

## WESTON ON THE GREEN PARISH COUNCIL

### Report on Parish Council purchase of the Weston on the Green playing field and spinney from the Duchy of Cornwall – 1<sup>st</sup> September 2021 Parish Council meeting.

#### 1. Introduction

At the 6<sup>th</sup> February 2019 Parish Council meeting the council agreed to progress investigating the purchase of the playing field and spinney in Weston on the Green. At the 7<sup>th</sup> October 2020 Parish Council meeting the Finance Group outlined a funding report for consideration, this explained the options for how this purchase could be funded.

Council agreed to apply for borrowing approval for a £30,000 fixed rate loan to be repaid over 20 years from the Public Works Loan Board. The application for the approval to borrow was submitted to the Ministry of Housing Communities & Local Government on 10<sup>th</sup> December 2020. Whilst we were waiting for a reply the draft contracts were circulated from solicitors, were studied, and commented on by Councillors. Contracts are now in a position to be signed once the loan monies are received.

#### 2. Approval to Borrow Permission Granted

The Ministry of Housing Communities & Local Government (MHCLG) granted approval on 24<sup>th</sup> May 2021 for Weston on the Green Parish Council to borrow for the purchase of the playing field and spinney in Weston on the Green. The MHCLG approval granted permission to borrow an amount not exceeding £30,000, provided the repayment period is not greater than 20 years. The approval is valid for one year.

#### 3. Loan Information

As per earlier discussions in Council the Finance Advisory Group confirms that we wish to apply for a loan from the Public Works Loan Board (PWLB) on the following terms:

**Price of land to be purchased** - £30,500 (outstanding sum of £500 for fence repairs to be repaid directly to Parish Council by the Duchy of Cornwall)

**Amount of loan** - £30,000

**Period of loan term** - 20 years

**To be paid by** - Annuity

**Type** - Fixed rate

**Interest Rate** - this will be dependent on the current interest rate at the time the loan is agreed by the PWLB. The Parish Council's Responsible Financial Officer (RFO) will be provided with the rate prior to the RFO approving the loan on behalf of the Council.

The interest rate at the time of writing this report (26/08/21) was 1.72% which would equate to estimated yearly payments totalling £1,779 – this is a decrease of £59.00 since the data was compiled for the Finance Advisory Group report submitted to the Parish Council on 7<sup>th</sup> October 2020, which outlined the key information on purchasing the playing field and spinney.

Period (years)	Rate %	Yearly Cost (£)	Total Cost (£)
Over 19½ not over 20	1.72	1,779	35,583

**Precept Increase** – there are currently no plans to increase the precept request to fund this borrowing.

**Power of Weston on the Green Parish Council to Borrow** – the Local Government Act 2003 enables Weston on the Green Parish Council to borrow capital monies to fund infrastructure and capital projects.

**Resolution To Approve** Parish Council to apply for a Public Works Loan Board (PWLB) loan following receiving borrowing approval from the Secretary of State for Housing, Communities & Local Government in order to purchase the playing field and spinney in Weston on the Green. The loan would be a fixed rate loan for £30,000 over the borrowing term of 20 years with the exact interest rate to be determined prior to agreement of the loan by the Responsible Financial Officer.

#### 4. Fees

The Parish Council solicitor fees incurred as a result of this process were agreed on a fixed rate of £500+VAT plus an additional fee of £1,250+VAT for the overage requirement. This was agreed at 7<sup>th</sup> October 2020 Parish Council meeting. The solicitor has since confirmed that their fee is £1500+VAT plus some minor disbursements and a £40 Land Registry fee (no other fees/taxes to be paid). Invoice to be received following completion.

As a condition of the sale the Duchy requires us to pay their legal costs. This was agreed by Council on 7<sup>th</sup> October 2020. At this time the Duchy lawyers estimated their fees to be in the region of £2,000-£3,000+VAT with disbursements capped initially at £30. It was agreed that the Council would approve for up to £2,030+VAT to be paid on account to the Parish Council's solicitors.

Since this time the Duchy legal costs have increased, and the completion statement received from Farrer & Co highlights total costs of £3,500+VAT. Council needs to agree these fees.

The current combined cost for both parties' legal fees is £5,040. For the ease of administration, we would ask for approval for up to £5,100+VAT.

It is noted that a VAT refund application will be submitted by the Parish Council at the end of the 2021/22 financial year.

**Resolution To Approve** the payment of solicitor fees of up to £5,100+VAT associated with the purchase of the Playing Field and Spinney, for Weston on the Green Parish Council and the Duchy of Cornwall. Note that £2,030+VAT has already been paid on account to the Parish Council's solicitors.

## 5. Next Steps

### Loan Arrangement:

- Applications for the loan should be made by the Responsible Finance Officer (RFO) on Form LC1 (obtained from the Debt Management Office (DMO) website) plus an original bank statement and completed direct debit mandate.
- The application should be sent to the DMO one week before a loan is required.
- On receiving an application, the DMO will review and notify the RFO via email when all checks are completed. The notification will invite the RFO to telephone the DMO in line with a timetable to agree the final terms of the loan including the rate of interest and the date for the advance.
- RFO telephones to agree terms (i.e. agreement date) and the day of the loan advance should be two working days later, paid directly into the Parish Council's bank account.
- Following the loan agreement, a confirmation letter outlining the terms agreed will be emailed to the authority by close of business on the agreement day.

### Completion of Purchase:

- The Parish Council solicitor will be notified by the Clerk that the application for the loan is underway. Confirmation will be provided when the Council has received the money into the Parish Council bank account.
- The contract documents can then be signed by the Chairman and Vice Chairman and returned to the solicitor for completion. There will be a simultaneous exchange of contracts and completion, the solicitor will advise on any further information.
- The Duchy of Cornwall have confirmed that the rent will be adjusted at the time of completion and a refund provided directly to the Parish Council for the part of the year not "enjoyed" under the lease.

**Resolution To Approve** that the Chairman and Vice Chairman are authorised by the Parish Council to progress the transaction and sign the legal contracts once the loan funds have been received.