

REPORT OF: FINANCIAL SERVICES MANAGER

TO: EXECUTIVE

DATES: 22nd October 2015

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MATTERS REQUIRING FINANCIAL APPROVAL

PURPOSE OF REPORT

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

RECOMMENDATIONS

The Executive is asked to consider:

- (a) the request from Earby Town Council to waive the payment of interest on loans made to the Town Council and determine its response, and
- (b) a six-month extension to the contracts for the Detached Workers and, if agreeable, approval of a supplementary revenue estimate of £13,010 funded from the Budget Support Reserve.

REASONS FOR RECOMMENDATION

To seek approval from the Executive on two specific matters which have financial implications for the Council.

Loans to Earby Town Council

1. At the time of writing this report the Council had advanced the following amounts by way of loan to Earby Town Council:
 - £62,000 loaned in 2005/6 to acquire a former training centre building in Earby; repayable over 20 years at an interest rate of 4.75%;
 - £16,000 loaned in 2013/14 to help fund building works linked to the transfer of the former Police Station on Victoria Road, Earby; repayable over 12 years at an interest rate of 3.01%
 - £19,800 loaned in 2013/14 to fund works to panels and boiler in the former Police Station; repayable over 5 years at an interest rate of 1.86%;

- £29,000 loaned in 2015/16 to fund additional demolition works and works linked to the former Council Shop; repayable over 11 years at 2.24%.
2. Loan repayments are due annually in March from the Town Council. The total balance outstanding on the above loans at the present time (excluding interest) is £87,933. This includes the loan for £29,000 shown above on which repayments are due to commence at the end of this financial year.
 3. In early September the Town Clerk submitted the following request on behalf of the Town Council:

It has come to councils attention that certain Town/Parish Councils have, like Earby Town Council (ETC), borrowed money from Pendle Borough Council (PBC).

However, unlike ETC and its loans, these councils have had the interest "waived" and are repaying the loans accordingly.

ETC would wish therefore, for the sake of parity and for the benefit of the good people of Earby, to seek a like arrangement i.e. - pay no interest on the loans held with PBC.

ETC is not concerned with why other councils have been granted this concession merely safe in the knowledge that it has been done and that ETC wishes to be afforded the same courtesy.
 4. Receipt of the request has been acknowledged and is reported to this meeting for the Executive to determine its response. The Executive will recall a request from Barrowford Parish Council was considered at its meeting in August. At that meeting the Executive agreed to waive the interest payments due from the Parish Council under the terms of their deferred purchase arrangement for the sale of Holmefield House. This was a deferred purchase arrangement as opposed to a loan advance under which the Parish Council is paying for the acquisition of Holmefield House over a 5 year period.
 5. In relation to the loans advanced to Earby Town Council, the Borough Council has, in effect, acted as lender in place of the Public Works Loan Board (PWLB). The Town Council obtains approval to borrow money from the DCLG which would enable it to borrow from the PWLB at the prevailing rate of interest when the loan advance is made. Had the above borrowing been taken from the PWLB interest would be repayable in full. However, the Borough Council advanced the loans on equivalent terms as those which the PWLB would have applied.
 6. The Town Council is not asking for the main repayments to be waived, only the interest. It considers this is justified on grounds of parity and for the benefit of local residents. The amount of interest paid on the loans to-date is £23,150. The remaining interest outstanding on the current loans, assuming repayments continue as scheduled, is £16,150.
 7. The Executive is requested to consider the request from the Town Council and determine its response. Options could include the following:
 - Accept the request and agree to waive the balance of interest outstanding in full;
 - Agree to waive part of the interest outstanding (i.e. where linked to the transfer of an asset from the Borough Council);
 - Reject the request.

Detached Duty Advisory Workers

8. The Council's 2015/16 budget contains an approved saving of £12,600 on the budget for the two detached duty advisory workers with ITHAAD and PEEF. The effect of this was to leave sufficient in the budget for them both to remain in their positions only until 30th September.
9. At recent meetings with Brierfield and Nelson Town Councils the possibility of them providing additional funding beyond that date has been raised but neither felt able to do so. A meeting was held on 1st October between the management of the two organisations, the Leader and Deputy Leader of the Council and the Corporate Director at which the Council's financial position and need to reduce expenditure was explained.
10. The two organisations requested that the Council consider whether it could identify further funding to keep them in a post for a further short period whilst they explored other possible sources and talks took place between the two organisations on the possibility of merging the advice services they each provide.
11. The Leader agreed to bring the request to the Executive without any guarantee as to the outcome. If the Executive does not feel it can accede to the request then they will both become redundant immediately and the Council's redundancy procedure will commence. If the Executive is willing to provide further funding until say, 31st March 2016, then a supplementary estimate of £13,010 will be required.

East Lancashire Healthy Lifestyles Consortium

12. LCC's Active Lifestyles and Healthy Weight contract is currently out to tender. The Service will comprise of obesity prevention, opportunities for physical activity and weight management focusing on dietary change and behavioural components. It will provide a coordinated information, assessment and support programme to the people of Lancashire who meet the inclusion criteria.
13. In East Lancashire, a collaborative approach has been adopted with the East Lancashire leisure providers and district councils forming a Consortium to submit an East Lancashire proposal. The Consortium has agreed that Pendle Leisure Trust will co-ordinate the East Lancashire Consortium proposal.
14. An accountable body is required to host and administer any potential Active Lifestyles and Healthy Weight budget on behalf of the Consortium (circa £1.1m). Subject to Executive approval, Pendle Council has offered to take on this role.
15. Pendle Borough Council can fulfill the role of 'Accountable Body' and administer the grant funding on behalf of all participating authorities (each District allocation will be pre-set). Whilst Pendle Borough Council is willing to act as the Accountable Body (subject to approval by the Executive) it does not wish to be exposed to the risk of any breach of grant conditions by a participating authority, or any other factors attributable to participating authorities which result in the County Council seeking repayment of grant.
16. To that end it is agreed that each participating Council will indemnify Pendle Borough Council in full for any refund of its share of grant funding which is determined to be properly repayable to Lancashire County Council.
17. It is expected that all of the grant will be paid by the County Council as agreed and will be used by each of the Councils wholly for the purposes set out in the programme approval.

IMPLICATIONS

Policy

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

Financial

The financial implications are generally as provided in the report.

Legal

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

Risk Management

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

Health and Safety

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

Climate Change

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

Community Safety

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

Equality and Diversity

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

APPENDICES

None

LIST OF BACKGROUND PAPERS – E-mail from Town Clerk dated 1st September 2015