

## 11/322 PWLB LOAN APPROVAL

### Background

At its Extraordinary Meeting held on 1<sup>st</sup> 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 (PWLB) 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

At its meeting held on 28<sup>th</sup> October 2025, the Finance & Policy Executive resolved:

- that each committee review the reserves relevant to their committee;
- that a working party be set up to include the Chairs of Leisure & Environment (Cllr R Spinner); Infrastructure (Property & Assets) (Cllr R Stickland); Culture, Events & Promotions (Cllr G Oakes); Finance & Policy Executive (Cllr A Soughton); Cllr T Casey; and Cllr A Wilkes with the objective of exploring further options to fund the Octagon Theatre.

At its meeting held on 22<sup>nd</sup> January 2026, the Finance & Policy Executive resolved:

- to note the report and the work of the Octagon Theatre Funding Working Party;

- to note that the Culture, Events & Promotions Committee have agreed to increase the ticket levy at both Westlands Entertainment Venue and Octagon Theatre will be increased to £2 per ticket; and
- to agree that the amount to be borrowed would have no impact on the Council Tax, with any shortfall to be met from reserves, and that the final borrowing amount would be determined at the Town Council meeting to be held on 3 March 2026.

**Secured Alternative Funding to date:**

Redelegation of Reserves		£294,976
One-off Capital Contributions:		
<ul style="list-style-type: none"> <li>• Yeovil Without Parish Council</li> <li>• Brympton Parish Council</li> <li>• Chilthorne Domer Parish Council</li> <li>• East Chinnock Parish Council</li> <li>• Hardington Mandeville Parish Council</li> <li>• Langport Town Council</li> <li>• Huish Episcopi Parish Council</li> </ul>	£70,000 £25,000 £1,000 £500 £500 £250 £1,000	£98,250
Transfer or budget from Planning 2026/27		£1,000
Octagon Theatre budget 2026/27		£209,470
		<b>£603,696</b>

The additional secured alternative funding of £603,696 will reduce the amount the Town Council needs to borrow.

Efforts to secure further one-off capital contributions will continue following submission of the grant application. This will include ongoing engagement with Town and Parish Councils, local businesses, and artistic organisations at both town and county level.

Any additional funding secured will reduce the amount the Council is required to draw down. For the avoidance of doubt, the Council is not obliged to draw down the full amount applied for and may limit borrowing drawdown to the level ultimately required.

## Impact on Loan Repayments:

	Original <b>£3,325,000 borrowing</b>	Current status Secured alternative funding (£603,696) = <b>£2,721,304 borrowing</b>	For £0 impact on Council Tax (£615,470.65 – additional £11,774.65 required) = <b>£2,709,529.35 borrowing</b>
Rate	5.80%	5.80%	5.80%
Number of Years	20	20	20
Number of ½ year periods	40	40	40
Principal	£3,325,000	£2,721,304	£2,709,529.35
Half Yearly annuity	£141,531.34	£115,834.53	£115,333.33
Annual repayment	£283,062.69	£231,669.06	£230,666.67
Total Interest Payable	£2,336,253.84	£1,912,077.27	£1,903,804.01
Total Payable	£5,661,253.84	£4,633,381.27	£4,613,333.36
Tax Base	9,492.17* <sup>1</sup>	9,730.74* <sup>2</sup>	9,730.74* <sup>2</sup>

Ticket Levy (@ £1.50 per ticket)	£173,000.00		
Ticket Levy (@ £2.00 per ticket)		£230,666.67	£230,666.67
Increase in precept	£110,062.69	£1,002.40	£0.00
Annual Payment	£283,062.69	£231,669.06	£230,666.67
Annual Band D increase	£11.60	£0.10	£0.00

\*<sup>1</sup> Original figure based on tax base for 2025/26    \*<sup>2</sup> Tax Base for 2026/27

To ensure that there is no impact on Council Tax, an additional **£11,774.65** must be secured through alternative funding sources.

As noted above, the Finance & Policy Executive has agreed that the proposed borrowing shall not result in an increase to Council Tax. Any funding shortfall will be met from the Council's reserves.

This results in a borrowing requirement of **£2,709,529.35**.

Council may wish to consider rounding the borrowing figure for administrative simplicity.

If rounded to **£2,705,000**, an additional £4,529.35 in alternative funding would be required, in addition to the £11,774.65 already identified (a total of £16,304).

If rounded to **£2,700,000**, an additional £9,529.35 in alternative funding would be required, in addition to the £11,774.65 already identified (a total of £21,304).

The table overleaf sets out the annual repayment for each option.

