

REPORT OF: FINANCIAL SERVICES MANAGER

TO: EXECUTIVE

DATES: 20th AUGUST 2015

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MATTERS REQUIRING FINANCIAL APPROVAL

PURPOSE OF REPORT

1. This regular report summarises issues requiring consideration by the Executive under the Council's Financial and Contract Procedure Rules.

RECOMMENDATIONS

2. The Executive is requested to consider the request from Barrowford Parish Council regarding the waiver of interest payments due on the sale of Holmefield House and determine its response.

REASONS FOR RECOMMENDATION

3. To seek approval from the Executive on a specific matter that has financial implications for the Council.

ISSUE

Sale of Holmefield House – Request to waive repayment of interest

4. In June 2011 the Executive approved the sale of Holmefield House to the Parish Council. The draft terms of the sale were reported at that time with delegated authority granted to the Head of Central Services to conclude negotiations with the Parish Council.
5. The negotiations resulted in a discounted sale price of £50,000, payable by 4 annual installments, deferred for 2 years with interest payable on the reducing balance outstanding. The terms agreed recognised the limitations the Council placed on the property as well as the obligations of the Parish Council as set out in the June 2011 report.
6. The Parish Council has paid all sums invoiced to-date under the above arrangement. Interest has not yet been charged for the current financial year. However, in July the Council received a letter from the Parish Council requesting that the payment of interest be waived. To-date the Parish Council has paid the following amounts of interest:

- 2012/13 £300 (3% on £10,000 only)
- 2013/14 £300 (3% on £10,000 only)
- 2014/15 £1,125 (3% on £37,500)

7. On current rates, interest of £750 is due in the current year with £375 for the year after.
8. The Parish Council is not asking for the main repayments to be waived, only the interest. It considers this is justified for a number of reasons including the subsequent transfer of assets to other local councils at a nominal/peppercorn sum together with the costs faced by the Parish Council in sustaining services transferred from the Borough in recent years (e.g. Luncheon Clubs, Community Centre and Festive Decorations).
9. The Executive is requested to consider the request from the Parish Council and advise if it agrees to waive the payment of interest. If this is agreed, amounts paid to-date by the Parish Council will be refunded.

IMPLICATIONS

Policy

10. There are no new policy implications arising from the contents of this report.

Financial

11. The financial implications are generally as provided in the report. Any reimbursement of interest paid will have to be contained within the overall budget approved for the current year.

Legal

12. There are no legal implications arising directly from the contents of this report.

Risk Management

13. There are no risk management implications arising directly from this report.

Health and Safety

14. There are no health and safety implications arising from the contents of this report.

Climate Change

15. There are no climate change implications arising directly from the contents of this report.

Community Safety

16. There are no community safety issues arising from the contents of this report.

Equality and Diversity

17. There are no equality and diversity issues arising from the contents of this report.

APPENDICES

None

LIST OF BACKGROUND PAPERS – Letter from Barrowford Parish Council (27th July 2015)