



Item 18

Council - 3 March 2026

Potential Borrowing of Money to Purchase Land at Llangyfelach

1. Councillors have asked the Clerk to produce a report regarding the potential purchase of land. The land is not disclosed to the public, so as to protect the Council's commercial interest. The land is identified to Councillors under the final item on the Council agenda.
2. The Council does not have sufficient funds to purchase the land, so it would need to borrow the money. The Welsh Government has issued a guidance document relating to a Community Council borrowing: "Borrowing Approvals: Guidance for Community & Town Councils". <https://www.gov.wales/borrowing-approvals-guidance-community-and-town-councils-html>
3. This guidance sets out the criteria which the Welsh Ministers generally apply in deciding whether to provide a borrowing approval, and how Community and Town Councils can apply for a borrowing approval.
4. When considering whether to apply for a borrowing approval, Community and Town Councils should be fully open and transparent with their residents and taxpayers in all their dealings. This could include discussion of proposals in open meetings, and ensuring information is available for the public before and after a decision is taken, for example on the Council's website or published in local newsletters. The Council would need to complete a detailed application form addressing several issues including funding streams. <https://www.gov.wales/borrowing-approvals-application-form-community-and-town-councils>
5. This report seeks to address the above requirement, by being open and transparent. The report is published on a Council agenda and the public are invited to attend the Council meeting. Additionally, there is a period of 10-minutes allocated on the agenda for the public to ask questions relating to items on the agenda.
6. Subject to approval from Welsh Government, the Council would then look to secure a loan from a body such as the Public Works Loan Board (PWLB). The PWLB lending facility is operated by the UK Debt Management Office (DMO) on behalf of HM Treasury and provides loans to local authorities, and other specified bodies, from the National Loans Fund, operating within a policy framework set by HM Treasury. This borrowing is for capital projects.

Cyngor Cymuned **Llangyfelach** Community Council

7. The repayment rate would depend on the amount borrowed and the period of the loan. Obviously, an element of the borrowing would be required to pay for any works required.
8. The Council would need to borrow a sum sufficient to match its offer price. Should the Council offer the full asking price, it would need to borrow approximately £110,000. Obviously, less money would need to be borrowed, if the Council sought to make a reduced offer.
9. It is likely that the VAT element of the payment could be reclaimed from HMRC. The Clerk will seek to confirm this with HMRC and / or VAT specialists prior to any purchase offer being made.
10. The Council does not hold significant reserves. To repay the loan, it would need to increase its precept. Llangyfelach Community Council's precept for 2026-2027 is £30,000. The Council Tax Base 2026-2027 for Llangyfelach has been calculated as **976** Band D equivalent properties. This means that the approximate annual charge for a Band D equivalent property will be £30.74 per annum.
11. Based on the 2026-2027 Council Tax Base, for every additional £10,000 raised by the precept, an additional cost of £10.25 per annum would be added to each Band D equivalent property. The table outlines the increased cost (annually & monthly) to a Band D equivalent property based on the Precept rising from £30,000 to £40,000, £50,000 or £60,000.

Precept	£30,000	£40,000	£50,000	£60,000
Band D equivalent. Cost per annum	£30.74	£40.99	£51.23	£61.48
Additional Cost per annum. Compared against current £30,000	-	£10.25	£20.49	£30.74
Additional Cost per month. Compared against current £30,000	-	£0.85	£1.71	£2.57

12. **Recommendation.** The views of Council are sought.

Background Papers: None

Appendices: None

Huw Evans (PSLCC)

Clerk to Llangyfelach Community Council