
Agenda Item: Public Works Loan Borrowing - West Witney Sports Ground

Meeting Date: Monday 23rd June 2025

Contact Officer: Project Officer and the Responsible Finance Officer

Background

The West Witney Project represents the largest investment in this complex since it was acquired in 1979. The Project is an important part of the Council's adopted Open Spaces Strategy. The Project will be delivered in two phases:

- 1: the refurbishment of the West Witney Clubhouse and
- 2: the provision of a new works depot.

The justification for each phase of the project has been discussed and documented in detail over the years. Council has previously agreed in principle that a loan should be taken out for to part-fund the project. This Report to Council summarises the project and its business case, showing the need, the costing and the benefit of the project. This is a crucial document to inform Members whether they wish to vote for or against the resolution detailed at the end of this report.

West Witney Clubhouse – background and summary business case

The clubhouse was built in 1950's and has heartily served the local community for generations. The West Witney site was acquired by the Council in 1979, part-funded by a loan which has since been paid off.

Witney is a growing town that requires social facilities, and this vital asset now requires renovation.

Witney Town Council is committed to delivering its Open Spaces Strategy and has a strategic remit to get people to move more and look after their health. Recreation grounds with modern facilities attract and encourage all ages of the community to exercise through participation in their chosen sport, benefiting from better health and wellbeing.

The West Witney Recreational Ground is one of the biggest outdoor spaces the town has to offer with many sporting events and activities that include cricket, bowls, a projectile range, football, tennis, and park runs.

The clubhouse needs major refurbishment to maintain the integrity of the building, prolong its life expectancy and improve the energy efficiency and experience for users of the facility.

Additional detail regarding its use and project objectives:

- Currently hosts a substantial number of Witney's Sports Teams & activities, covering 6x sports, with 30 teams and over 1,000 adult and child players including:
 - Tower Hill Football Club - Spartans Football Club - Witney Mills Football Club
 - Witney Swifts Cricket Club
 - Witney Mills Bowls Club & West Witney Bowls Club
 - Witney Tennis Club
 - Oxford Shooting Club
 - Park Run
- Hosts a variety of community groups, that include:
 - Inclusive Art Club
 - Nursery Social Club
 - Youth Clubs
 - Amateur Dramatics Club
- Over 9,000 people use this facility every month demonstrating the level of social value the clubhouse provides.
- Due to poor condition and aging facilities, some clubs and teams are now leaving, and memberships are declining year on year.
- A recent condition survey has identified the requirement of major refurbishment works; without intervention, the clubhouse will have to close within a few years.
- Witney Town Council has allocated £1,000,000 to this phase of the project. It aims to not only restore the social club to its former glory but to improve the facility and make it accessible to all, enabling the club to serve the community for many years to come. The Council will do this by:
 - Making the building structurally sound and creating a modern, attractive appearance.
 - Renovating the exterior using environmentally friendly and energy efficient materials.
 - Ensuring the building is environmentally friendly by installing solar panel roofing, energy saving windows/doors and fuel-efficient heating systems.
 - Redesigning and refitting the ageing changing rooms to create modern, efficient and compliant spaces for young and adult players. This also includes an electronic access system that enables the council to control access and improve the management of this element of the building.
 - Redesigning and refitting the interior to create modern and welcoming social and event areas.
 - Creating a fully inclusive building that is accessible for everyone, including the installation of a disability lift.
- Upon completion of the project our objectives are to:
 - Retain existing adult and youth sports teams and community clubs.
 - Attract new sports teams, especially youth teams.
 - Promote inclusive and female sports teams and players.

- Welcome back clubs who have left (including Darts, Pool, Crib, Aunt Sally and Scouts)
- Ensure the Social Club serves the wider community by raising awareness and promoting the clubs' services to local residents (especially nearby), community groups, local charities and schools.
- Maximise the social value, by welcoming new community groups and attracting new members, by offering cost effective room hire and warm/welcoming atmosphere.
- Regain status as the "go-to" place in Witney.

