

## Village Hall Project Committee Feb 24 – Briefing for Councillors

Author: Cllr Leonard – 4 Jan 2024

Councillors,

It's been 15 months since the Village Hall Project Committee, chaired by Cllr. Ann Loyd asked Cllr. Crawhurst to undertake the biggest and most in-depth evaluation and history of the Village Hall Project since inception.

I joined the council in May with the aim of helping the council focus on facts and evidence rather than the emotions that had been running high. I have researched and collected as much detail as possible about; the council's financial position, loan requirements, precept and council tax, audit guidance and legal advice and put together the implications of each option. This document presents all that evidence, much of the financial work has never been carried out before. Sorry for the length of the document but everything is on the table, nothing is held back.

Thanks to the Clerk, Jane Warrener for permission to issue this briefing to councillors and agree request to share with the public in advance of the meeting scheduled for 12 Feb 2024. The aim is to be honest, transparent and open and promote some final community feedback - any responses are positively encouraged.

Residents are rightly fed up waiting but they must be certain we have done our homework and deliberations thoroughly. I know councillors feel any outcome we might reach, long in coming, is stressful. Any past unpleasantries are irrelevant at the forthcoming meeting – you can only decide based on the current facts as known to you today and, of course, your discussions and opinions we've heard from our neighbours and residents. We have a duty to make a considered, balanced decision without trying to second guess the reaction it might receive from some.

You have helped this council improve transparency and openness, financial and legal controls are better and you have far more up to date, valid information than a year ago – you have been a key part of that transformation and should be proud and feel rightly justified about any decision you come to.

I have asked the Clerk to allow time in the meeting to hear from the public in attendance **before** and **after** the council's deliberations. As promised the Mulberry & Co auditor "critique" report is also release 21 days in advance of the meeting.

### **Cllr Bill Leonard, Chairman of the Village Hall Project Committee**

This briefing contains solely the views of Cllr Leonard, no collaboration or input from any other person was sought (other than as stated *quotes* & references). Other councillors may wish to prepare their own briefing papers. Please forward any responses to [Clerk@Hooe-pc.gov.uk](mailto:Clerk@Hooe-pc.gov.uk) so they are formally accepted and made available to all councillors prior to the meeting.

## **DOCUMENTATION**

There are detailed Appendices at the end of this document. They provide all the evidence of my research, assumptions, calculations and opinion and should be read in conjunction with the main document for completeness.

### **Appendix 1: Financial**

### **Appendix 2: Need, Usage, Income & Costs**

### **Appendix 3 (separate): Useful pages from documents referenced**

All the full referenced documents below are available at

[www.hooe-pc.gov.uk/village-hall-project](http://www.hooe-pc.gov.uk/village-hall-project)

The following are all historical:

1. Appraisal of Options Report for Village Hall 27.04.23, author Cllr Crawhurst
2. Notes of the Meeting with Wealden District Planners on 22.03.23, author Clerk

The following are recently added:

3. Mulberry Co Critique of Village Hall appraisal of options, Sep23, author Andy Beams

The following are all supporting documents:

- 4.1. VHPC Feb24 Briefing Appendix 3 WL 04Jan24, author Cllr Leonard
- 4.2. Sheppard Survey VH Refurbishment, 17Sep19, author RJ Sheppard
- 4.3. Hooe PC Budget 2024-25 Detail pages 1-3, 11Dec23, author Clerk/Cllr Leonard
- 4.4. Hooe PC Budget 2024-25 Summary and Pie charts pages 4-6, 11Dec23, author Clerk/Cllr Leonard
- 4.5. Financial Summary at 29Nov23 WL 19Dec23, author Clerk/Cllr Leonard
- 4.6. Precept 2024-25 v Loan Payment WL 7Dec23, author Clerk/Cllr Leonard
- 4.7. PWLB Fixed Rate Loan 500000 50yr East Costs WL 7Dec23, source PWLB
- 4.8. PWLB Fixed Rate Loan 50000 25yr East Costs WL 7Dec23, source PWLB
- 4.9. Wealden and Rother District Council Precepts 2023-24 WL 19Dec23, source Gov.uk
- 4.10. Ninfield Memorial Hall Usage study WL 19Dec23, author Cllr Leonard
- 4.11. Catsfield Village Hall Usage Study WL 19Dec23, author Cllr Leonard
- 4.12. Boreham St Reid Hall Wartling Usage study WL 19Dec23, author Cllr Leonard
- 4.13. Village Hall Scenarios for Usage-Income-Costs-Profit-Loss WL 19Dec23, author Cllr Leonard

The following are Excel spreadsheets for your use:

- 4.14. Village Hall Scenarios for Usage-Income-Costs-Profit-Loss WL 19Dec23.xlsx, author Cllr Leonard

## TIMELINE – last 15 months

Oct 2022 – Village Hall Project Committee asked Cllr. Crawhurst to undertake appraisal report showing where we are now with two main options.

Mar 2023 - Meeting with Wealden Planning officials for advice

Apr 2023 – “Appraisal of Options for Hooe Village Hall” authored by Cllr. Crawhurst published (attached).

May 2023 – Presentation of report at Annual Public Meeting and public comments & questions taken.

Aug 2023 – Village Hall Project Committee reconvened to consider Appraisal report and further public views received. The Village Hall Project Committee instructed Mulberry & Co to provide an independent auditor lead review and the Chairman recommended to council to set the coming year budget and precept before any further decision affecting finances.

Dec 2024 - Council approved budget & precept for coming year and agreed further work required on Earmarked Reserves before Village Hall Project Committee meets.

Jan 2024 – Mulberry & Co “Critique” and this briefing published

Coming soon – 12 Feb 2024 – Village Hall Project Committee reconvening 7pm.

## AUDIT REPORT – “Critique” Mulberry & Co

At the last Village Hall Project Committee meeting, councillors referred the appraisal report to auditors for independent review after a small minority complained it was biased and lead to the conclusion Cllr Crawhurst wanted to reach personally.

Councillors might wish to consider the points drawn from the report with a view to accepting the findings & conclusion in Cllr Crawhurst’s report as unbiased:

- i) The Mulberry & Co report concluded Cllr Crawhurst’s report “***sets out a considered and reasonable approach for the assessment of the identified options***”.
- ii) In critiquing the evaluation criteria, the auditor confirms “no clear anomalies within the application and scoring used” and significantly “***no pre-determination to steer the outcome to a particular conclusion***”.

## OPTIONS & REQUIREMENTS

The decision path now for councillors appears to have a logical order.

Consider whether to pursue a **NEW-BUILD** option. If not, a **RENOVATION** option and if not, a **DISPOSAL** option.

