

REPORT TO COUNCIL

Proposal to Borrow - Weir Meadow & Northern Fields, and Victorian Orchard Projects

**For presentation to Councillors at Extraordinary Parish Council meeting
on Wednesday, 2 March 2022**

1. This report summarises the background, purpose and funding of the two projects: Weir Meadow Recreation Ground & Northern Fields; and Pynes Victorian Community Orchard. It explains the reasons for the resolution to apply to the Secretary of State for Levelling Up, Housing and Communities for approval to borrow from the Public Works Loan Board to fund the balance to purchase the two sites.

Community consultation

2. It comes with a report (Annex 1) on the consultations we have undertaken in 2022 and in previous years, demonstrating involvement with the village community and support for the projects in principle; and for the Council's current proposals to service the loan by raising the parish precept through an increase in council tax in particular.

3. At Annex 2 is a draft of the borrowing approval application form, complete except for signatures and additional documents, for Councillors to scrutinise prior to submission to Devon Association of Local Councils.

Additional Annexes, which will accompany this Report to Council and the application form as part of our submission to Devon Association of Local Councils (DALC), are listed at the foot of the report.

Background and purpose

4. In 2015 Ide Parish Council began work on Ide Neighbourhood Plan. Two of the seven policies to emerge covered the projects in this report: to make Weir Meadow a sports and recreation ground; and restore and run Victorian Orchard as a village community orchard.

5. In January 2017 a public meeting in the village hall attended by 62 residents supported the idea to acquire the Orchard and Weir Meadow for community use, and provide much needed public green open space in Ide. Whilst residents in Ide village live in the countryside, we have little or no access to it. Unlike town and city dwellers, we have no recourse to public park or sports facilities without driving a distance out of the village.

6. On 4 September 2018 Ide Neighbourhood Plan 2016-2033 was 'made'. Policy IDE05 proposes developing Weir Meadow for outdoor sports and recreation facilities with a pavilion and changing rooms, and car parking. Policy IDE06 identifies Victorian Orchard as Local Green Space, drawing attention to its heritage value, and encouraging the community to restore and run it.

Also in September 2018, the Commissioners agreed to grant the Council a licence, held by Andrew Bragg of Westown Farm on the Council's behalf, to occupy and manage the orchard, on condition that it remained a private orchard, closed for public access, until we own it.

7. The Parish Council set up working groups to manage the two projects and raise funds, reporting to the Council at every meeting. Though the working groups, it set about negotiating to buy the sites from

the Church Commissioners. To avoid having to allow access in perpetuity for agricultural vehicles across the Meadow to the Northern Fields (a condition insisted on by the Commissioners), we eventually decided to buy the Northern Fields as well, after consulting the public in February 2020.

8. In October 2020 we obtained planning permission to change the use of Weir Meadow to a recreation Ground, with pavilion, parking and ground works.

9. Options to Purchase

9.1 On 26 March and 30 July 2021, respectively, following prolonged negotiations, we signed three year Option to Purchase Agreements with the Commissioners for Weir Meadow, Northern Fields and Triangular Field (total 24.85 acres) for £170,000 plus £8,000 VAT; and for the Victorian Orchard (3.65 acres) for £62,050 plus £11,560 VAT. The eccentric amounts of VAT payable reflect the fact that only Weir Meadow, and not Northern Fields, are “opted to tax”; and that most but not all of the registered land making up the Orchard is opted to tax.

9.2 We have confirmed, having taken detailed advice from HMRC and DALC’s specialist VAT adviser, that we are able to recover all VAT paid on land purchase costs on both sites, provided we make and log the correct letting arrangements with sports clubs who use Weir Meadow. These conditions are not onerous; and Ide football and cricket clubs are already upgrading their constitutions to comply.

9.3 Councillors will note that the price of the Weir Meadow bundle of land is £6,841 per acre. The price of the Victorian Orchard land is £17,000 per acre. The difference reflects the difference between agricultural land values and amenity land values. The Commissioners agreed during negotiation to treat the Weir Meadow bundle as agricultural land, and we secured a favourable price, enhanced by being fixed for the three years of the option agreement until March 2024. The Commissioners’ opinion was that the Orchard represented more valuable, amenity land, a view confirmed by an independent professional, commercial valuation in April 2017. Again, we have already benefitted from fixing the price, agreed in 2017, until July 2024 through the instrument of the Option Agreement, during a period when land and property prices have risen sharply in Devon.

