*This Hints & Tips Note MUST be read alongside the official NALC guidance and not on its own*

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| **01** | **RESOLUTION TO BORROW**As per the official guidance the resolution to borrow must be taken at a full council meeting with all the members present. A key problem normally seen here is that sometimes the actual resolution is not well written or drafted which can unfortunately hold up the approval. The resolution needs to be written clearly into the minutes. The full minutes of this meeting must be submitted with your application and not just an extract of these. It is also important that as soon as the resolution is taken, that the minutes are published on your website even in draft form. If this not possible then it is recommended that a formal announcement or notice is published on your website home page and perhaps in a central noticeboard/s for residents who may not have access to the internet.Below I have given two examples; what a resolution to borrow should read like and what an announcement of that resolution should ideally read like in website page and/or parish noticeboard:RESOLUTION TO BORROW – example of wording* ***It was RESOLVED to seek the approval of the Secretary of State for Housing, Communities & Local Government to apply for a PWLB loan of £XXXXX over the borrowing term of XX years for the (INSERT PURPOSE OF LOAN). The annual loan repayments will come to around £XXXXX.***

If yourselves will be increasing the council tax precept for the purpose of the loan repayments then please also add this additional sentence into the resolution to borrow for the official record:* ***It is also intended to increase the council tax precept for the purpose of the loan repayments by XX% which is the equivalent of an additional £XX a year. This will be subject to a precept increase consultation.***

If yourselves will NOT be increasing the council tax precept for the purpose of the loan repayments then please also add this additional sentence into the resolution to borrow for the official record:* ***It is not intended to increase the council tax precept for the purpose of the loan repayments.***

Announcement of RESOLUTION TO BORROW to residents for website – example of wording* ***At the XXXXXX Parish Council meeting of (INSERT DATE), it was RESOLVED to seek the approval of the Secretary of State for Housing, Communities & Local Government to apply for a PWLB loan of £XXXXX over the borrowing term of XX years for (INSERT PURPOSE OF LOAN). The annual loan repayments will come to around £XXXXX.***

If applicable; also add the following: * ***It is also intended to increase the council tax precept for the purpose of the loan repayments by XX% which is the equivalent of an additional £XX a year. This will be subject to a council tax precept increase consultation.***

If applicable; also add the following: * ***It is not intended to increase the council tax precept for the purpose of the loan repayments.***

Please also add the following sentence to the end of the website statement:* ***If you have any views or opinions you wish to feed in, please contact the parish council direct.***

*The key underlying theme we will look for in every borrowing approval application is how open and transparent a parish/town council has been with their residents from the start of the project and associated borrowing application. We must see strong evidence of this throughout the application or approval may be delayed.* |
| **02** | **BUDGET 2018-19 & 2019/120**The updated 2018-19 budget summary table that you provide must show all your usual expenditure and income, including any loan/s that yourselves may already be paying off. Most importantly, the expenditure should balance off against the income. Any discrepancies must be explained such as short-falls and etc.As your first loan repayment provision is likely to fall in 2019-20 you should look to provide a budget table for 2019-20 as per the evidence requirement. The loan repayment provision line is crucial as is your usual expenditure and income. Again, this must balance up.For example, if your annual loan repayments come to around £10,000 a year then there MUST be a line in your DRAFT budget table for this amount marked up as PWLB repayments. Or at the very least, the budget table provided must cover the first 6-monthly repayment which in this example would be around £5,000.If you are paying off any existing loan/s, then this/these also need to be declared in your application and shown separately in your budget table/s. In order to get further PWLB loan repayment calculations on the loan you are applying for now, please visit: <https://www.dmo.gov.uk/data/pdfdatareport?reportCode=D9A.1> * **In place of your 2019-20 budget table the alternative option you have is to produce and send through a cash-flow forecast table showing the loan repayment provision over the next 3-5 years or so alongside your other income and expenditure. Although this will be a best-guess estimate, it would still give us a good insight to your forward financial planning, thinking and approach. It would also be very useful for the approving official. Many parish/town councils have been regularly providing these as part of their applications and these have proven very useful.** *(An example is attached).*