**NEW-BUILD** option: to pursue this might require councillors to agree that:

- i) The majority of the community desire a new modern facility
- ii) Significant need exists that justifies developing a green-field site in an open space area, and is sustainable in the long term
- iii) An “available to all facility” will welcome everyone including businesses, community & charity groups from outside the parish as well as within, with minimal restrictions, is maintained & operated by the council
- iv) The parish council’s financial position is robust and auditors will approve
- v) Sufficient reserves are available to pay for the all the initial work before any permissions, loan money or sale proceeds of the village hall site become available
- vi) Initials costs would be sacrificed in the event of project abandonment (consultation failure, planning or loan refusal or worsening financial climate)
- vii) A business case (assisted by external professionals due to the workload & complexity of the project) including building designs, plans, planning consents, project & construction costs, income & expenditure projections and environmental & biodiversity studies receives community approval
- viii) The business case is accepted by ESALC (East Sussex Association of Local Councils), The Secretary of State, the PWLB (Public Works Loan Board) and planning approval is granted by Wealden District Council
- ix) Council taxpayers see all costs as value for money and accept precept increases to repay loan borrowing in the very long term (up to 50 years)
- i) Council taxpayers accept initial expenditure loses, any project overruns costs or any shortfalls in running costs are their unlimited liability
- ii) The risk of financial default (resulting in repossession of the facility) is low
- x) The existing facility risks becoming structurally unsafe, is beyond economic repair and cannot be effectively improved for a reasonable time period
- xi) Disposal of the existing facility will see at least one new house in the village
- xii) It is in the best interests of all current & future residents over the expected lifetime of the facility (75-100+ years)

The Mulberry & Co Critique auditor comments relevant to NEW-BUILD are:

- i) The auditor notes the **“fundamental proof of need and requisite business case for financing appears lacking”** as **“the only realistic option for raising the funding...is borrowing through the PWLB”**
- ii) for which **“evidence to suggest a new larger facility would be widely used by the community would need to be sought...”** and **“without the evidence.... any loan application is likely to fail at the first hurdle”**
- iii) In discussing the affordability, the auditor notes there is **“no forward budget proposals indicating increased usage and subsequent revenue”** and **“the size and length of the potential loan are likely to require lending such that the precept will increase significantly for both current and future residents”** although he clarifies that **“the council can increase the precept by whatever figure it feels it can justify to its residents as representing value for money”**

Councillors might wish to consider the points drawn from the notes of the meeting with Wealden District Council Planners held 22 March 2023 relevant to NEW-BUILD;

- i) The Planning officer’s comments regarding building on the recreation ground said **“it would represent an encroachment upon existing open space...introduce an urban element into what is currently an open site”** and **“would appear isolated and outside the main body of the village”**
- ii) The planning officer confirmed should this option be selected the parish council **“would need to explain why such a large increase in size is required”** with **“need and demand would need to be demonstrated in order that the benefits outweigh the disbenefits of building on an open space”**
- iii) Concluding with the comments about the proposed location that **“various detailed requirements would also have to be satisfied...including ecological and biodiversity reports, as well as a landscape scheme. These are large and costly studies”**
- iv) Regarding the existing Village Hall and adjacent garden, they said planners were **“unlikely to approve more than a single dwelling...only the Village Hall was a brownfield site”** and **“within the setting of two listed buildings and is thus a sensitive location”**, concluding **“would likely be inappropriate and out of character to propose more than one dwelling.”**
- v) Finally insisting that **“Wealden District Council would expect the village hall to be kept open and functioning”** whilst any build is progressed

Councillors might wish to consider the detail in **Appendix 1 FINANCIAL**– the following bullet points for a NEW-BUILD;

- i) 1.0 Every cost Hooe Parish Council incurs has to be split between 208 council taxpayers, equates to **£4.80 each for every £1000** of spending
- ii) 1.1 The new (annual) budget still does not cover the full running costs of the parish so a continuation of rises in the precept or drawing from reserves seem likely.
- iii) 1.2b Councillors should be aware of the implications of committing ANY of the Earmark Reserve (322) for Village Hall Project until such time as a balanced budget can be reached, current issues drawing on reserves are concluded or other significant capital funds appear.
- iv) 1.4 Reserves available now for Village Hall Project may be no more than **£15K (£71 per council taxpayer)**; 1.6b this cost is sacrificed in the event of project abandonment
- v) 1.5 Loan costs could be **£29K** pa (years 2-7) and **£12K** pa (years 8-51), equivalent to **£139 pa & £56 pa** per council taxpayer (based on an example £500K project), total over 50 years is **£3,375** per council taxpayer, total loan costs £704K
- vi) 1.6 There is a high-risk staffing issue that would need mitigating
- vii) 1.6b Standings costs (after opening) are likely no less than **£15K pa (£72 pa per council taxpayer)**
- viii) 1.6b Due to the fluctuating nature of availability of grants, it is unlikely any significant reliance on grants could be made in any business case.
- ix) 1.6b In years 1-3 after opening, the precept increases could spike and be made up of loan costs and Standing costs of both old & new facilities in the short term
- x) 1.6b The full financial effect of this project on council taxpayers cannot be accurately calculated at the outset or mitigated during implementation, is extremely long term in effect, with a high risk of fluctuating costs that are could be significantly over or under initial estimates.
- xi) 1.9 The Parish Council may not be able to reclaim any VAT for all costs if the new build is considered a “business” by HMRC rules.

Councillors might wish to consider the detail in **Appendix 2 NEED, USAGE, INCOME & COSTS**– the following bullet points summarise for a NEW-BUILD;

- i) 2.1 There is plenty of choice and capacity to hire a modern village hall locally; All six nearby village halls are NOT funded by their council taxpayers but are funded by charitable trusts
- ii) 2.2 The definition of “need” has been advised to us as **“local need only”**

- iii) 2.3 Current on-going usage of the village hall is **7%**. If all known & suggested current community need for a new facility were included, this would be **19%**.
- iv) 2.6e Using an example business case scenario with usage similar to Ninfield & Catsfield, whilst the new facility would cover annual loan & running costs from Year 10, there is no real prospect of the bulk of Year 1-10 project costs circa £202K (£962 per council taxpayer) being repaid in following years but council taxpayers would no longer be funding it further
- v) 2.7 The real break-even period by which time the facility covers all its project and operating costs and starts reducing council taxpayer's liabilities, cannot be determined or guarantee it will ever occur

**RENOVATION** option for continued use in the medium term (25+ years): to pursue this might require councillors to agree that:

- i) A significant desire exists within the community to fund and maintain the historical "value" of the village hall irrespective of its on-going use, and on that basis, the ESALC (East Sussex Association of Local Councils), the Secretary of State and the PWLB (Public Works Loan Board) approves
- ii) A low risk exists that the VH could become structurally unsafe, is not beyond economic repair and can be improved for a long time period.
- iii) Parking provision (12 parking spaces proposed) is likely to be permitted and leads to improved usability
- iv) The facilities size restrictions are not a big factor to increasing usage
- v) The parish council's financial position is robust and auditors will approve
- vi) Sufficient reserves are available for the provision of the initial project work to cost out renovation/parking plans and obtain permissions and be successful in having sufficient seed funds to apply for grants
- vii) Any renovation/parking provision costs and medium-term running costs (over and above income or available grants) are reasonable and proportionate per council taxpayer given the expected lifetime
- viii) Council taxpayers see the renovation/parking costs as value for money and accept modest precept increases if any borrowing were necessary
- ix) The risk of the hall becoming an increasing financial burden is low
- x) The risk of financial default of any loan secured on the facility is low
- xi) It is in the best interests of all residents over the expected lifetime

Councillors might wish to consider the points drawn from the notes of the meeting with Wealden Planners held 22 March 2023 relevant to RENOVATION