9.4 We can exercise the option agreements, individually, at any time between now and their expiry, at a time to suit us, by giving eight weeks notice to the Commissioners, paying a 10% deposit and the Commissioners’ reasonable professional fee. The purchase price cannot be altered within the option period. David Howe kindly continues to provide valuable legal advice and services pro bono in this regard.

Fund Raising

10. The negotiations to buy, and the costs of architects’ services, surveys, valuations, legal fees, Church Commissioners’ professional fees, and planning applications were funded by contributions from groups and organisations in Ide, to the sum of £13,283 for Weir Meadow, and £8,587 for the Orchard: total £21,870.

11. In August 2021 an appeal was launched by a Parish Council joint projects fund raising group to apply for grants and seek significant donations from village residents. See idevillage.org.uk website for appeal brochures for each project; and the combined appeal leaflet.

To date the amounts raised are:

Weir Meadow and N Fields	donations received	£41,835
Victorian Orchard	donations received	£34,686
Victorian Orchard	RHS grant received - equipment	£ 5,000
Total donations and grants received		£81,521

Victorian Orchard	Viridor Credits grant pledged - site purchase	£31,025
Victorian Orchard	Viridor Credits grant pledged - equipment	£ 2,474
Total grants pledged		£33,499

12. For Weir Meadow, the project has four phases. Phase II, on which we are currently engaged, is to raise the funds to buy the land. Phase III will be to start using the land for playing fields and recreation; and let the Northern Fields to a tenant. Phase IV will be to raise further funds to develop the Meadow in stages, as set out in the brochure. But until we own the land, nothing at all can happen. This application to borrow is to fund the land purchase.

13. For the Orchard, the project began to be realised in September 2018, with the start of the tenancy, when the grazing of horses ceased. Restoration of mature trees by working group members began in winter 2018/19. And 68 new saplings were planted in January 2020. Grants (see above) have been awarded in 2021 and 2022 from Viridor Credits and the Royal Horticultural Society for new gates, tree guards and labels, stakes, nest boxes, picnic tables and a shed. Local farmers have offered their time for maintenance and mowing. A ready group of volunteers will run the orchard, with fund raising events, as soon as it is purchased, without the need for significant further capital funds.

Summary of Costs and Financial Plan to fund the loan

14. To buy the sites will cost £256,933. Please note that the full project value of £278,870 stated at Q7 on the application form includes £21,870 raised between 2018 and August 2021 to fund professional and legal fees, planning, registry, survey, valuation and design costs to reach the stage of securing the option agreements. The £256,933 is made up as follows:

Weir Meadow & N Fields	Purchase price inc VAT	£ 178,000
	Legal fees inc VAT (est)	£ 1,200
	Stamp duty SDLT	£ 648
	Land registry	£ 230
Victorian Orchard	Purchase price inc VAT	£ 73,610
	Legal fees inc VAT (est)	£ 1,200
	Land registry	£ 45
	Contingency (est)	£ 2,000
TOTAL required to buy the sites		£ 256,933

15. Funds available for site purchase as at 24 February 2022 are:

Weir Meadow and N Fields	- in bank account	£ 42,715.96
Victorian Orchard	- in bank account	£ 38,711.76
Victorian Orchard	- Viridor grant pledge for site purchase	£ 31,025
Less RHS equipment grant		<u>£ - 5,000</u>
Less Viridor 10% Contributing Third Party Landfill Tax payment		<u>£ - 3,344.90</u>

TOTAL available to spend on buying the sites **£ 104,107.82**

16. How will we fund the shortfall to buy the sites?

16.1 The shortfall is **£152,826** (£256,933 - £104,107.82).

The Council intends to fund this shortfall by borrowing from the PWLB, and to fund the borrowing by a 79% increase in the precept (see Annex 11 & 12). See Annex 1 for details of community consultation and survey to support the rise in precept and council tax. See Annex 2 for the draft application form for borrowing approval.

On 12 January when the consultation survey paper went to print, the shortfall stood at £161,000, since when further donations have been received. But PWLB fixed interest rates have also risen since then, and may rise further.

16.2 Budget.

We consulted and set next year's budget (see Annex 11, 12 & 13) on the basis that we would need to increase the parish precept by £5514 per annum to service the loan. In doing so we made an estimated allowance for a rise in interest rates by the time our loan is approved. At today's (24 Feb 2022) PWLB 50 year fixed rate of 2.52% it would cost £5,393 per annum to service a loan of £152,826, so we remain within budget. The sooner we secure borrowing approval, the better.

