



## Minutes of the Extraordinary Meeting of Caistor Town Council held at 7:00pm at the Caistor Town Hall on 3 August 2023

Present: Cllr J. Wright (Chair), Cllr S. Davey, Cllr P. Richardson, Cllr R. Lyus, Cllr M. Galligan, Cllr S. Hodson,  
Cllr A. Somerscales, Cllr L. Milner, Cllr A. Clark, Cllr P. Morris,  
In Attendance: Michelle Moss, District Councillor Bierley, District Cllr Lawrence, Steve Critten and Neil Castle representing  
Members of public present: 1

- 1** To receive declaration of interests and requests for dispensations and to consider granting dispensation(s)  
- Ref: 2154  
Declarations of interest and requests for dispensation received from Cllrs Somerscales, Wright, Clark and Richardson in relation to agenda item 5 and 6 - 2-4 Market Place.  
Dispensation granted for named councillors for 1 year.
- 2** To resolve to accept apologies for absence and reasons given in accordance with Local Government Act 1972 s85(1)  
- Ref: 2155  
Apologies received and accepted from Cllrs Bowman and Hughes.  
(Apologies also received from Cllr Cox immediately prior to the start of the meeting via email)
- 3** Public Participation (10 minutes max). Individual members of the public are permitted to address the council for up to 5 minutes each  
- Ref: 2156  
None
- 4** To review and approve the draft minutes from full council 13th July meeting  
- Ref: 2157  
RESOLVED that the draft minutes of the meeting held on 13th July 2023 be approved as a true record of the meeting  
Proposed: Cllr R. Lyus Seconder: Cllr A. Somerscales All in favour
- 5** To receive an update from Caistor and District Community Trust Ltd regarding the development of 2-4 Market Place - Ref: 2158  
Neil Castle and Steve Critten were in attendance to provide an over view of the regeneration of 2-4 Market Place, the funding, business plans and to answer any questions.  
Their presentation noted: deterioration of the building; the current funding sources including £750,000 planned loan from CTC; the trust has now purchased the property; the public tender process resulted in 4 requests to tender, three dropped out leaving 1 full tender submitted; the initial quote was £1.3m over budget, negotiated down to £932k over budget; the tender is a fixed price; it is hoped the National lottery will fund this shortfall and negotiations have started; other funders have extended deadlines to ease cash flow; the development cost is now iro £3.1m, the building will be worth £800,000 when complete and will take iro 40 weeks; the original contingency was 15%; Heritage Lincolnshire are interested in running the facility; CTC can have negotiate a fixed first charge over the property as a condition of the loan; National Lottery heritage fund do not have a first charge over the property.  
Councillors raised concerns including: the residents have not been consulted on the CTC loan, are not necessarily aware of it and they have a right to a say before the council commits to it; access to a more up to date business plan with current projections and forecasts; how the CTC loan repayments will be made for the first 2 years before the building is finished and occupied; CTC solicitors advised that CTC would not get first charge on the property due to agreements with other funders which give them first charge; CTC is the only investor who is taking out a loan and will have to pay it back regardless of the success of the building.

(It was clarified after the meeting that the first loan repayment to PWLB would become due within the first 6

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months of taking out the loan).

**6 To understand and discuss the implications of drawing down the £750,000 loan from the Dept of Levelling up; agree what actions should be taken to ensure due diligence has been transparently completed; and agree next steps**  
**- Ref: 2159**

The RFO had shared a document prior to the meeting outlining the councils responsibilities regarding the loan and clarifying the potential risks. Key points included: £750,000 loan from Public Works Loan Board (PWLB) would be given to CDCT, and be repayable over 50 years; Annual repayments (at the most recent interest rate) of £55,575 per year reducing by approx. £406 each year until the loan is repaid; Payments are due every 6 months with the first installment due within the first 6 months of taking the loan; Total amount repayable over 50 years is £1,774,518.55; If CDCT break the loan agreement with CTC, CTC is still liable and have to pay PWLB the full payments for 50 years or a lump sum for the outstanding loan amount; PWLB have guarantee of repayment by way of resident council tax; the DLUP have granted money to CDCT and have secured first charge over the property in the event of the project failing meaning CTC are unlikely to receive back sufficient money to repay the loan if the project fails;

**Budget implications:**

NALC/LALC have stated: 'CTC must review future reserve levels which need to be held and the impact that must have on precept and other projects over the short, medium and longer term'

- Current cash position for CTC - £50,000 in general reserves - £67,800 in allocated reserves
- CTC will need to 'ring fence' in reserves, enough money to make the loan payment for at least 1 year – i.e. £56,000.
- This can be done by raising the precept, reducing current expenditure or using current allocated reserves.
- The implications of taking the loan and not raising the precept to meet the ring fence requirements are that other non-essential projects, grants, improvements, maintenance and resourcing will have to stop until sufficient ring fenced reserves can be found for 1 years worth of loan repayments.
- Not having sufficient reserves to make the loan repayments will leave the council vulnerable in the event CDCT default on payments.

**Public Consultation**

LALC/NALC have stated that:

- Residents must be given the full details of potential costs that the taxpayers may be liable for.
- Councillors need to have 'considered the full financial risk assessment'
- CTC and Councillors 'must be honest, open and transparent about the loan and risks with taxpayers and electors'
- Residents must support the loan with 'their eyes wide open that they will be liable for 50 years if the project failed to generate the necessary funds to cover the loan payments

**Summary of recommendations**

- Full and transparent public consultation must be completed
- Increase the precept to provide sufficient ring-fenced reserves to make the annual loan repayment to PWLB whilst continuing to deliver current level of services to Caistor or analyse what services should be put on hold until the reserves position is strong enough to support a default on the loan.
- Critical financial analysis of the income/expenditure, cash flows, assumptions, costs etc is completed on CDCT project
- Solicitor is engaged to provide legal support for the loan agreement and charge on the property.

It was noted that the public awareness of the project is high, but the awareness of the CTC loan to support the project, and the implications are not.

RESOLVED to hold a public consultation - the format of which is still to be agreed; instruct a solicitor to identify whether CTC could get a first charge on the property; allocate £2500 to solicitor costs initially; once the solicitor has established that a first charge is possible, instruct a professional to undertake a financial review of the project and then instruct the solicitor to draft a loan agreement; ensure that DLUP are aware of the lack of public consultation regards the loan; Cllrs Wright, Milner, Hodson, Clark, Davey and Galligan work with the clerk to expediate the action where possible.

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Meeting closed at 20:28pm

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