

11/331 **PWLB LOAN REPAYMENTS – ALTERNATIVE FUNDING SOLUTIONS**

Background

At its Extraordinary Meeting held on 1st October 2025, the Town Council resolved to:

- to proceed with the loan;
- to seek the approval of the Secretary of State for Ministry of Housing, Communities and Local Government to apply for the Public Works Loan Board loan of £3,325,000* over the borrowing term of 20 years for the contribution towards the Octagon Theatre Project. The annual loan repayment will come to approximately £283,063 **The loan application amount will be for £3,325,000 subject to reduction by any one-off financial contributions secured from other towns and parish Councils;*
- to explore alternative funding sources to contribute towards the annual loan repayments, and to report findings to a future meeting of Town Council to enable agreement on the funding structure

The tables below show the original proposals:

Rate	5.80%
Number of Years	20
Number of ½ year periods	40
Principal	£3,325,000
Half Yearly annuity	£141,531.34
Annual repayment	£283,062.69
Total Interest Payable	£2,336,253.84
Total Payable	£5,661,253.84
Tax Base (based on Dec 2024)	9,492.17

Ticket Levy (@ £1.50 per ticket)	£173,000.00
Increase in precept	£110,062.69
Annual Payment	£283,062.69
Annual Band D increase	£11.60

Alternative Funding Sources

There are two key factors that can influence the impact on Council Tax:

- A reduction in Council borrowing; or
- An increase in the ticket levy.

In order for the Council to reduce its borrowing requirement, one of the following would need to occur:

- Increased use of one-off Council reserves; or
- Receipt of external one-off capital contributions.

The table overleaf illustrates the financial impact of each scenario individually, as well as a combined approach.

Rate	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%
Number of Years	20	20	20	20	20	20	20	20	20
1/2 Year Period	40	40	40	40	40	40	40	40	40
Original Principal	3,325,000.00	3,325,000.00	3,325,000.00	3,325,000.00	3,325,000.00	3,325,000.00	3,325,000.00	3,325,000.00	3,325,000.00
One-off use of reserves and/or external one- off contributions	-	100,000.00	200,000.00	300,000.00	400,000.00	500,000.00	600,000.00	700,000.00	800,000.00
Revised Principal	3,325,000.00	3,225,000.00	3,125,000.00	3,025,000.00	2,925,000.00	2,825,000.00	2,725,000.00	2,625,000.00	2,525,000.00
Half Yearly annuity	£141,531.35	£137,274.76	£133,018.18	£128,761.60	£124,505.02	£120,248.44	£115,991.85	£111,735.27	£107,478.69
Total Interest payable	2,336,253.84	2,265,990.56	2,195,727.29	2,125,464.02	2,055,200.74	1,984,937.47	1,914,674.20	1,844,410.92	1,774,147.65
Total Payable	5,661,253.84	5,490,990.56	5,320,727.29	5,150,464.02	4,980,200.74	4,809,937.47	4,639,674.20	4,469,410.92	4,299,147.65

£1.50	Ticket Levy @£1.50 per ticket	173,000.00	173,000.00	173,000.00	173,000.00	173,000.00	173,000.00	173,000.00	173,000.00
	Increase in precept	110,062.69	101,549.53	93,036.36	84,523.20	76,010.04	67,496.87	58,983.71	50,470.55
	Annual Repayment	283,062.69	274,549.53	266,036.36	257,523.20	249,010.04	240,496.87	231,983.71	223,470.55
	Annual Band D Increase	11.60	10.70	9.80	8.90	8.01	7.11	6.21	5.32

£1.60	Ticket Levy @£1.60 per ticket	184,533.33	184,533.33	184,533.33	184,533.33	184,533.33	184,533.33	184,533.33	184,533.33
	Increase in precept	98,529.36	90,016.19	81,503.03	72,989.87	64,476.70	55,963.54	47,450.38	38,937.21
	Annual Repayment	283,062.69	274,549.53	266,036.36	257,523.20	249,010.04	240,496.87	231,983.71	223,470.55
	Annual Band D Increase	10.38	9.48	8.59	7.69	6.79	5.90	5.00	4.10