New Depot - background and summary business case

Witney Town Council are responsible for maintaining Witney's open spaces, sports fields, public halls, cemeteries and associated assets. The council have a dedicated work force made up of 12 operatives, many of whom have a vast amount of experience and tenure with the council. The service provided by our workforce is regularly praised by residents proactively and through resident surveys for the quality of their work making Witney a clean and pleasant place to live.

Up until February 2024 the operations team worked out of an aging, purpose-built depot at the Leys Recreation Ground. A decision was made several years ago to vacate the premises and make the area available for a new project that would rejuvenate the whole of the Leys area into a modern, sports and social facility for the benefit of the community. Consequently, the operational team had to vacate the depot and move into temporary accommodation whilst the council planned the creation of a new depot.

Additional detail regarding its use and project objectives:

- The council vacated the existing depot to make way for Courtside Hub project, which is a new community focussed sports facility bringing a range of much needed activities for all ages to Witney.
- The council are spending in excess of £40k p.a. on rental costs for temporary welfare, maintenance and storage facilities. The Council has explored whether there are suitable sites where these facilities could be rented but this has not been found to be viable.
- The new depot will enable the operational team to work more efficiently, by reducing the need to travel around Witney to different locations, which will enhance the services the council provide to residents.
- The new facility will improve workforce morale and ensure the Council continues to retain staff.
- The new depot will also solve a current storage issue of inside & outside materials and assets, which are currently scattered around Witney.

- In recent years the Town Council has been taking on more sites and facilities which have been created as the town has grown. Following the Government's English Devolution White Paper and the prospect of major local government reorganisation it is highly likely that in the future the Council will work with partner councils to take on more responsibilities. The new depot has been designed to accommodate this expansion with a potentially growing workforce and new equipment storage.

West Witney Project

This project secures the future of the West Witney Clubhouse and the provision of the works depot at this site has allowed the major improvements at the Leys to take place by releasing land for improved sporting and leisure facilities. The new works depot is necessary as the Town Council takes on more sport and leisure facilities which will require servicing and will give the Council the flexibility to respond to the likelihood of more services being taken on from other local authorities because of the re-structuring of local government and the implementation of unitary authorities.

Current Situation

Based on the estimated costings below, the Town Council need to apply for a loan to fund the cost of delivering both phases of the project.

Expenditure:

WWSSC building refurbishment	£1,000,000
New build outside services/ works depot	£850,000
Total Project budget	<u>£1,850,000</u>

Funding:

Loan	£1,250,000
s.106 contributions (WWSSC building)	£301,975
Council earmarked reserves	£297,509
Revenue	£516
Total funding	<u>£1,850,000</u>

Note that this is an updated version of the estimates agreed for 2025-26 with the loan rounded down to the £1,250,000 and the balancing £516 drawn from revenue.

Members should also note that these are estimates – actual costs will depend on tender returns.

The project timetable was agreed at the meeting on 31 March 2025 and at present it is not considered that there will be any material deviation from this.

Application for loan and repayments

This report gives Members the necessary information to allow a decision to be made regarding whether to proceed with the Project and the loan application.

Members are requested to seek the approval from the Secretary of State for Housing, Communities and Local Government to apply for a PWLB loan of up to £1,250,500 over the borrowing term of 40 years for the delivery of the West Witney Project. Your officers believe that this is at the upper end of the costings, bearing in mind of course that the current volatile international situation could have a major impact on the UK economy and potentially project costs. The 40-year term of the loan is considered to be reasonable for building works which will create and improve fixed assets, which in turn will have a benefit to the council tax payer for at least 40 years, noting it is possible to obtain loan approval for up to 50 years.

If such a loan is approved note that if the full amount is not required, then the Council does not need to draw down the full loan e.g. if project costs amount to £1,800,000 then the loan drawn down could be reduced to £1,200,000.