- i) The planning officer understood the Village Hall has parking needs to improve viability, pointing out that it **“would remove open space”** and **“Hooe Parish Council would need to provide the same amount of land elsewhere for the same purpose”** (currently classed as allotment tenancy)
- ii) Recommending that further talks are held with East Sussex County Council Highways regarding access to & from the highway but concluded planners would be **“unlikely to object to a small extension”** on the village hall

Councillors might wish to consider the detail in **Appendix 1 FINANCIAL**– the following bullet points for a RENOVATION;

- i) 1.0 Every cost Hooe parish council incurs has to be split between 208 council taxpayers, equates to **£4.80 each for every £1000** of spending
- ii) 1.1 The annual budget for 2024/25 still does not cover the full running costs of the parish so a continuation of rises in the precept or drawing from reserves seem likely
- iii) 1.2b Councillors should be aware of the implications of committing ANY of earmark reserves (322) for village hall project until such time as a balanced budget can be reached, current issues drawing on earmark reserves are concluded or other significant capital funds appear.
- iv) 1.4 Earmark reserves available may be no more than **£15K (£71 per council taxpayer)**
- v) 1.5 Loan costs, if fully required, for £100K borrowing are **£7K pa** (years 2-26) requiring precept increases of **£35 pa** per council taxpayer
- vi) over 25 years is **£870** per council taxpayer, total loan costs **£182K**
- vii) 1.7b True renovation costs need to be established and may be significant enough to require a loan from PWLB and therefore will require a business case and community consultation
- viii) 1.7b Standing costs are currently **£2K pa** and will likely increase to **£3K pa**
- ix) 1.7b Most grants require seed money, are available limited timeframes with no guarantee of acceptance, however, some aspects of the renovation may not require immediate action, could be delayed waiting for grants & seed money to become available.
- x) 1.7c The full financial effect of this project on council taxpayers can be reasonably accurately calculated at the outset or mitigated during the implementation. The risk of figures being under or overstated or fluctuating is low.

Councillors might wish to consider the detail in **Appendix 2 NEED, USAGE, INCOME & COSTS** – the following bullet points summarise for a RENOVATION;



- i) 2.1 There is plenty of choice and capacity to hire a modern village hall locally; All six nearby village halls are NOT funded by council taxpayers but are funded by charitable trusts
- ii) 2.2 The definition of “need” has been advised to us as “*local need only*”
- iii) 2.3 Current on-going usage of the village hall is **7%**. If all known & suggested current community need were included, this would be **19%**.
- iv) 2.6f Using an example business case scenario with enhanced usage 10% points above identified, rising to similar usage to Boreham St, the facility would be close to covering annual loan & running costs from Year 10, there is no prospect of the bulk of Year 1-10 project costs circa £49K (£231 per council taxpayer) being repaid in following years but council taxpayers would no longer be funding it any more than they do currently
- v) 2.7 The real break-even period by which time the facility covers all its project and operating costs and starts reducing council taxpayer’s liabilities, cannot be determined or guarantee it will ever occur

**DISPOSAL** option resulting in closure within the short term (< 5 years); to pursue this might require councillors to agree that:

- i) There is little desire within the community to fund and maintain the historical “value” of the Village Hall irrespective of its use
- ii) On-going use of the village hall by the community is unacceptably low
- iii) Permission for parking is rejected or provision costs are unacceptably high so increased use of the existing building can’t be generated or sustained.
- iv) The proposed new car park is insufficient in size (12 parking spaces proposed) and will limit the type/size of bookings that can be taken.
- v) Renovation costs and on-going running costs aren’t reasonable and proportionate for the expected lifetime
- vi) Council taxpayers see the renovation costs as poor value/waste of money and not accept any precept increases
- vii) The risk of the village hall becoming an increasing financial burden is high
- viii) The risk the existing facility could become structurally unsafe & beyond economic repair at any time is high
- ix) Proceeds resulting from disposal of the site have significant benefits towards on-going, long-term reduction in precept
- x) The community will the benefit of having considerable capital reserves for new projects in the long term
- xi) Disposal of the existing facility will see at least one new house in the village
- xii) It is in the best interests of all council taxpayers to limit undefinable future on-going maintenance liabilities and reduce the tax burden long term

Councillors might wish to consider the points drawn from the notes of the meeting with Wealden District Council Planners held 22 March 2023 relevant to DISPOSAL

- i) Regarding the existing Village Hall and adjacent garden, she said planners were ***“unlikely to approve more than a single dwelling...only the Village Hall was a brownfield site”*** and ***“within the setting of two listed buildings and is thus a sensitive location”***, concluding ***“would likely be inappropriate and out of character to propose more than one dwelling.”***

Councillors might wish to consider the detail in **Appendix 1 FINANCIAL**– the following bullet points for a DISPOSAL;

- i) 1.8b On-going spending is not yet fully funded by income & precept, drawing on reserves, so further precept rises may be avoided long term
- ii) 1.8b Reserves available for use circa **£15K** could be directed elsewhere
- iii) 1.8c While remaining open, stand-still running costs (excluding income) are less than **£2K pa**, after closure would result in a saving of **£10 pa** per council taxpayer
- iv) 1.8c Proceeds of sale would become capital reserves not general reserves and could not directly be returned to council taxpayers
- v) 1.8c Investment income circa **£14K**, representing approx. 39% of 2024/25 precept could be used to reduce the charge by up to **£66pa** per council taxpayer on-going, based on £300K proceeds of sale
- vi) 1.8c Overall precept reductions could be in the region of **£76pa** per council taxpayer, equivalent to a **45%** of next year’s precept
- vii) 1.8c Councillors should note the long-term financial security and certainty this option might bring council taxpayers and the long-term potential for supporting other community projects.
- viii) 1.8d The full financial effect of this project on council taxpayers can be accurately calculated at the outset, is long term in effect, with a high potential financial benefit and stability for council taxpayers. The risk of figures being under or overstated or fluctuating is low.

Councillors might wish to consider the detail in **Appendix 2 NEED, USAGE INCOME & COSTS**– the following bullet points for a DISPOSAL;

- i) 2.1 Within a few miles of Hooe there is plenty of choice and capacity to hire a modern village hall facility
- ii) 2.3 Current usage of the VH is **7%**, the building is empty **93%** of the time.

**END OF BRIEFING DOCUMENT**

## **APPENDIX 1 -FINANCIAL**

### **1.0 Tax Base & Precept**

Tax-base is the number of council taxpayers in a parish. Precept is the total charge made by the council (representing their projected annual spend less any income) which is shared out between properties, not equally, but band-D is the average – precept charge divided by tax base. For Hooe for 2023/24 the tax base is **208.7** and precept **£30,999** so Band-D property was charged **£148** on their council tax bill.

To calculate any other banding, start with band-D then Band-A is 66%, Band-B is 77%, Band-C is 88%, Band-E is 122%, Band-F is 144%, Band-G is 166% and Band-H is 200%. The “per council taxpayer” references quoted in this document is band-D.

No direct comparison between neighbouring parishes can be inferred since each parish has different and varied facilities to manage and would require complex analysis of all their budgets to achieve any meaningful comparison. However, the average precept for all typical smaller village communities within Wealden & Rother District Councils (with tax bases under 400) is **£53**. Hooe’s spending for 2023/24 and budget for 2024/25 detailed by facility is in supporting documentation.