17. What if interest rates rise so much that we cannot meet the shortfall within the £5514 rise in precept for which we have the community's support? Mitigating the risk of not being able to afford the loan repayments.

17.1 It would be reckless to cut things so fine as to rely on having to borrow a fixed amount to get over the line to buy the land, when the current volatile financial climate could yet embarrass us with greater than predicted rises in interest rates, causing us to fall just short. At the same time, we had to decide on a specific precept figure to put into our 2022/23 budget at the end of January 2022; and to use, and honour, in our borrowing consultation survey.

17.2 To avoid being stranded just short of the line; and to avoid being caught out by unforeseen costs; and to have sufficient funds post purchase to make a practical start on utilising Weir Meadow before fuller development, we must be prudent in providing reasonable comfort with buffer funds.

To this end we do have certain funds that will provide us with a flexible buffer.

a) Reclaimed VAT. A total VAT bill of £19,550 is priced into the purchase costs of the sites, but is fully recoverable. If we succeed in buying the sites in series, not in parallel, as we plan to do, the VAT recovered from the Orchard purchase can be used later on as a buffer to fund the Weir Meadow

purchase. This would ease cash flow, possibly allow us to borrow less, depending on the circumstances at the time, and honour our commitment to keep the parish precept increase to £5514.

b) Contingency. We have added £2,000 to the budget costs of the site purchases to cover unexpected items we had not bargained for.

c) For the last four years, and in the 2022/23 budget, the Parish Council's annual precept budget has included two lines for £500 each to support the activities of its Weir Meadow and Orchard projects respectively. This would be available to the PC to use as it judged in the best interests of the projects, were there to be a significant cash flow issue in the coming financial year. Over those four years Ide PC has paid £272, half the annual rent for the Orchard licence, from this budget line. This cost will end once we buy the Orchard.

d) Two individual benefactors have chosen to donate to the projects by regular standing order. We receive £100 per month into the Weir Meadow account, and £125 per month into the Orchard account, a total income of £2,700 per annum to be spent on the projects as the Council judges.

e) We can expect about £900 per annum in rent from letting the Northern Fields.

f) In the next one to two years, we can expect about £1500 per annum in letting the cricket and football pitches to clubs.

g) The Council holds reserves of £1,499.38 to be used in extreme emergency. We have no intention of drawing on this account for these purposes. There are larger buffers available from the project funds already in place, set out above.

h) Finally, were we to face a recurring negative balance on the annual precept budget, we would need to consider a further increase to the precept. Whilst unpalatable, this would not be wholly unconscionable. Even at its new 2022/23 level, Ide's band D precept of £51.28 will still be well below the national band D average of £71.86 per year; and in our own district, Teignbridge, that figure is £81.46. Ide's would still stand below the band D precept of several comparable villages in the district. The support both financial and in spirit for the projects to date has been so positive as to lead us to believe we would receive further support if such a situation transpired.

18. When will we get the first tranche of the 2022/23 increased Precept payment? We don't want to be caught out paying our first PWLB 6 monthly payment before we receive the precept?

We will receive it by the first week of May 2022.

19. The Joint Projects Fund Raising Group recommends to the Council this proposal to borrow.

NCA Bradley 24 Feb 2022

Annex 1.

To Department for Levelling Up, Housing and Communities

NALC APPLICATION FORM FOR BORROWING APPROVAL FOR PARISH COUNCILS

- If you have any queries about completing this form please contact your local county association.
- When completing this form please use CAPITALS.
- Once completed and signed please send this form to your local county association.

