Agenda Item 9 - THE CASE FOR TAKING OUT A PWLB Loan

Motion: Proposal that the PC takes out a loan from the Public Works Loan Board (PWLB) to support refurbishment of Jubilee Hall.

Supporting Information: The Community Association has drawn up plans for the refurbishment of Jubilee Hall, our principal community asset. These plans have been approved and the works have gone out to tender with a number of contractors providing quotes. Building work is set to commence in March 2027 and is scheduled to last 3-4 months. The overall cost of the refurbishment is estimated at £680,000 (including £113,000 of VAT). The Community Association has to date raised funds of £462,000 with several applications for further grants ongoing. The funding team is confident that it will be successful with several of these applications, but it is anticipated there may be a shortfall leading to possible delays in starting the refurbishment. The PC has already agreed to support the refurbishment by using some of its reserves, but nevertheless further support may be required. A PWLB Loan could cover this shortfall and ease any potential cash-flow issues.

Loan Scenario: Apply for a PWLB loan of £75k over a 10-year period. Assuming an interest rate of 5%, that would require an annual repayment of £9,545.

Precept income: Our Band D equivalent tax base currently stands at 783.7. In 2026/27, with a Band D precept of £57.11, our precept income was £44,757.

Repayment: Loan repayment costs could be met with an annual precept increase of 5% over the 10-year loan period. In year 10 this would have raised our Band D precept to £93.03 and our precept income to £63,360 with the loan cleared.

(To achieve the same year 10 precept income without having taken out a loan would require an annual precept increase of 3.6%).

Notes
Great Lumley parish council took out a substantial PWLB loan to support the refurbishment of their community centre. We (Cllrs Diggory and Wood) sought information and advice from Cllr Phil Heaviside about their loan experience. He explained what they had learned and pointed us to CDALC, who had supported the Gt Lumley application.

We enquired from CDALC about applying for this type of loan and in particular for the JH refurbishment. CDALC responded to advise that in their opinion this was a worthwhile project would likely receive approval. They also advised that any application needs to made through CDALC and have offered support should we decide to go for a loan.

CALCULATING MONTHLY PAYBACK ON A LOAN

Loan = L   Loan period months = T   Monthly interest rate = p

Monthly payback = L*(1+p)^T / [1 + (1+p)^1 + (1+p)^2 + (1+p)^3 + ...(1+p)^T-1]

LOAN	PERIOD (yrs)	INTEREST RATE (%)	Mnthly Payment	Annual Repayment	Loan Time (Mnths)	Interest Rate Mnthly
£75,000.00	10	5	£795.49	£9,545.90	120	0.00416667

Band D Households	Band D Increase	Covers all of annual loan repayment
783.7	£12.18	

YEAR	DEBT at 1st March	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB
1	£75,000.00	£74,517.01	£74,032.00	£73,544.98	£73,055.93	£72,564.83	£72,071.70	£71,576.50	£71,079.25	£70,579.92	£70,078.51	£69,575.01	£69,069.42
2	£69,069.42	£68,561.72	£68,051.90	£67,539.96	£67,025.88	£66,509.67	£65,991.30	£65,470.77	£64,948.07	£64,423.20	£63,896.14	£63,366.88	£62,835.42
3	£62,835.42	£62,301.74	£61,765.84	£61,227.71	£60,687.33	£60,144.70	£59,599.81	£59,052.66	£58,503.22	£57,951.49	£57,397.46	£56,841.13	£56,282.47
4	£56,282.47	£55,721.49	£55,158.17	£54,592.51	£54,024.49	£53,454.10	£52,881.33	£52,306.18	£51,728.63	£51,148.67	£50,566.30	£49,981.50	£49,394.27
5	£49,394.27	£48,804.59	£48,212.45	£47,617.84	£47,020.76	£46,421.19	£45,819.12	£45,214.54	£44,607.44	£43,997.81	£43,385.65	£42,770.93	£42,153.65
6	£42,153.65	£41,533.80	£40,911.36	£40,286.34	£39,658.71	£39,028.46	£38,395.59	£37,760.08	£37,121.92	£36,481.10	£35,837.61	£35,191.45	£34,542.59
7	£34,542.59	£33,891.02	£33,236.74	£32,579.74	£31,920.00	£31,257.51	£30,592.25	£29,924.23	£29,253.42	£28,579.82	£27,903.41	£27,224.18	£26,542.13
8	£26,542.13	£25,857.23	£25,169.48	£24,478.86	£23,785.36	£23,088.97	£22,389.69	£21,687.49	£20,982.36	£20,274.29	£19,563.28	£18,849.30	£18,132.35
9	£18,132.35	£17,412.41	£16,689.47	£15,963.52	£15,234.54	£14,502.53	£13,767.46	£13,029.34	£12,288.13	£11,543.84	£10,796.45	£10,045.94	£9,292.31
10	£9,292.31	£8,535.54	£7,775.61	£7,012.52	£6,246.25	£5,476.78	£4,704.11	£3,928.22	£3,149.09	£2,366.72	£1,581.09	£792.19	£0.00
11	£0.00	-£795.49	-£1,594.30	-£2,396.43	-£3,201.91	-£4,010.74	-£4,822.94	-£5,638.53	-£6,457.52	-£7,279.91	-£8,105.74	-£8,935.00	-£9,767.72
12	-£9,767.72	-£10,603.91	-£11,443.59	-£12,286.76	-£13,133.45	-£13,983.66	-£14,837.42	-£15,694.73	-£16,555.62	-£17,420.09	-£18,288.17	-£19,159.86	-£20,035.18
13	-£20,035.18	-£20,914.15	-£21,796.79	-£22,683.10	-£23,573.10	-£24,466.82	-£25,364.25	-£26,265.43	-£27,170.36	-£28,079.06	-£28,991.55	-£29,907.84	-£30,827.94
14	-£30,827.94	-£31,751.88	-£32,679.68	-£33,611.33	-£34,546.87	-£35,486.31	-£36,429.66	-£37,376.94	-£38,328.17	-£39,283.36	-£40,242.53	-£41,205.70	-£42,172.88
15	-£42,172.88	-£43,144.10	-£44,119.35	-£45,098.68	-£46,082.08	-£47,069.58	-£48,061.19	-£49,056.94	-£50,056.83	-£51,060.90	-£52,069.14	-£53,081.59	-£54,098.25