**Of the 75 parishes in Wealden and Rother, Hooe is the 6<sup>th</sup> highest precept per council taxpayer**, none above Hooe are small parishes. Forest Row, Uckfield, Hailsham & Crowborough have tax bases between 2,245 and 8,901, the smallest of the six is Etchingam with 422 tax-base, roughly twice Hooe. All local tax bases and precepts are in supporting documentation.

The key point that does need illustrating here, is the impact on council taxpayers in different size communities of council spending. Every cost Hooe parish council incurs has to be split between just 208 council taxpayers, so roughly **£4.80 for every £1,000** of spending has to be charged to each council taxpayer. That same £1,000 spending by Ninfield is £1.51 (£1,000 divided by tax base of 664), Catsfield £2.60 (£1,000 divided by 384), Herstmonceux 87p (£1,000 divided by 1144) and Hailsham just 13p (£1,000 divided by 7690) per council taxpayer. **Different communities see different impacts on their tax charge for the same spend.**

### **1.1 Current Position**

The budget for 2024/25 was agreed on 11Dec23 requiring in a **12%** increase in the precept charge to **£34,983** and a reduced but continued draw on reserves was approved of **£4,400**. The new tax base for Hooe is **210.4** and results in a precept for next year of **£166.27 pa** for a band-D property.

**The new budget still does not cover the full running costs of the parish so a continuation of rises in the precept or drawing from reserves seem likely.**

### **1.2a Financial Summary & General Reserves**

Understanding General (GR) and Earmarked Reserves (EMR) is complicated so I have produced these explanations to help councillors through this minefield.

As of 29Nov23 the council's bank balances total was **£79,918**. Although this may look healthy, we are obliged to maintain a **minimum level of General Reserves (GR) at all times**. Legally this can be as low as 25% of budget but we would run into serious audit concerns if we ran at that minimum and **50% is our auditor's expectation** which we have maintained above in the past two years.

On 29Nov23 our GR figure was **£30,736** and the 50% minimum for this year is **£20,759**, so **only £9,977 is general reserve headroom**. We know this amount is likely to be fully exhausted by significant overspends already in the pipeline this year.

On 01Apr24 our Budget will be **£45,712**, our General Reserve minimum will be circa **£22,856** (up £2,097). Any shortfall in General Reserves can only be drawn from Earmarked Reserves - this will be required – see section below.

Bear in mind, we only receive precept funds in two halves, Apr and Sep each year, so maintaining General Reserve minimum levels requires very careful management and cashflow control.

### **1.2b Earmarked Reserves**

Earmarked reserves are set aside for particular project spending. All figures quoted (whole pounds only) as of 29Nov23 – the total was **£43,301**

Two EMRs labelled **321** & **322** make up the bulk of EMRs (others total £ 4,753 for other small project spending) **give the impression that £38,530 is available to spend on the Village Hall project – this may not be the case.**

Earmarked Reserve **321 Village Hall Public Donations**: this has **£14,762**. These are funds donated by the public and raised by the former parish council in fund raising in support of a new or refurbished village hall. Councillors are aware of the sensitivity of touching this money until a final decision is reached, so use of this reserve is “pending a decision”.

Earmarked Reserve **322 Village Hall Funding**: this has **£23,768**. Despite its title, it has been the place that unforeseen costs have been drawn from and has reduced significantly over the last two years. Any current year, future year overspending and agreed budgetary drawing of reserves can only be taken from here – there are no

other sources of funds to call on - only the council taxpayers. I've projected the figure for 322 on 01Apr24 will likely be **£17,221**, as we were unable to balance the budget for next year, agreeing to draw further reserves of £4,400 and GR minimum will need topping up by £2,097. This still doesn't take into account unforeseen expenses that may occur next year.

**Councillors should be aware of the implications of committing ANY of 322 for village hall project until such time as a balanced budget can be reached, current issues drawing on reserves are concluded or other significant capital funds appear.**

### **1.3 Other Assets**

Unlike a regular business, the asset register of a public body has a statutory requirement to report to the government auditors the purchase value of the parish council's assets only. Assets, such as equipment could be significantly lower due to age, wear & tear and land & buildings could be significantly higher. However, the Parish Council is still legally required to undertake an asset valuation every five years for insurance purposes.

The council is a significant landowner, the largest assets being the Village Hall site and Parish Farm, although other significant acreage of land that you can see south of the main road and surrounding Parish Farm. The asset register is required to have all assets valued every five years, only the legal obligation explained above, however, it is required to take asset value, particularly land, into account and review rents etc at regular intervals. At this time, we do not have the 'current' value of all land & property assets, although we do have an indication of many recently valued parcels.

In the most recent land valuation report of 29 March 2022, the site and adjacent land to the village hall was valued at £150K (freehold vacant possession with no development rights), although the report indicated that its value should two dwellings be permitted would rise to £600K. As it has been indicated to us by Wealden planning officers that only one dwelling is likely to be accepted, I have used the figure of £300K in this document.

Until recently, income from all the land assets has been peppercorn. This is not in line with our legal obligations and the council are in the process of ensuring rental income comes more into line with market conditions. This will take some time to factor into any long-term finances.

On 6Dec23 the council agreed to sell a parcel of land for a value in the region of £50,000 but it is by no means certain this will happen or when it might complete. This will go into capital reserves and cannot be spent on day-to-day running costs so is preserved.

## **1.4 Village Hall Project - Capacity**

Assuming that the funds allocated to the earmark reserves 322 are considered unavailable and the funds allocated to 321 are the only guaranteed project money, the figure to consider **immediately and solely available for any village hall option we choose is only £14,762**. This amount would be the maximum available to fund initial project work for either NEW-BUILD or RENOVATION before any loan or grant proceeds or land sale proceeds became available.

## **1.5 Public Works Loan Board – Effect on Precept**

For any loan application or business case to be considered it must indicate the likely effect on the precept (council taxpayer costs).

PWLB figures presented in the Aug23 Village Hall Project Committee meeting showed likely uplifts to the precept to fund certain levels of borrowing in the range £50,000 to £1,000,000. Due to the fact interest rates on those loans are changed twice a day, the figures produced were only valid on 7Aug23 when the interest rate used for a 50yr loan was 5.57%; on 7Dec23 it was 5.42%. **The council would never know the actual interest rate until the day any loan application was finalised, adding to cost insecurity.**

Using the 7Dec23 rate: Each £100,000 of loan would increase the precept by £28 pa in years 1-50 (band-D). For a NEW-BUILD project, assuming a 7yr timescale with **£500,000** borrowing from year 1 and **£200,000** borrowing from year 8, the total cost to each council taxpayer just for the loan theoretically would be **£3,375** total, **£139pa** (£976 total) for years 1-7 and **£56pa** (£2,399 total) for years 8-50. Documents “4.6. Precept 2024-25 v Loan Payment WL 7Dec23” and “4.7. PWLB Fixed Rate loan 500000 50yr Est Costs WL 7Dec23” are provided.