	Principal £2,709,529.30 (£11,774.65 alternative funding required)	Principal £2,705,000.00 (£16,304 alternative funding required)	Principal £2,700,000.00 (£21,304 alternative funding required)
Rate	5.80%	5.80%	5.80%
Number of Years	20	20	20
Number of ½ year periods	40	40	40
Principal	£2,709,529.30	£2,705,000.00	£2,700,000.00
Half Yearly annuity	£115,333.33	£115,140.54	£114,927.71
Annual repayment	£230,666.67	£230,281.08	£229,855.42
Total Interest Payable	£1,903,803.98	£1,900,621.54	£1,897,108.38
Total Payable	£4,613,333.28	£4,605,621.54	£4,597,108.38
Tax Base	9,730.74	9,730.74	9,730.74

Ticket Levy (@ £2.00 per ticket)	£230,666.67	£230,281.08	£229,855.42
Increase in precept	£0.00	£0.00	£0.00
Annual Payment	£230,666.67	£230,281.08	£229,855.42
Annual Band D increase	£0.00	£0.00	£0.00

## Consultation

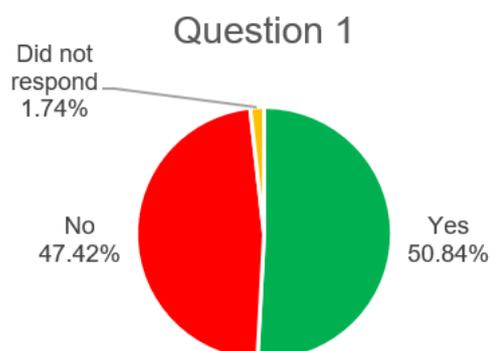
At its meeting held on 1<sup>st</sup> October 2025, the results of the consultation were presented to the Town Council.

As of 27<sup>th</sup> August 2025, there were 22,848 registered electors within the parish of Yeovil. Yeovil Town Council received a total of 3,393 valid consultation responses, resulting in a response rate of 14.85%.

This figure includes only responses verified as having been submitted by individuals listed on the Yeovil electoral register. Responses received from outside the parish were excluded from the final count.

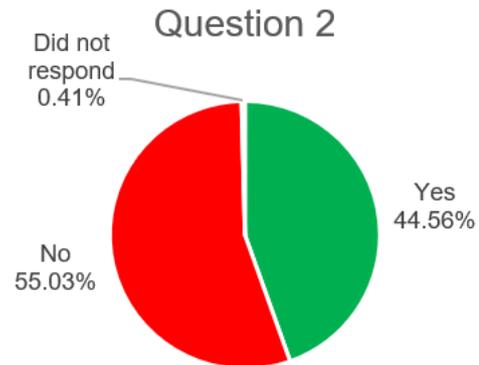
Question 1: Are you in **FAVOUR** of Yeovil Town Council going ahead with the contribution of £3,964,500 (including Stamp Duty) towards the Octagon Theatre Project resulting in borrowing of £3,325,000?

Yes	1,725	50.84%
No	1,609	47.42%
Did not respond	59	1.74%
Total	3,393	100.00%



**Question 2:** Are you in **FAVOUR** of Yeovil Town Council going ahead with the contribution of £3,964,500 (including Stamp Duty) towards the Octagon Theatre Project resulting in borrowing of £3,325,000, if it includes a Council tax precept increase of 3.3% (equivalent to £110,062.69) for the purpose of the loan repayments?

Yes	1,512	44.56%
No	1,867	55.03%
Did not respond	14	0.41%
Total	3,393	100.00%



### Conclusion

The Council's current position is consistent with the outcome of the public consultation in respect of both questions. The Council intends to proceed with borrowing from the PWLB, and this will not result in an increase to the Council Tax precept.

**Should Members have any questions regarding this report, they should contact the Chief Executive/Town Clerk prior to the meeting.**

The Committee is **RECOMMENDED**:

- (1) to note the report
- (2) to agree the amount to borrow (either £2,709,529.30; £2,705,000; or £2,700,000)
- (3) to seek the approval of the Secretary of State Ministry of Housing, Communities and Local Government to apply for the Public Works Loan Board loan of (either £2,709,529.30; £2,705,000; or £2,700,000)\* over the borrowing term of 20 years for the contribution towards the Octagon Theatre Project. The annual loan repayments will come to around either (£230,667; £230,281; or £229,855)\*
 

\*as appropriate (£2,709,529.30 principal = £230,6677 annual loan repayment; £2,705,000 principal = £230,281 annual loan repayment; £2,700,000 principal = £229,885 loan repayment)
- (4) to agree that the Council does not intend to increase the council tax precept for the purpose of the loan repayments.
- (5) to authorise the Chief Executive /Town Clerk to submit the borrowing application and to complete all necessary documentation to give effect to this resolution.

**(Amanda Card, Chief Executive / Town Clerk – [amanda.card@yeovil.gov.uk](mailto:amanda.card@yeovil.gov.uk) )**