

**Factsheet for Little Bealings Parish Council  
Friends of The Admiral's Head  
4<sup>th</sup> November 2019**

**How much do we need to save the pub?**

Our feasibility and business planning estimates that we realistically need a minimum of £450,000 to purchase, refurbish, reopen and run the pub viably.<sup>i</sup>

**How are we raising the finance?**

We aim to raise the required £450,000 (minimum) through a combination of different funding sources, including the following:

- Raising community shares
- Securing charitable funding and social investment
- Support from local Parish Council/s via Public Works Loan Board

**Update on fundraising**

Community shares: We have received a little over £60,000 from 94 pledges, 36 of which come from Little Bealings, since we started the pledge drive on 10<sup>th</sup> October 2019 (25 days).

We received verbal commitments for several further pledges this past weekend which we expect will come through over the next few days. We will continue to the campaign over the next two weeks. I hope we can reach £80,000 - £100,000

Charitable funding and social investment: We are proceeding with the following three funding opportunities. The best-case scenario is that we can raise £100,000 of financing through charitable funding and social investment. Likelihood of this is estimated at 50%<sup>ii</sup>

**Current financing shortfall**

Under the best-case scenarios from community shares and charitable funding and social investment, we are still needing to find a further £250,000.

**How can support from local Parish Council/s work?**

Local councils can access affordable finance through the Public Works Loan Board.

Advances from the Public Works Loan Board are very flexible. There is no limit to what local councils can borrow. They can repay over up to 50 years, and have options of different methods of repayment.<sup>iii</sup>

How local councils support community projects is at their discretion. To secure approval, parishes must principally demonstrate the following:

- i. That residents have been consulted,
- ii. That the full council has approved this loan application,
- iii. That the council's budget includes provisions made to meet the loan cost,
- iv. A business case for the loan

Around the country, local councils have used advances from the Public Works Loan Board to support community project in a variety of ways listed below.<sup>iv</sup>

1. Acquiring assets directly and leasing them to the community, with rent used to service the Public Works loan
2. On-lending community businesses at rates equal or higher than that which they have secured from the Public Works Loan Board. Using repayment by the community to repay the Public works Loan Board
3. Investing in community shares alongside individual community members. Using returns from the investment to service the Public Works loan

4. Making a grant to the community and financing the repayment of the Public Works loan by increasing the council taxes

#### How much do Public Works loan cost?

Typical fixed interest rate on Public Works Loan Board advances to local councils is 2.80% over 25 years. This varies if the advance is for a shorter period or longer period.

Annual Repayments on Public Works Loan Board (As of 3rd November 2019) *Annuity method of repayment*

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		Repayment Period			
		10 years	25 years	35 years	50 years
Loan size	£ 450,000	£ 50,909	£ 25,178	£ 21,099	£ 18,034
	£ 200,000	£ 22,626	£ 11,190	£ 9,377	£ 8,015
	£ 150,000	£ 16,970	£ 8,393	£ 7,033	£ 6,011
	£ 100,000	£ 11,313	£ 5,595	£ 4,689	£ 4,008

#### How much would it cost to cover the costs of a Parish Works loan through the Parish Precept?

Based on Little Bealings' Parish Council tax base for 2020/21 of 213.74 Band D priorities, the additional Parish precept that would be necessary to cover £150,000 and £100,000 loans full is presented below.

		10 years	25 years	35 years	50 years
£	150,000	£ 79.39	£ 39.27	£ 32.90	£ 28.12
£	100,000	£ 52.93	£ 26.18	£ 21.94	£ 18.75

The current Little Bealings Parish Council precept for Band D properties is £32.43. The additional precept above is equivalent to the following rates of increase from 2019/20.

		10 years	25 years	35 years	50 years
£	150,000	245%	121%	101%	87%
£	100,000	163%	81%	68%	58%

#### What can Bealings and Playford Community Pub Limited afford to pay for a loan from Parish Councils?

The table on the next page presents a 10-year financial forecast assuming that £450k is secured, including £50k working capital, including rent receivable from a tenant, direct expenses and cost of More Than A Pub and community shares financing, but not other cost of finance.

The profit / loss line (and reserves position) indicates what the pub could afford in terms of additional cost of capital, for example servicing a Parish Council loan.

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Rent Receivable</b>		-	13,750	27,500	27,500	27,500	29,000	29,000	29,000	29,000	29,000
<b>Total Direct Expenses</b>		<b>4,000</b>	<b>5,120</b>	<b>6,244</b>	<b>7,371</b>	<b>7,592</b>	<b>7,820</b>	<b>8,054</b>	<b>8,296</b>	<b>8,545</b>	<b>8,801</b>
<b>Funding Costs (excluding PC support)</b>											
More than A Pub (£50K loan and £50k grant). Loan at 8% reducing balance	100,000	11,143	10,571	10,000	9,429	8,857	8,286	7,714	-	-	-
Community Shares: 2.5% interest from Year 3	100,000			2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
<b>Totals Funding Costs (excluding PC support)</b>	<b>200,000</b>	<b>11,143</b>	<b>10,571</b>	<b>12,500</b>	<b>11,929</b>	<b>11,357</b>	<b>10,786</b>	<b>10,214</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>
<b>Total Expenses (excluding PC support)</b>		<b>15,143</b>	<b>15,691</b>	<b>18,744</b>	<b>19,299</b>	<b>18,949</b>	<b>18,606</b>	<b>18,269</b>	<b>10,796</b>	<b>11,045</b>	<b>11,301</b>
<b>Profit / Loss</b>		<b>-</b>	<b>-</b>	<b>8,756</b>	<b>8,201</b>	<b>8,551</b>	<b>10,394</b>	<b>10,731</b>	<b>18,204</b>	<b>17,955</b>	<b>17,699</b>
Working Capital / Reserves	- 50,000	- 34,857	- 32,916	- 41,672	- 49,873	- 58,423	- 68,818	- 79,549	- 97,753	- 115,708	- 133,407

## Additional Notes

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<sup>i</sup> This figure includes a £50,000 work capital to secure cashflow as initial outgoings are higher than incoming. This takes into account the conservative assumption that full rent will only be receivable from Year 3, at half rate in Year 2 and zero in Year 1. It also takes into account immediately starting to repay principal and interest on loans.

<sup>ii</sup> £50,000 loan (8% interest over 7 years) combined with £50,000 grant from More than a Pub programme (Power to Change and Plunkett Foundation). Likelihood 50%. Shortlisting by 22nd November, earliest confirmation of funding end of December 2019

Up to £100,000 community share investment matching community investment from Cooperatives UK via Community Shares Booster programme (Power to change and CooperativeS UK). Alternative to More than a Pub as very unlikely Power to Change will not fund us through both programmes

£50,000 loan (0% interest over 5 years, 1st year no repayment) from Co-op Foundation. Only eligible once we take control of the building. Only Plan B if More than a Pub doesn't materialise as not affordable to take on two short term loans

<sup>iii</sup> Advances are repaid in either through fixed 'annuity' repayments or through 'equal repayments of principal (EIP) with a reducing balance of interest payment.

Options for interest only and principal repayment on maturity also available. Variable rates for 10 years also available.

Details here: <https://www.dmo.gov.uk/data/pdfdatareport?reportCode=D9A.1>

<sup>iv</sup> "Investing in Localism: How Local Authorities Can Provide Good Finance For Community Business" by Power to Change and Social Finance (June 2018) reviews experience to date of how councils use Public Works loans to support community projects:

<https://powertochange.staging.wpengine.com/research/investing-localism-local-authorities-can-provide-good-finance-community-business/>