For a RENOVATION project, borrowing over 50 years may be inappropriate and figures representing a more likely loan period of say 25 years may be more relevant. A **£100,000** loan on 7Dec23 at **5.3%** over 25 years would increase the precept by **£35 pa** (£870 total) for years 1-25 for each council taxpayer. Document “4.8. PWLB Fixed Rate loan 50000 25yr Est Costs WL 7Dec23” is provided.

**Figures quoted to illustrate the effect on the precept are PURELY for the loan costs and exclude operating costs and/or any surplus/deficit that may be generated over the timescale stated which may increase or decrease the effect on the precept.**



## **1.6a Staffing - New-Build**

This project could easily take anywhere from **4 (optimistic) up to 7 years (pessimistic)**; 18mth-to 2yr for design, planning, consultation, loan approval and contracts issued; 18mth-2yr construction; 1-2yr disposal.

Due to the complexity and long duration time, it's unlikely the workload could be handled solely by the council & clerk currently. Councillors might have to consider whether the current clerk/RFO position would want to significantly increase hours possibly to full-time, would accept the greater responsibility and whether the council feel it is wise to place such a complex and long-term demand on just one person or consider contracting an assistant/locum clerk or having two part time clerks or splitting the role of Clerk & RFO, and not necessarily just for the workload implication.

As councillors appreciate, not commonly understood by the public, the clerk is the only person who can legally run the council, an equivalent position in a business is the CEO. I cannot pay an invoice, place an order, correspond with a resident and worryingly, and in the event of an emergency due to resignation, accident/illness or worse, the council could be in serious position. Businesses that identify this risk can purchase Keyperson insurances but it's not just about the financial risk – all the precise knowledge of the project would present a challenge to even a fully experienced replacement clerk. Councillors have first-hand knowledge of the difficulties in filling a clerk position given the low pay verses high responsibility.

At present we could weather this in the short term but, **if councillors take on a project of this size and maintain reliance on one person for the entire duration, there is, in my opinion this is a high risk and will need mitigated in some way.**

After the project is complete, on-going workload may require those arrangements to continue with a facility of its size to manage.

## **1.6b Costs - New-Build**

In the appraisal document, various sizes of new facility were outlined. This document does not intend to pick any particular size or cost, merely demonstrating the likely costs of a "typical" new build scenario. Given all the initial costs, construction costs, management of the project for the full duration and VAT concerns (see 1.9), it is unlikely a total project cost less than £500K would be realistic, so that figure has been used.

I have assumed in all my calculations the new facility would open in **Year 5 (operating Year 1)**, the old facility is then closed and sold and it takes until end of Year 7 before the project is considered complete and proceeds of sale are used to



repay the bulk of the initial loan, although there is no guarantee the council would use all the sale proceeds to reduce borrowing immediately.

In the absence of any up-to-date plans or costs, the whole project would need re-starting from scratch and would have to be funded out of existing reserves. It is not inconceivable that all of the available funds from the 321 EMR reserves could be exhausted on contracting out to professionals to prepare plans and a business case alone and **ultimately this cost is non-refundable in the event of project abandonment; £14,762 (£71 per band-D council taxpayer)**. This would result in a reduced or a level close to zero of reserves remaining should then an alternative option be considered.

Most **grants** require seed money and are available in limited windows & short timescales. Due to the fluctuating nature of their availability and needing to “know” in advance that they are approved and guaranteed – **it is unlikely any significant reliance on grants could be made in any business case.**

It is difficult to estimate running costs of a new facility but the **Standing costs** (these are costs that have to be incurred irrespective of use) could easily be circa **£15K pa**, this figure includes; Insurance (Buildings/contents & Public liability), Health & Safety (annual certificates electrical/plumbing, risk assessments, fire/smoke and intruder alarm maintenance), Communications (Wi-fi / Broadband), Utilities (Water & Sewerage, Waste collections, Electricity standing charge & minimum heating costs), Cleaning (Basic & annual windows etc) & Annual Maintenance (all kitchen appliances, Heating systems), Caretaking, Administration (Banking, Invoicing, Accounts, Audit)

In the first 3 years the new facility is opened, these costs may not be entirely offset against new hire income yet to be received and would have to be allowed for in the budget setting process in the previous year before income is known. This may artificially increase the precept as the old facility has yet to be sold. **So, in years 1-3 after opening, the precept increases could be made up of loan costs and Standing Costs of both old & new facilities.**

### **1.6c Risks - New-Build**

The full financial effect of this project on council taxpayers **cannot be accurately calculated at the outset or mitigated during implementation, is extremely long term in effect, with a high risk of fluctuating costs that are could be significantly over or under initial estimates.**

### 1.7a Staffing - Renovation

This project timescale does not need to be so accurately determined as a new build. There are phases that could be adopted. Firstly, parking/urgent works complete within 18mth-2 yrs., the rest following as grants/funding allows. It is likely renovation works would not close the facility for long periods and therefore it can remain open for business much of the time.

It is likely the extra initial workload could be handled from within the council & clerk for the project organisation but there will be an increased cost, therefore I have assumed this would be funded from EMR 321.

### 1.7b Costs - Renovation

The renovation costs outlined in Cllr Crawhurst's report (circa £90K) came from quotes produced over a year ago and were not as extensive as those outlined in a survey by EAR Sheppard on 17Sep19 (document "4.2. Sheppard Survey VH Refurbishment"). Although the survey document concluded "*...the overall structural integrity & adequacy of the building is good*", it lists 19 recommendations estimated at **£155K**. I believe only the "key" suggested repairs were put into the £90K appraisal budget and is therefore not indicative of the full potential renovation cost.

As this survey was over 4 years ago, it may be necessary to properly identify the full costs of appropriate renovation works, if that option is chosen, for a new survey and resulting estimates to be re-done to gain a true position before embarking on any repairs.

Councillors may need to assume previous estimates have already increased due to inflation, possibly to circa **£100K**, only around **£15K** could be funded from 321 EMR so the rest would have to come from grants, or the sale of land assets or precept increases to fund a loan or to fund work, however only some of this total cost is considered urgent repairs or immediate modifications.

The true scale of renovation costs, including any loan interest may be significant enough (**£150K total is circa £750 per band-D council taxpayer**) therefore the minimum expected lifetime of the newly renovated facility should be determined and "value for money" tests established for each major cost (e.g. If the life expectancy of a repair is only 10 years, and the cost is £30K, this is £14.40 per council taxpayer per year. Over 25 years this reduces to £5.75 per council taxpayer per year).

**Grants** may be more accessible for the renovation project, most grants require seed money, are available limited timeframes with no guarantee of acceptance, however,

due to some of the identified work not being urgent in nature and could be delayed in anticipation of grants becoming available later, resulting in cost to council taxpayers being less.

The **Standing** costs of the renovated facility are likely to be only slightly higher than current costs around **£3K pa v £2K pa**

**Overall renovation costs are likely to be significant enough to require a loan and therefore a business case and would need to go to a community consultation.**

### **1.7c Risks - Renovation**

The full financial effect of this project on council taxpayers **can be reasonably accurately calculated at the outset or mitigated during the implementation. The risk of figures being under or overstated or fluctuating is low.**

### **1.8a Staffing - Disposal**

This option could extend to 3-4 years; 18mth-2yr consultation, sale, closure planning, 18mth-2yr completion of sale & proceeds. It is likely minimal extra staffing budget will be needed to pursue this option.

