

**REPORT OF: CHIEF EXECUTIVE**

**TO: POLICY AND RESOURCES COMMITTEE**

**DATES: 19<sup>th</sup> MARCH 2020**

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## **MATTERS REQUIRING FINANCIAL APPROVAL**

### **PURPOSE OF REPORT**

1. The purpose of this report is to seek the approval of the Policy and Resources Committee for a loan to the Peter Birtwistle Trust to enable them to acquire the development of the former Health Centre in Colne. This report

### **RECOMMENDATIONS**

2. The Policy and Resources Committee is recommended to:-
  - a) in place of the previous approvals, give approval to a loan of £525,000 to the Peter Birtwistle Trust to enable them to acquire the development of the former Colne Health Centre;
  - b) give delegated authority to the Corporate Director to negotiate and agree the terms of the loan including any collateral necessary to underwrite the repayment of the loan.

### **REASONS FOR RECOMMENDATION**

3. To facilitate the redevelopment of the former Health Centre in Colne.

### **ISSUE**

4. From previous reports considered by the Policy and Resources Committee, Councillors will be aware of the proposed redevelopment of the former Health Centre in Colne into 12 new apartments and 3 retail units. The redevelopment will be undertaken by PEARL2, the Council's joint venture with Barnfield Investment Properties, and the 12 apartments will be acquired from PEARL2 by the Peter Birtwistle Trust.
5. In considering the financing of the acquisition of the apartments from PEARL2, the Trust approached the Council for a loan of £365,000 towards the acquisition costs for the site (the balance of funding for the acquisition costs of c£1m will come from Homes England Grant and the Trust's own reserves).

6. At the meeting of this Committee in July 2019, the Committee
  - a) *give approval to a loan of £365,000 to the Peter Birtwistle Trust to enable them to acquire the development of the former Colne Health Centre;*
  - b) *give delegated authority to the Corporate Director to negotiate and agree the terms of the loan including any collateral necessary to underwrite the repayment of the loan.*
7. Following a review of the project costs and the availability of other funding, the Trust has submitted a further request to the Council **for an increase in the amount of loan to £525,000** (an increase of £160,000).
8. As indicated previously, The Trust currently has loans for the development of some of its sites from organisations such as Homes England, the Almshouse Association and Triodos, an ethical banking specialist. Indeed, as indicated above, Homes England will be providing funds for the development of the Colne Health Centre.
9. To reiterate the point made previously, a review of the Trust's financial position does indicate that it is of good financial standing and, on the basis of its existing turnover and net assets, capable of repaying the proposed loan. The Trust has offered to provide adequate collateral for the loan. It is recommended, therefore, that the Policy and Resources Committee give approval for the loan advance and give delegated authority to the Corporate Director to negotiate and agree the terms of the loan including consideration of the collateral necessary to underwrite repayment of the loan.

## **IMPLICATIONS**

### **Policy**

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

### **Financial**

11. Principal repayments of the loan will be agreed with the Trust on the basis of a repayment period of up to 20 years. Interest on the proposed loan will be charged at normal commercial terms (including the administrative costs to the Council of advancing, maintaining and redeeming the loan funds) and will be determined once the loan funds are advanced.

### **Legal**

12. The proposed loan will be the subject of a loan agreement between the Council and the Peter Birtwistle Trust.

### **Risk Management**

13. As with any loan advance, there is a risk that the funds will not be repaid by the loanee, in this instance the Peter Birtwistle Trust.
14. As Councillors will be aware, the Trust is a well-established local charity having been created in the early 1900s and established as a charity in 1951. As well as a Community Centre, it has a range of housing of 6 sites across Colne. As at 31<sup>st</sup> March 2018, it had turnover from the rent of properties of c£250k and net assets of £1.9m. The Trust appears to be of sufficient financial standing to meet the repayment costs of the proposed loan.

15. Subject to the Committee's consideration of the proposed loan, discussions will take place with the Trust about what collateral may be offered to underwrite the loan.

### **Health and Safety**

16. There are no Health and Safety implications arising directly from the contents of this report.

### **Climate Change**

17. As with health and safety implications, there are no climate change or sustainability implications arising directly from this report.

### **Community Safety**

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

### **Equality and Diversity**

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

### **APPENDICES**

None

### **LIST OF BACKGROUND PAPERS**

None