	473,977	380,912	738,428	597,363	289,340	340,567	122,794	130,021	- 10,752

Chief Officer & RFO: Georgina Morgan Denn BA (Hons) FSLCC | Chairman: Councillor Vinay Manro