### **1.8b Costs - Disposal**

This option is the elephant in the room. It has not been discussed sufficiently due to the sensitivity but nonetheless should now be on the table. There will undoubtedly be strong feeling should the council even explore this route. Let me try to put some arguments forward that might mitigate people's immediate and obvious reaction.

The existing hall was gifted to the parish over 100 years ago at a value of £300. It has served the village well but if we come to the realisation that it has had its day and cannot be restored to a full and useful life, the prospect of selling will seem very final to some, much like death. What often follows is beneficial, money that can do good.

Proceeds from any sale will last a very long time and do a lot of good for the community and the council taxpayer. It cannot be returned to council taxpayers directly anyway and you might argue it should not; they never paid for it in the first place. It has been well loved, well used and its legacy could provide the community new projects as well as financial security. Ideas on how the money could be used might form a key part of the consultation, which would without question be essential, council would not likely take this option on their own volition.

The costs of this exploring this option would be minimal and likely be covered by the 321 EMR. As on-going council spending is not yet fully funded by income & precept, drawing on reserves, therefore further precept rises may be avoided long term

### **1.8c Benefits - Disposal**

Using the valuation outlined in 1.3, the **£300K** would become capital reserves not general reserves. Any capital purchases that are currently funded by council taxpayers, could come from this reserve. Wisely invested interest-bearing short & long-term accounts, bonds and fixed investments could generate significant income which could generate a reduction in precept in the short & medium terms until new projects are identified.

An example of income potential at current rates:

**£200K** long term bonds/investment at 5%pa = **£10,000pa**

**£80K** in short term bonds/fixed term deposits at 4% = **£3200**

**£20K** in instant access savings @ 2.75% = **£550pa**

**TOTAL £ 13,750pa (£66pa per council taxpayer)**, approx. **39%** of current precept

The **Standing** costs of the current village hall are around **£2K pa** representing a cost of approx. **£10pa per council taxpayer** saving.

Overall precept reductions could be in the region of **£76pa per council taxpayer**, equivalent to **45%** of next year's precept.

**Councillors should note the long-term financial security and certainty this option might bring council taxpayers and the long-term potential for supporting other community projects.**

### **1.8d Risks - Disposal**

The full financial effect of this project on council taxpayers **can be accurately calculated at the outset, is long term in effect, with a high potential financial benefit and stability for council taxpayers. The risk of figures being under or overstated or fluctuating is low.**

### **1.9 VAT**

Currently the council is not VAT registered and operates under section 33 rules whereby we are able to reclaim VAT on all purchases using our own money (from VAT registered businesses). We also do not charge VAT to hirers. This is a significant benefit, effectively keeping most costs down by 20% compared to a regular business.

Clarification would be required regarding whether a new village hall, specifically built with the intention of attracting business clients, would fall foul of the statement from gov.uk indicated below in red, i.e. is our facility a partly a "business"?

## **VATGPB4445 - Section 33 bodies: recoverable VAT: donated funds**

Refunds can be claimed where purchases are made from funds given to a section 33 body for specified non-business purposes so long as the body:

- makes the purchase itself in the sense that it
  - places the order
  - receives the supply
  - holds a VAT invoice in its own name, and
  - makes payment
- retains ownership of the purchase **and uses it for its own non-business purposes,** and
- keeps sufficient records of the purchase and the purpose for which it was made to allow easy identification.

This might increase all construction, project and on-going costs to do with a new facility by the VAT element, potentially adding 20%. In context, the VAT content in £500,000 could be as high as £ 83,333 and if operating costs per year were £15,000 the VAT content could be as high as £2,500. This may not be reclaimable.

**END OF APPENDIX 1**

## **APPENDIX 2 – NEED, USAGE, INCOME & COSTS**

### **2.1 Local Community Facilities & Funding**

Within a few miles of Hooe there is **plenty of choice and capacity to hire a modern village hall facility.**

**All nearby village halls in the parishes of Ninfield, Catsfield, Wartling (Boreham Street), Herstmonceux. Ashburnham & Penhurst and Crowhurst are NOT funded by their council taxpayers.** Indeed, most of the older buildings were never built by the council, many were gifted/donated like our own hall and are all run by charitable trusts.

#### **2.1a Hooe**

Hooe (tax base **208** precept **£149**) village hall was brought back into use on October 2022 and has been available to anyone for hire but take up from continues to be very low. It is a small facility, max 50 people and no parking. Hire charges are £10ph (no min).

Our parish Church, St. Oswald's welcomes other local community users and provides facilities for their coffee mornings and fund raising.

#### **2.1b Ninfield**

**[www.ninfieldmemorialhall.co.uk](http://www.ninfieldmemorialhall.co.uk)**

Our neighbouring parish of Ninfield (tax base **672** precept **£90**) has the Memorial Hall, built in 1870 and bought by the village in 1921. Parking for around 16 cars, the main hall can accommodate 120 seated, hire charges range from £9ph parish / £14ph non-parish weekday up to £20 /£25ph resp. at weekends. Research on use is in section 2.5.

While the Hooe village hall was out of action, the Parish Council meetings were held in the St. Mary's Church reading room, which is hireable.

#### **2.1c Catsfield**

**[www.catsfieldpc.co.uk/council](http://www.catsfieldpc.co.uk/council)**

Catsfield (tax base **383** precept **£83**) village hall, which can host 100 people, is run by a charitable trust, of which the parish council are custodians. They also have a committee room, snooker room and cottage for hire. Charges are focussed more to short stay private users, only £6ph/£8ph, but commercial users pay a min £100 hire charge a day, part-day or evening. Research on use is in section 2.5.

### **2.1d Boreham Street (Wartling)**

**[www.reidhallborehamdstreet.co.uk](http://www.reidhallborehamdstreet.co.uk)**

The Reid Hall, in Boreham Street (Wartling parish tax base **220**, precept **£38**) is owned and run by Wartling Village Hall Trust, a self-supporting charity. Hire charges start at min £35 parish/£60 non parish for a weekday morning, up to £80 parish/£130 for Saturday evenings. Winter/summer rates were the same, no full day discounts were mentioned so a full Saturday would be resident £200 /non-parish £340. Research on use is in section 2.5.

### **2.1e Herstmonceux**

**[www.herstmonceuxvillagehall.org.uk](http://www.herstmonceuxvillagehall.org.uk)**

Peace Memorial Hall in Herstmonceux (tax base **1144** precept **£84**) is the largest nearby facility with multiple halls with 200 seated capacity and parking for 58 cars, run by a registered charity. Herstmonceux parish is considerably larger than Hooe, with a tax base roughly 5 times. Hire charges for the main hall only start at min £40 parish/£77 non-parish weekday daytime up to Saturday eve £114 parish/£225 non-parish. Full day, whole complex charges were £300 parish/£600 non-parish.

### **2.1f Crowhurst**

**[www.crowhursttonline.uk/Village.hall\\_18668.aspx](http://www.crowhursttonline.uk/Village.hall_18668.aspx)**

Crowhurst (tax base **372** precept **£87**) Village Hall is similar in size, capacity and facilities to Hooe but with the addition of 16 parking spaces (similar to what our renovation option might have). It is more modern than Hooe but not the kind of facility that is comparable to larger facilities above – it appears to be marketed similar to ours not trying to cater for mass use charging between £8 and £14ph. The council budget for last year show no hire income or operating costs of the hall, in fact, the parish pays to hold their meetings there. I can find no detail about usage or which body funds the hall but it's not the parish council.

