

AGENDA ITEM NO 12

**TAVISTOCK TOWN COUNCIL
BUDGET AND POLICY COMMITTEE
TUESDAY 30th AUGUST 2022**

**BRIEFING NOTE
GUILDHALL OPERATING COSTS**

1. BACKGROUND

- 1.1 The Committee will be aware of the arrangements in place as between the Council (landlord) and Tavistock Heritage Trust (THT) (tenant) in connection with the occupation of parts of the Guildhall, more particularly those designated as the Guildhall Gateway Centre.

- 1.2 The accompanying report provides the current best estimate of overall running costs presently known to/anticipated by the Council for the whole of the premises (whether occupied by either party). However, it is not complete insofar as it does not include:
 - a) The running costs of Tavistock Heritage Trust which they presently meet and are underwritten by the Council (eg staffing, professional services, insurance, consumables etc) - to be provided by THT;
 - b) Any apportionments of Council staff or professional service costs;
 - c) Any details of invoices to be issued to the Trust for running costs (typically services/utilities) and which the Council has temporarily met on its behalf in the past two quarters (see para 2.2(d) below);
 - d) Although loan repayment costs are referenced they are not included in the totals given.

- 1.3 The appended information comprises two schedules, one an estimate for the 2023-24 financial year and one for the current financial year. But a note of caution - in both cases (but especially next years) as noted elsewhere, costs and cost base are volatile/uncertain.

2. THE CURRENT SITUATION

- 2.1 The current situation is that once THT has provided its running costs these will be added to the schedule to give a total estimated figure.
- 2.2 However, as noted elsewhere on the accompanying agenda, the figures are necessarily indicative. That is in no small part because:
 - a) The premises have not yet had a full year in operation, costs are therefore (especially when usage based) best estimates;
 - b) Some items will still be under warranty or not yet known;
 - c) There is a seasonal impact. This links to (a) above. For example the projections for gas and electricity are derived from most recent (4 months) usage. However, that usage was during a warm spring/summer, the next 8 months will be Autumn and Winter and on a different (much increased with prior contracts now terminated) rate. Consequently there is an appreciable margin of uncertainty;
 - d) The precise basis of invoicing of costs to THT is not yet established (depending as it does on the extent to which different elements of service usage can be disaggregated to different users within the premises, or if not, then fairly apportioned);
 - e) It is unclear to what extent future inflationary pressures might further impact the cost base.
- 2.3 However, the projected increases in gas and electricity charges (even on minimum usage figures) show additional costs of more than £16,000 this financial year alone (where the first 4 months usage was on the old rate).
- 2.4 In the circumstances, including the downgrading of THT income forecasts at the last meeting of the Advisory Forum, the Council should prepare itself for the likelihood the allocated budget to assist THT will prove appreciably inadequate (both this year, and very much more so next) leading to difficult decisions unless THT is able to increase its income/grant drawdown appreciably.

- 2.5 Both THT and TTC have committed to providing full financial information for budget setting purposes in/by September/October.
- 2.6 Then after the half financial year mark when THT's current financial position is clearer, it is anticipated it will be possible to make a more informed projection.
- 2.7 This report is for information only at this stage.

**CARL HEARN
TOWN CLERK
AUGUST 2022
TAVISTOCK TOWN COUNCIL**