£1.65	Ticket Levy @£1.65 per ticket	190,300.00	190,300.00	190,300.00	190,300.00	190,300.00	190,300.00	190,300.00	190,300.00
	Increase in precept	92,762.69	84,249.53	75,736.36	67,223.20	58,710.04	50,196.87	41,683.71	33,170.55
	Annual Repayment	283,062.69	274,549.53	266,036.36	257,523.20	249,010.04	240,496.87	231,983.71	223,470.55
	Annual Band D Increase	9.77	8.88	7.98	7.08	6.19	5.29	4.39	3.49

£1.70	Ticket Levy @£1.70 per ticket	196,066.67	196,066.67	196,066.67	196,066.67	196,066.67	196,066.67	196,066.67	196,066.67
	Increase in precept	86,996.03	78,482.86	69,969.70	61,456.53	52,943.37	44,430.21	35,917.04	27,403.88
	Annual Repayment	283,062.69	274,549.53	266,036.36	257,523.20	249,010.04	240,496.87	231,983.71	223,470.55
	Annual Band D Increase	9.17	8.27	7.37	6.47	5.58	4.68	3.78	2.89

£1.75	Ticket Levy @£1.75 per ticket	201,833.33	201,833.33	201,833.33	201,833.33	201,833.33	201,833.33	201,833.33	201,833.33
	Increase in precept	81,229.36	72,716.19	64,203.03	55,689.87	47,176.70	38,663.54	30,150.38	21,637.21
	Annual Repayment	283,062.69	274,549.53	266,036.36	257,523.20	249,010.04	240,496.87	231,983.71	223,470.55
	Annual Band D Increase	8.56	7.66	6.76	5.87	4.97	4.07	3.18	2.28

Rate	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%
Number of Years	20	20	20	20	20	20	20	20	20
1/2 Year Period	40	40	40	40	40	40	40	40	40
Original Principal	3,325,000.00	3,325,000.00	3,325,000.00	3,325,000.00	3,325,000.00	3,325,000.00	3,325,000.00	3,325,000.00	3,325,000.00
One-off use of reserves and/or external one-off contributions	-	100,000.00	200,000.00	300,000.00	400,000.00	500,000.00	600,000.00	700,000.00	800,000.00
Revised Principal	3,325,000.00	3,225,000.00	3,125,000.00	3,025,000.00	2,925,000.00	2,825,000.00	2,725,000.00	2,625,000.00	2,525,000.00
Half Yearly annuity	£141,531.35	£137,274.76	£133,018.18	£128,761.60	£124,505.02	£120,248.44	£115,991.85	£111,735.27	£107,478.69
Total Interest payable	2,336,253.84	2,265,990.56	2,195,727.29	2,125,464.02	2,055,200.74	1,984,937.47	1,914,674.20	1,844,410.92	1,774,147.65
Total Payable	5,661,253.84	5,490,990.56	5,320,727.29	5,150,464.02	4,980,200.74	4,809,937.47	4,639,674.20	4,469,410.92	4,299,147.65

£1.80	Ticket Levy @£1.80 per ticket	207,600.00	207,600.00	207,600.00	207,600.00	207,600.00	207,600.00	207,600.00	207,600.00
	Increase in precept	75,462.69	66,949.53	58,436.36	49,923.20	41,410.04	32,896.87	24,383.71	15,870.55
	Annual Repayment	283,062.69	274,549.53	266,036.36	257,523.20	249,010.04	240,496.87	231,983.71	223,470.55
	Annual Band D Increase	7.95	7.05	6.16	5.26	4.36	3.47	2.57	1.67

£1.85	Ticket Levy @£1.85 per ticket	213,366.67	213,366.67	213,366.67	213,366.67	213,366.67	213,366.67	213,366.67	213,366.67
	Increase in precept	69,696.03	61,182.86	52,669.70	44,156.53	35,643.37	27,130.21	18,617.04	10,103.88
	Annual Repayment	283,062.69	274,549.53	266,036.36	257,523.20	249,010.04	240,496.87	231,983.71	223,470.55
	Annual Band D Increase	7.34	6.45	5.55	4.65	3.76	2.86	1.96	1.06

£1.90	Ticket Levy @£1.90 per ticket	219,133.33	219,133.33	219,133.33	219,133.33	219,133.33	219,133.33	219,133.33	219,133.33
	Increase in precept	63,929.36	55,416.19	46,903.03	38,389.87	29,876.70	21,363.54	12,850.38	4,337.21
	Annual Repayment	283,062.69	274,549.53	266,036.36	257,523.20	249,010.04	240,496.87	231,983.71	223,470.55
	Annual Band D Increase	6.73	5.84	4.94	4.04	3.15	2.25	1.35	0.46