### **2.1g Ashburnham & Penhurst**

**[www.ashburnham-penhurst.net/venues/the-village-hall](http://www.ashburnham-penhurst.net/venues/the-village-hall)**

Ashburnham & Penhurst (tax base **186** precept **£73**) village hall is slightly larger in size, capacity and facilities to Hooe with some parking. It is an old building and needs urgent repairs, however, the Village Hall is run by a charity, the parish council are the sole trustee but council taxpayers do not fund it. They are lucky to have a local trust, the Ashburnham Thanksgiving Trust that provides a subsidy of 75% for all the work they carry out. Had they not had this lifeline, they might be in a similar position to us but unable to charge council taxpayers due to the fact the charity is an independent



organisation and its financing is completely independent to the councils. I can find no detail about usage.

### **2.1h Charitable Trusts**

Should the council consider the disposal option, the implications of handed over the hall to be run by a charitable trust would mean the council & residents may lose all direct control over its use and future direction or ownership – it could even ultimately be sold for development by the trust. The parish council has already received legal advice that indicated it would not be in the parish council's interest to enter into a charitable trust status as a way to remove the on-going liabilities from our balance sheets in order to 'leave' the problem of the running the old building to someone else. The council should remain in control, whichever option is chosen.

### **2.2 Evidence of Need**

Planners have stipulated there should be a "significant need" to justify development on our green field site. ESALC & PWLB applications also require need to be an overriding factor.

Councillors would need to clarify the definition of "need". Is this "local need only" or "local and outside need"; do we just consider needs of our immediate community or also provide subsidised facilities for all comers at our council taxpayers expense?

Councillors would need to define what classifies as "significant": Is it right to plan for artificially generating the need that doesn't currently exist and can't be guaranteed in order to meet these criteria?

**The council has received advice from Chief Executive of ESALC that "need" must be defined as "local need only" in support of an application for a public works loan.**

### **2.3 Current & Identified Need**

Assuming a facility is available 364 days a year for 3 sessions (slots) and the use of any one session every just for an hour "full use", there are **1092** slots for hire pa.

#### **Current on-going use:**

Parish council has approx. 11 main meetings and 1 annual parish meeting (12 slots) plus other committee meetings (approx. 1 pm – i.e. 12 slots) and the Village Hooe Band every week all year, evening for 2hrs (50 slots)

Other likely typical use: Election hire 1 full day (3 slots)

Total **77** out of 1092 represents **7%** usage. Another way is to say for **93%** of the time the current VH is empty.

### **Possible suggested additional need (renovation):**

The clerk has indicated the Hooe Old Motor Club would use the hall for approx. one evening a month if more parking were available (12 slots)

### **Possible suggested additional need (new build only):**

Mentioned in the appraisal report that one justification for a larger village hall facility is the once-a-year Harvest festival for 100 people (6 slots – allowing 1 full weekend)

At the Annual Parish Meeting there was one local person indicating they would use the facility for 70-80 people for Yoga/Pilates, frequency not known but I've used a couple of hours, once or twice a week and averaged (50-100 slots, 75 average slots).

The Hooe Village Community Group who actively campaign for a new village hall have provided no proposals how much they might utilise a new facility but have stated they prefer to use the church at present. In the absence of any detail, it might be prudent to suggest they might use a new facility once a month for coffee mornings, fund raising events & meetings (12 slots). They have not made it clear whether the availability of parking at the existing hall would have them come back, I will assume they might.

In the past the Hooe History Group and the Ninfield Open Group used the village hall approx. once a monthly each (24 slots). These groups have made no representation to the council what facilities in Hooe would attract them back again, but I will assume they might return to either a renovated facility with parking or a new.

Additional total **129** out of 1092 represents **12%** usage.

### **Overall total possible usage:**

RENOVATION: **89-125** out of 1092, **8-11%** usage

NEW BUILD: **206** out of 1092, **19%** usage

## **2.3a Future Need**

There are circa 370 voters on the electoral role, represented in circa 208 households. Everyone has already had sufficient time and opportunity to tell us what they think and it's a fact that only a small proportion of those have chosen to do so. Since the last big meeting on 17Aug23, no community focussed group or individual including those supporters who champion a new facility has campaigned, lobbied or presented any new and concrete ideas to the council to help us justify need. This council seems blighted by the expectation that it must make a decision without anywhere near sufficient local participation to justify either of the new build or renovation options.

In support of a new build, a suggestion put forward by representatives from the Hooe Village Community Group in this debate is the unsubstantiated statement “Build it and they will come”. Whilst anecdotally it may be considered true to some degree, **to present it as the only major identification of need in our business case**, how the simple existence of a new facility might guarantee hiring and income with any level of certainty, is shortsighted and trivialises the importance of justifying the cost to council taxpayers.

**I urge councillors to consider only the evidence we have for justifying need for any of the options we consider.**

## **2.4 Business Case - Use**

A critical part of any successful business case would likely require (in addition to construction costs) projections of use, income and running costs for at least the first 5 years of operation after opening.

## **2.5 Research – Use**

The 3 closest village halls of Ninfield, Catsfield and Boreham St (Wartling) have online booking calendars. I’ve taken 3 representative summer & 3 winter weeks from the last 6 months from each. Although all facilities have a main hall plus some smaller rooms for hire, I’ve only looked at main hall use.

Each facility has 15 sessions of weekdays and 6 sessions of weekend days. I’ve split usage in this way as all charge higher rates at weekends, therefore income is greater if weekend usage is higher. Overall usage is the percentage of any use in the 21 weekly sessions. Any booking at little as one hour in am, pm or eve is counted as full use.

Likely income is calculated as per the tariffs they quote either by the hour or session; Min/max income are because it is difficult to determine from the calendar whether the hirer is parish or non-parish/commercial. I’ve used a fixed £15K standing costs for running the whole building and operating costs as 50% of income – as usage increases – so will costs e.g. water, electric, cleaning, admin etc.

See individual study and summary document for full details.

### **2.5a Hooe – Use**

Overall usage **5%**, with all usage **7% during the week** and **0% at weekends**.

Main Hall income circa £1.5K. Running costs £2K.

Includes Hooe Parish Council use / No other income potential

### **2.5b Ninfield- Use**

Overall usage **63%**, with higher usage **72% during the week** and **39% at weekends**.

Main Hall income between £20K-£28.5K. Running costs £25K-£29K.

Other potential income from Committee room/1<sup>st</sup> floor meeting room.

### **2.5c Catsfield- Use**

Overall usage **73%**, with higher usage **80% during the week** and **56% at weekends**.

Main Hall income between £28K-£33K. Running costs £29K-£31.5K.

Other potential income from Committee room/Snooker room & Cottage.

### **2.5d Boreham Street- Use**

Overall usage **38%**, with higher usage **47% during the week** and **17% at weekends**.

Main Hall income between £19K-£33K. Running costs £24.5K-£31.5K.