Loans are usually obtained from the Public Works Loan Board (PWLB) and Councils usually opt for a fixed-rate rather than a variable rate loan. For fixed rate loans there are three options:

- (i) Maturity: half-yearly payments of interest only, with a single repayment of principal at the end of the term. This loads a large burden on the repayments forty years hence and is not recommended.
- (ii) EIP (Equal Instalments of Principal): equal half-yearly instalments of principal together with interest on the balance outstanding at the time.
- (iii) Annuity or ER (Equal Repayments): fixed half-yearly payments to include principal and interest.

Focussing in on EIP and Annuity Loans the latest (18 June 2025) repayment estimates are as follows:

Type of loan	Rate	Half yearly cost	Reduce by... each half year	Total first year cost	Total repayment
Annuity	6.20%	£42,319	£0	£84,638	£3,427,866
EIP	6.12%	£53,682	£472	£106,892	£2,818,250
<i>Budget</i>				<i>£111,860</i>	<i>£4,474,400</i>

Taking out a loan on an annuity basis means that the annual costs remain the same, at £84,638 throughout the 40-year period and compared with an EIP loan the repayments commence at some £22,254 lower than the EIP repayments but will be considerably higher than the EIP repayments later during the term.

With regard to an EIP loan this commences much higher - £106,892 per year but as the principle sum reduces more quickly, so the interest does too and there is a reduction of £472 repayment each half year (i.e. £944 per year). The EIP loan therefore results in a lower total repayment, £3,427,866 compared with £2,818,250 although the impact of inflation would narrow this difference.

At current interest rates repayments for both methods are lower than the repayments allowed for in the 2025-26 budget – a saving of £27,222 for the annuity method and £4,968 (in the first year) for the EIP method, on which the Council's estimates were based.

Members are requested to consider which type of loan – annuity or EIP – should be applied for.

Loan affordability

The Council is required to consider the affordability of the proposed loan. In this regard the RFO advises that the 2025-26 adopted budget clearly shows that the loan repayment provision for the loan being applied for balances out alongside the Council's other income and expenditure. In addition:

The loan repayments accommodated within the Council's budgets since 2024-25 and this has been assisted by the fact that the Council has for many years had a significant capital programme, necessary to maintain its significant asset-base, which includes buildings with a

combined insurance value of £16,142,739 and the loan required is supplemented by s.106 contributions and earmarked reserves (as detailed above).

The Council is required to consider mitigation action against potential default on the loans which hypothetically could be an issue if the Council were to face any future financial difficulty. The guidance refers to this as the Council's Plan B.

In this regard the RFO considers the Council to have considerable financial options and resilience which would mitigate matters:

- The loan repayments are a relatively modest percentage of the precept – between 3.7% and 4.7% of precept (precept £2,297,745) and between 2.9% and 3.7% of gross income, depending on whether an annuity or an EIP loan were to be taken out.
- The property improvements in relation to both the West Witney and the Leys will result in increased income, including rentals, which will help offset the loan repayments. In the event of financial difficulty there are other income lines which would be examined together with ways of reducing expenditure through further efficiencies, reduced service provision and/or contributing less to saving towards future liabilities (earmarked reserves).
- Financial resilience is assisted by the Council's considerable balances in terms of cash (bank balances) and short-term investments which amounted to £3,225,412. It should be noted that £298,000 of this balance is required for the Project and the remainder is in the general revenue reserve, maintained at approximately three months net revenue expenditure as recommended for parish councils plus earmarked reserves. Whilst the latter are reserved for potential future expenditure, in the event of a financial problem then one of the main options for the Council would be to deploy some of these balances to meet the financial requirements.
- The "bottom-line" is that the Council is a precepting authority able to raise income from its local tax-payers and the size of the Council's taxbase – 11,298.35 (i.e. £1 of Council tax in band D generates income of £11,298.35) assists its financial resilience. The Council always seeks to minimise any council tax increase but for a lender this ability for the Council to fund its requirements through precept is a very strong guarantee of the Council's ability to meet its commitments.