If the financial information above is not provided we cannot be assured on the loan affordability aspect further down and therefore granting sign-off approval will become difficult and maybe delayed.This is the most basic finance information that we request as part of the evidence requirement for this section.  |
| **03** | **REPORT TO COUNCIL / BUSINESS CASE**This part can vary depending on how big or small a project is, and the size of the loan that you are applying for.In the first instance, the key document that should be supplied is known as the *Report to Council*. This is essentially a one or two page summary of the project and borrowing approval application showing the need, the costing and the benefit of the project. This must be the main document that is presented to the council members at the Resolution To Borrow meeting. This will be the crucial document that will inform them as to whether they wish to vote in FAVOUR of the resolution or AGAINST it.* **In addition to the Report To Council, it is then up to yourselves to provide any other useful and additional documents and/or annexes that will help us better understand your project in terms of the needs, the costings, the timeline, project plan, illustrations, title deeds, valuations, surveys, estimates, quotations, planning consents, etc.**

*We also like to see evidence or confirmation that the business case information has been shared with the residents in one form or another. For example, we prefer to see it published on your website.* |
| **04**  | **LOAN AFFORDABILITY**This section goes hand-in-hand with Section 2 (Budget) as above. If you have adequately shown your loan repayment provision for the loan that you are applying for and any existing loan/s alongside all your usual expenditure and income which all balances out then we can be reasonably confident your loan affordability matter has been covered off. * **It is also important to highlight for this section what mitigation action would need to be taken if the parish council was to default on the loan. We like to call this the Plan B scenario. So hypothetically, if the parish council were to face any future financial difficulty in the next 3-5 years how would it go about honouring the new loan repayments. Would it call upon its reserves? Would it rely on any other income or future grant? Would it re-adjust its budget to cut back on other expenditure? Would it look to increase its precept? *A short narrative on this needs to be supplied as part of your application paperwork.***
* **You should also highlight your reserves and what other capital you have. *A statement or cover note to this effect must be supplied.***

Essentially for this section, we want to see how your existing loan repayments (if applicable) and how your new loan repayments will look and balance out against your existing income and expenditure which is why the updated draft budget table or the cash-flow forecast table as requested in Section 2 above are an important requirement. They will help us to assess the affordability element.* **If you have also secured funding from elsewhere for your project, please send through and/or detail where the other pots of funding are coming from and whether any award/offer letters have been received. We just want some assurance as to how secure or guaranteed the other sources of funding are.**

This is a basic affordability check that we must carry out to ensure that the current finances are strong. We would not want to put any parish /town council in any financial hardship. It is the most basic finance requirement for each application that we assess, whether it is for £10,000 or £100,000 or £1m.  |
| **05** | **PARISH COUNCIL TAX PRECEPT INCREASE - (if applicable)**If your council tax precept is being increased for the repayment of the loan then this section and Section 6 will be crucially important to take note of.In order to meet the evidence requirement for this section, the parish/town council must provide detailed clarity on THREE key points.* **By how much in PERCENTAGE terms is it increasing the council tax precept? Is it 5%? 10%? Or 15% for the year on a Band D dwelling?**
* **By how much in MONETARY AMOUNT is it increasing the council tax precept for the year on a Band D dwelling? Is it £5 a year? Is it £10 a year? Or is it £15 a year?**
* **For example; if the council tax precept increase will be £10 a year then will the full £10 amount be for the loan repayments? Or will it be £5 a year for grass-cutting and £5 a year for the loan repayments. Perhaps it might be £2 a year for the allotments and £8 a year for the loan repayments. It is important to be clear in the application details about this.**