WR&L PC PRECEPT HISTORY

Electorate @ January 2026 = 1941

Tax Yr	Tax base (Equiv Band D)	Band D Precept rate	Precept Income
2026/27	783.7	£57.11	£44,757.11
2025/26	762.7	£54.39	£41,483.25
2024/25	728.3	£54.39	£39,612.24
2023/24	708.5	£51.80	£36,700.30
2022/23	690.5	£51.80	£35,767.90
2021/22	683.2	£51.80	£35,389.76

Loan
Assume Band D equivalent tax base remains constant.
Take out £75k loan at interest rate of 5% over repayment period of 10years.
Monthly repayment = £795.49. Annual repayment = £9545

Repayment Scenario 1: Assume annual precept increase of 5%. Repay loan from precept income.

Repayment Scenario 2: One-off increase of £12.18 in Band D precept (21.3%). Even with no further precept increases in subsequent years, this initial increase would pay off the loan without reducing the precept income. In subsequent years, there is flexibility to increase or hold precept rates in line with circumstances.

Without repayment: After 10 years there would be a 55% increae in precept income compared to year 1.

With annual repayment of £9545: Effective increase in precept income would be 34.8% over 10 years. Ths is equivalent to annual 3.6% increase in precept.

Annual repayment	**£9,545**

YEAR 1st March	YEAR	PRECEPT INCREASE	BAND D PRECEPT	EQUIVALENT BAND D PROPERTIES	PRECEPT INCOME	INCOME AFTER REPAYMENT
2026			£57.11	783.7	£44,757	
2027	1	5.0%	£59.97	783.7	£46,995	£37,450
2028	2	5.0%	£62.96	783.7	£49,345	£39,800
2029	3	5.0%	£66.11	783.7	£51,812	£42,267
2030	4	5.0%	£69.42	783.7	£54,403	£44,858
2031	5	5.0%	£72.89	783.7	£57,123	£47,578
2032	6	5.0%	£76.53	783.7	£59,979	£50,434
2033	7	5.0%	£80.36	783.7	£62,978	£53,433
2034	8	5.0%	£84.38	783.7	£66,127	£56,582
2035	9	5.0%	£88.60	783.7	£69,433	£59,888
2036	10	5.0%	£93.03	783.7	£72,905	£63,360
				TOTALS	**£591,098**	**£495,648**

DIFFERENCE
£95,450

TAX BANDS	% of BAND D PAYMENT
A	67
B	78
C	89
D	100
E	122
F	144

	BAND C property	% of TOTAL
COUNCIL TAX		
TOTAL	£2,275.00	
DCC	£1,849.00	81.0%
FIRE	£114.00	5.0%
POLICE	£267.00	11.8%
Parish Council	£50.76	2.2%

YEAR	Band A (67%)	Band B (78%)	Band C (89%)	Band D (100%)	Band E (122%)
1	£39.98	£46.64	£53.30	£59.97	£73.16
2	£41.98	£48.97	£55.97	£62.96	£76.82
3	£44.07	£51.42	£58.77	£66.11	£80.66
4	£46.28	£53.99	£61.70	£69.42	£84.69
5	£48.59	£56.69	£64.79	£72.89	£88.92
6	£51.02	£59.53	£68.03	£76.53	£93.37
7	£53.57	£62.50	£71.43	£80.36	£98.04
8	£56.25	£65.63	£75.00	£84.38	£102.94
9	£59.06	£68.91	£78.75	£88.60	£108.09
10	£62.02	£72.35	£82.69	£93.03	£113.49