Three-year projection

Your officers have been working on the Council's medium-term financial plan and will present to the meeting a three-year financial projection to support the affordability of the loan and the loan application.

Consultation results:

At a meeting of the Policy, Governance and Finance Committee on 31 March 2025 Members received an update on the Project and agreed that the Council should undertake public consultation regarding the Project and obtaining a loan to part-fund the works. Note it was not necessary to consult on increasing the precept/ council tax, as the loan repayments are accommodated within the Council's existing budgets.

Conducting a public consultation is a requirement of the loan application process. It helps to ensure our taxpayers are aware of the Councils' intentions and can voice their opinion. The Consultation was conducted in accordance with the guidance issued by the Ministry of Housing, Communities and Local Government and the National Association of Local Councils. The consultation took place between 16 May and 13 June 2025. A copy of the consultation is attached at appendix A.

Officers are pleased to confirm that the respondents to the survey strongly supported both the project and applying for the loan to part-fund it.

The electronic consultation survey was conducted online and promoted through our website, social media channels and public noticeboards. Physical leaflets were also made available.

A total of 539 responses were received in relation to the consultation, which is an excellent response rate.

The results were as follows:

Are you in favour of improvements to West Witney Clubhouse and the building of a new works depot?

YES- 509 (95%)

NO - 30 (5%)

Are you in favour of the Town Council taking out a loan of £1,250,516 and repaying the loan over the next 40 years rather than raising the Council Tax significantly for current residents as explained above?

YES - 493 (92%)

NO: 6 (8%)

Impact Assessments

The Town Council has a duty to consider the effects of its decisions, functions and activities on equality, biodiversity, and crime & disorder. Consideration should also be given to effects on the environment, given the Council's Climate Emergency declaration in 2019.

- a) Equality – no implications directly resulting from this report. However, the Project will be delivered to meet the Council's obligations and policies regarding this matter.
- b) Biodiversity - no implications directly resulting from this report. The provision of a new depot will significantly assist the Council in relation to its obligation and policies in relation to biodiversity.
- c) Crime & Disorder - no implications directly resulting from this report. However, the Project is being designed to minimise risks arising from crime and disorder.
- d) Environment & Climate Emergency - no implications directly resulting from this report. However, the Project is being designed to meet the Council's obligations and policies in relation to this matter.

Risk

In decision making Councillors should give consideration to any risks to the Council and any action it can take to limit or negate its liability.

The risk of the Project and loan not being approved will be the potential closure of West Witney Clubhouse, with a catastrophic impact of delivery of leisure and sporting facilities at the site and, without a new works depot, increasing difficulties in delivering outside services in an effective and efficient manner.

In relation to the delivery of the Project itself, a risk register for this large project will be opened by the officers. There are clearly many risks which could lead to delay, poor or non-delivery. These risks are managed by competent staff, the employment of specialists as appropriate and Council scrutiny.

Effective project planning reduces risk and consultation for the project is necessary for the loan application process.

Social Value

Social value is the positive change the Council creates in the local community within which it operates. The West Witney Project will add social value through improved leisure and sporting facilities and gives the scope for further improvements in the future.

Financial implications

There are no financial implications arising directly from this report as the Council has already agreed the budgets for this Project, as detailed above. The public consultation is necessary to deliver a major element of the funding required.

Recommendations

Members are invited to:

1. Approve this report.
2. Approve officers to seek the approval from the Secretary of State for Housing, Communities and Local Government to apply for a PWLB loan of up to £1,250,000 over the borrowing term of 40 years for the delivery of the West Witney Project. *The annual loan repayments will come to around either (a) £85,000 (annuity loan) or (b) £107,000 (EIP loan year one).* It is not intended to increase the council tax precept for the purpose of the loan repayments as these have already been provided for in the Council's budget.