Other potential income not anticipated, no additional rooms mentioned.

### **2.6a Projections – Use**

Both Ninfield & Catsfield current use appears weighted heavily towards local use, they have 3x and 2x the residents to support this level, so as usage increases in Hooe “use scenarios” are weighted differently to reflect that increased use must come more from outside or business users.

I’ve detailed the assumptions just to illustrate the uncertainties and fluctuations that would exist with trying to build a business case even with the best will in the world.

The spreadsheet “Village Hall Scenarios for Usage-Income-Costs-Profit-Loss.xlsx” is available on the website and all parameters can be altered & changes made to explore any scenario to illustrate the likely usage, income and running costs of both a NEW BUILD and newly RENOVATED facility.

### **2.6b Projections – Scenarios**

**Scenario 1: VERY LOW 100% LOCAL** – Equivalent to Hooe Projected usage circa **20%**, weighted 100% local, weighted weekday verses weekends

**Scenario 2: LOW USE 100% LOCAL** – An enhanced usage circa **30%**, weighted 100% local, weighted weekday verses weekends

**Scenario 3: MEDIUM USE 50/50** – Similar usage as Boreham St Hall, circa **38%**, weighted 50% local/ 50% outside or business user, similar weekday/weekend split

**Scenario 4: HIGH USE 25/75** – Similar usage as Ninfield **62%** overall except weighted 25% local/75% outside or business user, similar weekday/weekend split

**Scenario 5: VERY HIGH USE 15/85** – Similar usage as Catsfield **72%** overall except weighted 25% local/75% outside or business user, similar weekday/weekend split

**Scenario 6: CREATE YOUR OWN** – Available in the spreadsheet for you to create your own examples of use

### **2.6c Projections – Hire Charges**

There are a lot of detailed decisions about what hiring fees might be used in a new build or renovated facility. It's clear that a new build comes with much higher level of facilities and operating costs therefore hire fees would be higher than a renovated facility. Nonetheless, if the renovation costs are considerable, it begs the question whether current hiring fees should be maintained just to "make the most of hiring it out" rather than "it's a modern building with all the bells and whistles".

Using Ninfield, Catsfield & Boreham St charges as a guide:

**NEW-BUILD:** Min/max hire charge within a slot being 2/5hrs, £12ph for resident, charity, community group, 50% premium for outside/business user. AM is 8am-1pm (5hrs), PM is 1pm-6pm (5hrs) EVE is 6pm-11pm (5hrs), 50% premium on weekend. i.e. Weekday daytime 10hrs resident £120 / other £180 & Weekend daytime 10hrs resident £180 / Other £240.

Using Crowhurst charges as a guide:

**RENOVATED:** Min/max hire charge within a slot being 2/5hrs, £10ph for resident, charity, community group & outside user or business. All day hire is 8hr charge, no premium rates for weekends. i.e. All-day rate £80.

### **2.6d Projections – first 10 years of operation**

To give council taxpayers some idea of whether their liabilities might come down or even be repaid, various scenarios of use have been used. Likely use of a new or renovated facility is impossible to quantify but using the nearby village halls of Ninfield, Catsfield and Boreham St as guides, it is possible to demonstrate in financial terms the likely on-going liabilities and break-even timescales for council taxpayers.

Financial projections for 10 years include initial project spend, loan costs, standing costs (after opening) and operating costs (after opening usage dependent).

### **2.6e Projections – NEW BUILD**

Just one example that may form a business case: -

**Usage similar to Ninfield hall after the 4<sup>th</sup> year of opening, increasing to Catsfield usage by 6<sup>th</sup> year of opening**

**10 Year Example A: (outlay by council taxpayers)**

Years 1: Initial project costs of £15K

Years 2-4: Loan repayments £29pa (£500,000 loan), total £87K

Years 5-7: New facility open (Standing costs, Operating costs less Income - Use Scenario-2 31% increasing to Scenario-3 44%) including continuing loan repayments average £33Kpa Total £99.5K

Years 8-10: New facility (Increasing to use Scenario-5 72%), Lower loan repayments (£300K repaid), Total £-0.5K (break even operation).

Years 1-10: Total outlay so far **£202.5K (£962** per council taxpayer)

Years 11+: Continuing outlay – if usage continues at scenario 5, surplus each year will be **£4K**, reducing overall outlay. If usage is at Scenario 4, there would be a small deficit of **£2.5Kpa**, increasing overall outlay. **At these levels of usage, there is no real prospect of the bulk of Year 1-10 council taxpayer costs being repaid in the short-medium term.**

**2.6f Projections – RENOVATION**

Just one example that may form a business case: -

**Enhanced usage 10% points more than any current & identified use by 2<sup>nd</sup> year after parking provision, building up to Boreham St usage by 5<sup>th</sup> year.**

**10 Year Example B: (outlay by council taxpayers)**

Years 1: Initial project costs of £15K

Years 2: Loan repayment £7K (£100,000 loan), Standing costs £2K

Years 3-6: New parking available (Standing costs, Operating costs less Income - Use Scenario-1 20% increasing to Scenario-2 31%) including continuing loan repayments average £4.5K pa Total £18K

Years 7-10: Increasing to usage Scenario-3 44% average £1.5K pa Total £6K (just under break-even operation).

Years 1-10: Total outlay so far **£48.5K (£231** per council taxpayer)

Years 11+: Continuing outlay – if usage continues at scenario 3, deficit each year will be **£1.5K**. If usage increased to Scenario 4 (perhaps an over optimistic level), similar

to Ninfield, there would be a surplus of **£3Kpa**. **At these levels of usage, there is no real prospect of the bulk of Years 1-10 council taxpayer costs being repaid.**

## **2.7 Projections - Risks**

All projections have 101 variables and need a crystal ball – no guarantees exist. All rely on generating sustained long-term use of any facility, through good times and bad. Supply and therefore competition exists in the immediate area with 3 other comparable facilities which do not have significant loan costs to cover and could cut hire rates and attract users away from Hooe. Due to our high fixed costs, we would not be in a position to match them.

The real break-even period by which time the facility covers all its project and operating costs and starts reducing council taxpayer's liabilities, **cannot be determined or guarantee it will ever occur.**

**END OF APPENDIX 2**



## **APPENDIX 3 – USEFUL PAGES ATTACHED**

- 1.0: Wealden & Rother District Council Precepts 2023-24 WL, 2 pages
- 1.1: Hooe PC Budget 2024-25 Summary, 1 page
- 1.2a/b: Financial Summary 29Nov23, 1 page
- 1.5: Precept 2024-25 v Loan Payment WL 7Dec23, 1 page
- 1.7b: Extracts from Sheppard Survey VH Refurbishment, 1 page
- 2.5a: Hooe Village Hall usage summary, 1 page
- 2.5b: Ninfield Memorial Hall usage summary, 1 page
- 2.5c: Catsfield Village Hall usage summary, 1 page
- 2.5d: Reid Hall, Boreham St usage summary, 1 page
- 2.6: Scenarios of use calculations (small print), 2 pages
- 2.6: Scenarios of use calculations NEWBUILD (large print), 4 pages
- 2.6: Scenarios of use calculations RENOVATION (large print), 4 pages

**All full documents can be found on the website.**

## **END OF APPENDIX 3**