



## Report

Date: 30<sup>th</sup> October 2023

Meeting: Extra Ordinary Council meeting - Tuesday 7<sup>th</sup> November 2023

### Retaining Wall at Castle Walk - Financial Update

#### The Castle Walk Retaining Wall Project- Financing Decisions

##### Background

Previous discussion detailing the retaining wall project and the financing options were discussed at the Extraordinary Town Council meeting in 11<sup>th</sup> October 2023, in confidential session, where it was resolved to undertake a borrowing consultation.

This paper repeats the information contained in the confidential paper and invites the Council to decide on how the project will be financed.

The key decisions that we must make

- How much cash do we need to raise?
- How are we going to raise the necessary cash?

##### Project Costs

The latest figures are summarised in Appendix A.

The timing of expenditure is

	£
2022/23	58,188
2023/24	387,182
2024/25	300,000
	745,370

We are temporarily financing our expenditure to 31/3/24 from a mixture of capital receipts and our general reserves. We will use all our capital receipts and expect general reserves to have fallen to around £60,000 by the year end. This is on the assumption that our revenue budget breaks even, as planned, this year.

No contributions from third parties have been assumed – they would have to be secured by early January to be factored in. This is because we must make our precept decision in January.

We plan to spend £1,054,221 this year paid from income of £330,243 and council tax of £728,978. The current Band D equivalent council tax is £155.73.

### **How much cash do we need to raise?**

- We need £300,000 to rebuild the wall in 2024/25.
- General reserves of £60,000 are too low to manage financial risk and we will need to raise cash to replenish them as well.

The Council's reserves policy states that general reserves of *"30% to 50% of annual operating budget ensures adequate provision in the event of any unforeseen occurrence which would affect cashflow"* i.e., £219k to £364k. The policy also identifies other financial risks which it quantifies as around £194k. (reapproved at 23/5/23 Council Meeting).

The general reserve level is a matter of judgment, but it would be imprudent to plan for less than £200k

3 scenarios have been modelled:

- Raising £440k (reserves of £200k)
- Raising £465k (reserves of £225k)
- Raising £500k (reserves of £260k)

We could reduce the sum we have to raise by cutting our general expenditure, but a significant contribution is unrealistic given the cost pressures we face for next year in delivering our services. We could also repurpose some of our earmarked reserves (up to £150k) but this would severely hamper our ability to carry out cyclical maintenance of our buildings or replace equipment as it wears out.

We could also sell some of our assets, but this is a long-term prospect and there is no certainty of finding a buyer

### **How are we going to raise the necessary cash?**

Bluntly **the cash must come from our taxpayers and be raised as part of the 2024/25 precept**. We can either raise the cash up front or borrow to spread the cost to the taxpayer. The maximum we can borrow is £500k. As explained in the earlier briefing papers borrowing requires a positive vote in an informal poll of taxpayers which must be open for at least a month. **We will need to begin the poll by early November. Given that we have no choice but to do the work I suggest we try to ask our taxpayers which option they prefer (we may be constrained by the required format of the questions for the poll)**

Here are the precept implications: -

a) Levy an additional Council Tax for one year only

£ needed to be raised	£500,000	£465,000	£440,000
precept increase	£107.55	£100.02	£94.65

b) Borrow and levy a recurring Council Tax for several years (figures based on PWLB rates at 6/10/23)

	revenue cost pa £	recurrent precept increase £	total repayment £000
Borrow £500,000			
10 year annuity	63,164	13.59	671
25 year annuity	38,052	8.19	970
40 year annuity	33,154	7.13	1,339

	revenue cost pa £	recurrent precept increase £	total repayment £000
Borrow £465,000			
10 year annuity	58,744	12.64	617
25 year annuity	35,388	7.61	902
40 year annuity	30,752	6.61	1245

	revenue cost pa £	recurrent precept increase £	total repayment £000
Borrow £440,000			
10 year annuity	55,584	11.96	584
25 year annuity	33,486	7.20	854
40 year annuity	29,086	6.26	1178

### Recommendation

The Council are asked to debate and agree the how the scheme will be financed to delivery to Retaining Wall Project.

## Appendix A

The latest figures are summarised below

	contractor	item	£
Stage 1	Garveys Developments Ltd	Initial actions	7,500
	Lewis Arborcare Ltd	vegetation removal	1,000
	Shropshire Council	Castle Walk closure	1,850
Stage 2	Garveys Developments Ltd	Remedial works	137,500
		stand down	43,320
		additional stand down	12,000
	ADM Structural	Structural engineer	3,500
	Walker Cotter	QS & PM	5,500
	Dixons	Land surveyor	600
	Silks, Sharps & Jennings	Party wall surveyor	7,000
Stage2A	Garveys Developments Ltd	4m in drop zone urgent	2,800
Stage 2B	Garveys Developments Ltd	10 m in drop zone	104,100
	Geldards	Legal representation	50,000
		<b>TOTAL Stages 1 &amp; 2 (Committed)</b>	<b>376,670</b>
Stage 3	Lewis Arborcare Ltd	vegetation removal	1,650
		Structural engineer inspection	3,500
Stage 3 a	Garveys Developments Ltd	complete remedial work	26,550
Stage 3 b	Garveys Developments Ltd	complete remedial work	15,400
Stage 3c & d	Garveys Developments Ltd	make safe for winter	14,600
Other	ADM Structural	Structural inspections	7,000
	to be tendered - estimate	Rebuild wall	300,000
			<b>368,700</b>
		<b>TOTAL COST</b>	<b>745,370</b>

Figures in black are known costs, figures in orange are reasonably certain, figures in red will change. **The cost of rebuilding Stage 3c & d is subject to change as further surveys are undertaken.**