£1.95	Ticket Levy @£1.95 per ticket	224,900.00	224,900.00	224,900.00	224,900.00	224,900.00	224,900.00	224,900.00	224,900.00
	Increase in precept	58,162.69	49,649.53	41,136.36	32,623.20	24,110.04	15,596.87	7,083.71	(1,429.45)
	Annual Repayment	283,062.69	274,549.53	266,036.36	257,523.20	249,010.04	240,496.87	231,983.71	223,470.55
	Annual Band D Increase	6.13	5.23	4.33	3.44	2.54	1.64	0.75	(0.15)

£2.00	Ticket Levy @£2 per ticket	230,666.67	230,666.67	230,666.67	230,666.67	230,666.67	230,666.67	230,666.67	230,666.67
	Increase in precept	52,396.03	43,882.86	35,369.70	26,856.53	18,343.37	9,830.21	1,317.04	(7,196.12)
	Annual Repayment	283,062.69	274,549.53	266,036.36	257,523.20	249,010.04	240,496.87	231,983.71	223,470.55
	Annual Band D Increase	5.52	4.62	3.73	2.83	1.93	1.04	0.14	(0.76)

Reserves and General Fund Balances

Should Councillors wish to utilise additional one-off Council reserves, a decision will be required regarding which specific reserves to draw upon. The information provided below is intended to support Councillors in making an informed decision. The Chief Executive/Town Clerk will make recommendations on which earmarked reserves may be considered for use, along with an outline of the potential implications and risks associated with their use.

Total Reserves and General Fund Balances			
	As at 31/03/2025	Movement in year	As at 31/03/2026
	£	£	£
Total Earmarked Reserves	1,162,399	0	1,162,399
Unallocated General Fund Balance	893,142		
Estimated Underspend /(Overspend) for 2025/26		50,386	
Total Unallocated General Fund Balance			943,528
Total Reserves and General Fund Balances	2,055,541	50,386	2,105,927

Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide, which sets out the 'proper practices' for how the council must maintain its accounts, recommends that the minimum level of **general reserves** should be between three and twelve months of net revenue expenditure

3 months	£ 823,735
12 months	£ 3,296,939

Reserves and General Fund Balances are predicted to be **£2,105,927** at 31st March 2026 which is between the recommended minimum level and is approximately 7.5 months of net revenue expenditure.

Estimated Reserves as at 31/03/26							
Earmarked Reserve	Balance as at 31/03/23 (£)	Movement in Year In (£)	Balance as at 31/03/24 (£)	Movement in Year In (£)	Balance as at 31/03/25 (£)	Estimated Movement in Year In (£)	Estimated Balance as at 31/03/26 (£)
Major Projects	984	0	984	0	984	0	984
Water Mains Refurbishments/Repairs	12,732	2,200	14,932	2,200	17,132	0	17,132
Allotment Fence Repairs	605	1,989	2,594	(570)	2,024	0	2,024
Regalia	13,623	1,946	15,569	1,588	17,157	0	17,157
Custom Souvenirs	2,726	650	3,376	650	4,026	0	4,026
Youth Council	8,384	2,000	10,384	0	10,384	0	10,384
Monmouth Hall site	275,494	59,957	335,451	60,000	395,451	60,000	455,451
Community Infrastructure Levy	3,267	308	3,575	(1,004)	2,571	1,933	4,504
Costs of Elections	1,500	0	1,500	5,500	7,000	5,500	12,500
War Memorial	2,209	750	2,959	743	3,702	750	4,452
Sidney Gardens Fountain	12,600	0	12,600	0	12,600	0	12,600
Unity in the Community	1,079	0	1,079	0	1,079	0	1,079
Defibrillators & Bleedkits	6,779	950	7,729	(7,729)	0	8,500	8,500
CCTV	1,000	500	1,500	500	2,000	500	2,500
Climate Change	50,000	0	50,000	25,000	75,000	25,000	100,000
Community Safety	17,500	12,500	30,000	0	30,000	0	30,000
Play Parks	30,000	0	30,000	10,000	40,000	10,000	50,000
Christmas lights	0	26,079	26,079	(6,273)	19,806	0	19,806
Peter Street Toilet Refurbishment*	0	0	0	10,000	10,000	10,000	20,000
Yeovil Recreation Centre Sinking Fund*	0	0	0	164,213	164,213	0	164,213
Westlands Entertainment Venue*	0	0	0	32,000	32,000	0	32,000
Octagon Theatre*	0	0	0	209,470	209,470	209,470	418,940
Ticket Levy*	0	0	0	103,202	103,202	140,000	243,202
	440,482	109,829	550,311	609,490	1,159,801	471,653	1,631,454

