

## **Report for Council: 27 February 2019**

### **3 & 5 The Green and The Stables**

#### **Background**

Council resolved at its meeting on 30 January 2019 to progress with the purchase of a 125 year old leasehold of 3&5 The Green and The Stables from Leeds City Council for £200,000.

The decision was subject to obtaining the necessary finance and to satisfactory surveys.

Council also resolved to apply for a loan of £290,000 from the Public Works Loan Board (PWLB), with the detail of the loan application and approval for the loan required from the Secretary of State for Housing, Communities and Local Government to be considered at a further meeting of the Council.

The Local Government Act 2003 enables parish and town councils to borrow capital monies to fund infrastructure projects.

Councils wishing to borrow from any source are required to first obtain consent from the Secretary of State for Housing, Communities and Local Government. This is to ensure there is appropriate public support for the loan and adequate means and plans to repay the loan.

If approval is obtained, the Council may then apply for a loan from any source. In many cases, this would be from the Public Works Loan Board.

#### **Borrowing approval process and requirements**

##### Process

The Council must complete an application form. This is sent to Yorkshire Local Councils Association (YLCA) for initial consideration. If YLCA is satisfied with the application, it will be forwarded to the Department of Housing, Communities and Local Government. If YLCA has any concerns, these will be raised with the Council before the loan approval application can progress.

##### Requirements

Council must provide the following in support of the application for approval to borrow:

- Resolution to borrow
- Budget showing loan repayment provision
- Report to Council/business case
- Affordability – how the loan will be paid
- Precept increase details – in monetary and percentage terms
- Evidence of support for the precept increase
- General project consultation

More details on the requirements can be found in the following documents:

- NALC Guidance Note on Parish and Town Council Borrowing (see agenda pack)
- A Guide to Parish and Town Council Borrowing in England (circulated separately with this report)
- Loan application (see agenda pack)

## **Business case/report**

Members are referred to the Business Plan in the agenda pack for details on the proposals and detailed examination of the finances. A risk assessment is also included.

Leeds City Council has offered to sell a 125 year old leasehold of 3&5 The Green and The Stables to the Council at a discounted figure of £200,000.

Estimated refurbishment costs are £160,000.

Council has set aside £70,000 of reserves to pay towards the refurbishment and will require a loan of up to £290,000 for the balance of the £360,000 total purchase and estimated refurbishment costs.

A loan repayment table is included in the Business Plan.

For a fixed rate loan of £290,000 over 50 years at an interest rate of 2.74%, the loan repayment for the first year would be £13,746.

## **Community consultation**

Members are referred to the Business Plan for details of the public consultation that has been carried out and copies of the consultation documents.

- March 2018 – letter giving details of the proposed purchase and the potential increase to the precept were delivered to almost all households in Horsforth, in the region of 9000 properties with a prepaid response card.
- Horsforth Gala stall 30 June 2018 – visitors asked for feedback on the potential purchase
- Poster additional to the statutory notice requirements giving notice of the increase to the precept and an extraordinary Council meeting to consider the loan approval application – posted on the Council website, Facebook page and public noticeboards

Details of the responses to the consultation letter and the Gala feedback are in the Business Plan.

There was a response rate of 21.62% to the consultation letter, of which 92.7% agreed with the purchase and 5.4% disagreed.

## **Council is requested:**

**To consider whether to seek the approval of the Secretary of State for Housing, Communities and Local Government to apply for a loan for the purpose of purchasing a 125 year old leasehold of 3 & 5 The Green and The Stables, Horsforth from Leeds City Council and for refurbishment of the buildings.**

**To confirm the loan amount and term.**

**To consider the risk assessment for 3 & 5 The Green and The Stables project.**

J Sou  
Clerk to the Council  
21 February 2019

**Documents included in agenda pack:**

- Draft minute HTC/18.91 from Council meeting of 30 January 2019 re 3 & 5 The Green
- Business plan
- Budget 2018-19
- Risk assessment for 3 & 5 The Green and The Stables
- NALC Guidance Note on Parish and Town Council Borrowing
- Application form for borrowing approval

Documents previously circulated to members:

- A Guide to Parish and Town Council Borrowing in England