*There is nothing wrong with increasing your council tax precept EVEN if it is not for the purpose of repaying the PWLB loan. But this must be made clear in writing with your application.* |
| **06** | **PARISH COUNCIL TAX PRECEPT INCREASE – Public Consultation - (if applicable)**This is a very key and important part of the application and the one where we find normally causes a lot of delays and hold-ups with most borrowing approval applications.As it is mentioned in the official guidance, if a parish/town council intends to increase its council tax precept for the purpose of repaying the PWLB then it MUST show evidence of public support of this in order to get the loan approved by MHCLG.The evidence of public support can only come from a council tax precept increase survey, poll, consultation which needs to be run at the earliest possible opportunity. This is *very much mandatory.* And must not be avoided.MHCLG currently does not ask for a full-on referendum to be done but just a small, basic low-cost poll, survey or consultation which can take one of the following forms as described below:* **An online survey can be set up via the Survey Monkey web application. This can then be linked to the website of the parish/town council. All the households must be informed that the survey has been set up so they can take part. It just needs to be a simple YES/NO survey. If your application is for under £100,000 and the precept increase is under £5 a year we can probably accept a 2-3 week survey. The normal period we usually prefer is at least ONE MONTH for applications over £100,000. The survey must have a deadline. The results can be printed and sent with your application.**
* **You can also choose to produce consultation/survey fliers to be distributed to all households in your area. They just simply need to have a YES / NO tickbox to indicate whether the residents are in favour of the precept increase or no. For an application of £100,000 or above, a fair period for the survey/consultation must run for at least ONE MONTH and it must have a deadline. A copy of the flier needs to be submitted with your application alongside the summary results that need to be clearly recorded and documented.**
* **You can also choose to have the consultation/survey fliers inserted into your magazine/bulletin/newsletter to be distributed to all households. It just simply needs to have a YES / NO tickbox to indicate whether the residents are in favour of the precept increase or no. For an application of £100,000 or above, a fair period for the survey/consultation must run for at least ONE MONTH and it must have a deadline. A copy of the flier needs to be submitted with your application alongside the summary results that need to be clearly recorded and documented.**
* **You can also choose to have one or more public meetings or open days for the residents at say, the central village hall or community centre. Here, the details of the project, the PWLB application and the council tax precept increase can be presented clearly and openly to them. They could then be issued with YES / NO slips to take away to VOTE on the precept increase element. Or you can choose to have residents raise their hands in support there and then. Again, the results should be carefully recorded and then submitted with the application.**

Below are the two preferred YES/NO questions to ask in your survey/consultation activities for the purpose of the borrowing approval application:* **Are you in favour of XXXXX Parish Council proceeding with the (INSERT PROJECT NAME)? YES / NO**
* **Are you favour of XXXXX Parish Council proceeding with the (INSERT PROJECT NAME) if it includes a council tax precept increase of XX% which is the equivalent of an additional £XX a year for the purpose of the annual loan repayments? YES / NO**

If desired, you may even choose to make use of the attached survey template or update as necessary for your consultation exercise/s. |
| **07** | **GENERAL PUBLIC CONSULTATION ON PROJECT & PWLB APPLICATION**Where there is council tax precept increase for the purpose of the loan repayments then we tend to focus heavily on Evidence Checklist Point 6, but we do still like to see some evidence of general project consultation and/or updates to the residents on the project and associated borrowing approval application.* **If there is no council tax precept increase survey requirement then all the focus will fall onto this section.**

General project consultation activities could be one or more of the following:* **Ongoing dedicated website page showing updates to the project and associated borrowing approval application as both progress.**
* **Monthly/quarterly newsletters giving updates on the project and application.**
* **Monthly/quarterly magazine articles giving updates on the project and application.**
* **Local press/media coverage of the project.**
* **Public open days and presentations to the residents on the project.**
* **Online or paper surveys for the residents about the project.**

*All documents, materials produced for this section should be submitted as part of your application****.*** |
|   | *IMPORTANT NOTE: Some details of your application will be shared with the Public Works Loan Board (PWLB) to assist with your separate application to them when it comes to drawing down your approved loan.*Kind regardsMr Shafi KHAN**Ministry of Housing, Communities & Local Government****Local Government Finance****2 Marsham Street****2nd Floor** **Fry Building** **South East Quarter****London****SW1P 4DF****** **shafi.khan@communities.gov.uk****0303 444 3132 (Work)**  |