



Carlyon Parish Council

Purchase of Community Hall

Business Case

16th July 2024

Introduction

Owning a community hall is common place for parish councils and Carlyon Parish is unusual in the fact that it does not have a hall, unlike our neighbouring parishes. In recognition of this, when the parish council was set-up in 2009 the original councillors took a decision to start reserving funds should a suitable property become available.

Following recent negotiations with the Methodist organisation that owns Tregrehan Chapel, the parish council now has the opportunity to purchase the freehold of the chapel for £150,000 and use it as a parish community hall.

The parish council unanimously agreed to progress the purchase of the chapel at a full council meeting on 21 May 2024.

Purpose of this Document

The purpose of this document is to set-out how the parish council will fund the purchase of the chapel as a community hall and meet its annual running costs.

In addition to this, we have also taken the opportunity to set out some key answers to questions that residents who have not attended parish council meetings may have on the purchase.

It should be noted that the purchase and running of the building will **not** require an increase in the council tax precept paid by residents.

Business Case

Funding the Purchase and Annual Running Costs

The purchase and annual running costs will be as follows:

- Purchase Price: £150,000
- Running costs: £5,000 pa

The purchase will be funded as follows:

- Taken from reserves: £75,000
- Public Works Loan: £75,000

The annual Public Works loan repayment and running costs will be:

- Repayment of Public Works Loan: £5,461 (25 years at 5.42%)
- Running costs: £5,000 pa
- **Total annual cost: £10,461**

We have been reserving an average of £11,667 per annum towards the cost of a community hall. This reserve will instead be redirected to pay the Public Works Loan and the building's running costs. Consequently there will be **no increase to the council tax precept**.

Potential Revenue from Rental Income

We have conservatively estimated that we will hire the building out for an average of 5 hours per week, at a rate of £10 per hour. This will give us an annual revenue as follows:

- Annual rental hours: 260
- Annual rental income: £2,600

All rental income received will be reserved for any future maintenance works required to the building and/or further investment in other areas of the parish.

Indicative 2025/2026 Budget

To demonstrate the expected impact of purchasing and running the building on our annual operating budget, below we have provided an *indicative* budget for Financial Year 2025/2026 following the purchase of the chapel.

	Income	Expenditure	Cash Reserved
Projected Opening Bank Balance	£61,510.00 ¹		
Council Tax Precept	£40,330.00		
VAT Repayments	£1,000.00		
Reserved Rental Income	£2,600.00		
Clerks Salary & Costs		£13,500.00	
Training & Conferences		£750.00	
Clerks Room Allowance		£350.00	
Office Expenses		£750.00	
Clerks Travel & Subsistence		£400.00	
Postage		£150.00	
Photocopying		£150.00	
Insurance		£750.00	
Subscriptions		£800.00	
Website		£500.00	
Audit Fees		£550.00	
Bank Charges		£200.00	
Meeting Expenses		£250.00	
Chairmans Allowance		£100.00	
Councillors Travel/Subsistence		£200.00	
Parish Maintenance		£5,500.00	
West Crinnis Fields Maintenance		£1,500.00	
Jubilee Playing Fields		£2,500.00	
Public Works Loan Repayment		£5,461.00	
Community Hall Running Costs		£5,000.00	
VAT Paid		£2,000.00	
Totals	£105,440.00	£41,361.00	£64,809.00²

¹ This is the projected opening balance AFTER we have withdrawn £75,000 towards the purchase of the chapel and paid the £5,000 conveyancing costs.

² This cash is reserved for Tregrehan Flood Defences (£7,500); West Crinnis Fields PROW Legal Cost (£5,000); Election fund (£1,000) and General Contingency (£51,309).

Key Questions & Answers

Below we have set-out some of the key questions and answers that residents may find useful to better understand the parish council's decision to progress with the purchase of Tregrehan Chapel.

- **Do we need a community hall?**

At present there is no community facility within our parish. Tregrehan Chapel is the last remaining building suitable for this purpose and, if we don't purchase it, in the future it could potentially be sold for private development and we will have lost any opportunity for a community space.

- **Wouldn't Carlyon Bay be a more appropriate location?**

Of the two wards, Carlyon Bay has the most housing and consequently the most residents so, in principle, a community facility in Carlyon Bay would be better positioned. However, there is no appropriate building in Carlyon Bay and this is highly unlikely to change.

- **What about Campdowns Chapel in Carlyon Bay?**

This chapel (which is just outside of the parish boundary) was recently offered on the open market for lease by Cornwall Council. The parish council investigated the potential of the building as a community hall but unanimously decided not to progress due to the high cost of remedial works, relatively short lease term, parking issues and constraints on use as it is within an active cemetery.

- **What other purchase costs will there be?**

We have budgeted £5,000 for survey and conveyancing fees (although we expect them to be less). Apart from this we do not expect any other costs as the sale will be inclusive of fixtures, fittings and chattels (tables, chairs, crockery etc.). It's possible that the structural survey may note items for immediate repair but any final price will be subject to the structural survey.

- **Will the parish council be able to profit from the hall?**

We would endeavour to rent the hall for more than the conservative estimate of 5 hours per week. Any profit that is made will enable the parish council to invest in the building and/or other parish needs.

- **How will the hall be marketed to maximize its use?**

Currently the chapel is rented for around 4 hours each week. This is achieved without any promotion, marketing or local engagement. We would seek to expand on this through word of mouth and engaging with local groups.

- **Who will manage the hall in terms of bookings etc.?**

The parish clerk will manage the facility on our behalf. This may mean paying for some limited additional time for the clerk and this will be factored into our budget in future years.

- **What types of activities will we encourage at the hall?**

Currently the chapel is rented for coffee mornings, art clubs and the repair café. Other opportunities may be for a pop-up shop, film club, committees, children's parties, wine tasting, exhibitions and exercise classes.

- **What won't be allowed at the hall?**

As the hall is in a residential area we will not take bookings for anything we feel may disturb residents, such as music events. It's likely we'll discourage bookings after 20:00 and the clerk will use their discretion in deciding on whether to accept bookings.

- **What will happen to the chapel if it's not purchased?**

At present, the Methodist organisation has proposed that they would retain the building for the immediate future. However, it would be their prerogative to decide on its future and whether they wished to offer it to the open market at a higher price. However, it should be noted that the parish council would have 6 months grace to raise funds in this scenario as the chapel is on the Assets of Community Value register.