Timing Considerations for Loan Application and Department for Digital, Culture, Media and Sport (DCMS) Grant

The DCMS grant funding process requires the submission of both an Outline Business Case and a Full Business Case. The timetable for these submissions is set by DCMS.

- The Outline Business Case is currently scheduled for submission in mid-October 2025.
- The Full Business Case submission has been delayed and is now expected in November/December 2026, having slipped from its original timetable of May 2026. It is important to note that this delay does not impact the programme and dates shared as part of the consultation which remains scheduled to open in the financial year 2028/29.

Given the requirement that loans approved by the PWLB must be drawn down within 12 months of approval, the timing of the loan application is critical.

Yeovil Town Council will require the formal outcome of the DCMS grant application before drawing down the PWLB loan to ensure the project is fully funded and deliverable.

If the Council proceeds with the loan application as originally planned in mid-October 2025, and the application is approved by late November 2025 or early December 2025, this would mean the loan must be drawn down by late November 2026 or early December 2026.

However, this timeline would likely precede the formal outcome of the DCMS grant, creating a risk that the Council could be required to draw down the loan before confirming the availability of key grant funding.

As such, careful consideration will need to be given to the timing of the loan application to align with the DCMS grant timetable and mitigate financial risk.

Advice on PWLB Application Timing and Budget Planning

Advice has been sought regarding the optimal timing for submitting Yeovil Town Council's application to the PWLB, considering the revised timetable for the DCMS grant process and the need to manage financial risk.

It has been recommended that the Council delay submission of the PWLB application to a date between January and April 2026. This approach allows the Council to:

- Ensure the consultation remains sufficiently recent to support the borrowing application,
- Align more closely with the anticipated timeline for the Full Business Case and DCMS grant decision, and
- Avoid the risk of the loan approval expiring before confirmation of grant funding.

In line with this revised timeline, it is suggested that:

- A provision be included in the 2026/27 budget for the Octagon Theatre Project and potential PWLB borrowing later in the financial year, and
- A larger budget allocation be projected for 2027/28, reflecting the expected capital expenditure and operational impacts once the project progresses.

Recommendation on PWLB Loan Application and Financial Planning

Considering the advice received and the project timelines, it is recommended that Yeovil Town Council submit the PWLB application in January 2026 - April 2026.

In the event that the loan is drawn down during 2026/27 (during the months of January 2027 – March 2027), that any costs of both principal and interest repayment be funded by ticket levy. It is likely that any costs that the Council will be obligated to pay or make provision for during the financial year 2026/27 will be no more than one-quarter of the annual repayment.

It is further recommended that the precept be increased (if, and as appropriate) in the 2027/28 financial year to accommodate the ongoing repayment obligations.

This Committee is **RECOMMENDED** to:

- 1) To agree to the appropriate funding structure;
- 2) If (1) is agreed, to recommend to Full Council to (a) approve the funding structure and (b) to resolve that it is also intended to increase the council tax precept (if, and as appropriate) for the purpose of the loan repayments by the appropriate %* which is the equivalent of an additional appropriate amount* per year;

**to be agreed upon (1) being agreed.*

- 3) if (1) and (2) are resolved, to agree to submit the Public Works Loan Board loan application in January 2026 - April 2026 for the appropriate amount agreed in (1)*;

**The loan application amount will be for the appropriate amount in (1), subject to reduction by any additional one-off financial contributions secured from other town and parish councils and external sources after (3) is agreed.*

- 4) if (3) is resolved, to agree to make provision in 2026/27 budget loan repayment that may fall due should the loan be drawn down during that financial year; and
- 5) if (3) is resolved, to agree to increase the precept (if, and as appropriate – as identified in (2)), in the 2027/28 financial year to accommodate any ongoing repayment obligations.
- 6) If (3), (4) and (5) are agreed, to recommend to full Council.

**(Amanda Card, Chief Executive / Town Clerk – 01935 382424 or
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