1. Name of Council	IDE PARISH COUNCIL
2. Name of Clerk	MRS IMELDA LIVERSAGE
Working Address (inc. Postcode)	20 LITTLE JOHNS CROSS HILL, EXETER, EX2 9PJ
Email address	ideparishclerk@gmail.com
Telephone	01392 259024
3. Name of Chair	Dr NICK BRADLEY
Home Address (inc. Postcode)	SMALLRIDGE HOUSE, THE GREEN, IDE, EXETER, EX2 9RT
Telephone	01392 420616 or 0787 946 3324
Email address	ncabradley@gmail.com
5. District/Unitary Council area	TEIGNBRIDGE DISTRICT COUNCIL
6. Purpose of Borrowing Please give a brief description of the purpose for which funds are required. Example of Capital projects: Purchase of land/building, or construction/building work, or provision of other assets, or provision of grants to another body for a Capital expenditure.	PURCHASE OF LAND FOR RECREATION GROUND AND COMMUNITY ORCHARD
7. Total Contract/Project Value	£278,803 (MADE UP OF £256,933 REQUIRED TO BUY THE SITES, PLUS £21,870 REQUIRED TO REACHING THIS POINT)
Funding from Council's own resources available for site purchase	£73,082 [DONATIONS from INDIVIDUALS, CLUBS, DISTRICT and COUNTY COUNCILLORS, ANNUAL PRECEPT, COMMUNITY GROUPS and FUND RAISING EVENTS]
Funding from other sources	£31,025 [GRANT PLEDGED from VIRIDOR CREDITS]
Amount to be borrowed	£152,826
8. Deadline for approval (if applicable) If borrowing is required by a specific date – eg an auction date, or to meet match-funding requirements - give details here.	N/A

9. Is funding from other sources confirmed?	YES			
10. Proposed Borrowing Source	PUBLIC WORKS LOAN BOARD			
11. Intended Borrowing Term (please specify the number of years)	50 YEARS FIXED RATE ANNUITY BASIS			
12. Details of Existing Loans - NONE	1st loan £	2nd loan £	3rd loan £	4th loan £
Date Taken Out				
Amount Outstanding	£	£	£	£
Unexpired Term				
13. Are you increasing Precept to fund this borrowing?	YES			
What will be the amount and percentage of the planned increase per annum related to this loan?	£5514	79%		
What will it cost a band D household per annum?	AN EXTRA £22.68 PER ANNUM TO FUND THIS LOAN			
14. If applicable, have you assessed the extent of public support to increase precept for this loan?	YES			
If yes, what were the results of the assessment to increase precept for this loan?	<p>87% of RESIDENTS (118 out of 135) ANSWERED YES TO THE QUESTION "DO YOU SUPPORT IDE PARISH COUNCIL IN PROCEEDING WITH THE PROJECT BY BORROWING FROM THE PUBLIC WORKS LOAN BOARD IN ORDER TO SERVICE THE LOAN REPAYMENTS IF IT INCLUDES A PARISH COUNCIL PRECEPT INCREASE OF 79%, WHICH IS THE EQUIVALENT OF AN ADDITIONAL £1.89 PER MONTH (£22.68 PER YEAR) ON THE COUNCIL TAX FOR A BAND D HOUSEHOLD?".</p> <p>WE CONDUCTED A CONSULTATION EXERCISE LASTING 5 WEEKS: SURVEY PAPERS WERE DELIVERED TO EVERY HOUSEHOLD IN IDE ON 15 JANUARY 2022. RESIDENTS COULD REPLY ONLINE BY SURVEY MONKEY OR ON A PAPER TEAR OFF REPLY SLIP. IN WEEK 2 WE HELD TWO OPEN QUESTION & ANSWER PUBLIC MEETINGS, ON ZOOM DUE THE PANDEMIC, TO EXPLAIN THE PROPOSAL AND TO ANSWER QUESTIONS.</p>			

15. Precept for previous year 2020/21:	for Band D: £25.95
Precept for Current year 2021/22:	for Band D: £28.60
Precept for next year 2022/23:	for Band D: £51.28
16. Number of Electorate	469
17. Value and purpose of all funds, capital/revenue reserves and balances currently held.	<p>1. IDE PARISH COUNCIL CURRENT ACCOUNT. PURPOSE: TO MEET ANNUAL BUDGETTED COSTS OF RUNNING THE PARISH COUNCIL USING ANNUAL PRECEPT. CURRENT BALANCE =£4,626.83</p> <p>2. IDE PARISH COUNCIL RESERVE ACCOUNT. PURPOSE: TO HOLD FUNDS IN RESERVE FOR UNEXPECTED COSTS. CURRENT BALANCE =£1,499.38</p> <p>3. IDE PARISH COUNCIL WEIR MEADOW RECREATION GROUND ACCOUNT. PURPOSE: TO RECEIVE DONATIONS AND GRANTS TO ADVANCE PROJECT TO PURCHASE AND ADMINISTER WEIR MEADOW & NORTHERN FIELDS FOR PUBLIC GREEN SPACE AND RECREATION GROUND. CURRENT BALANCE= £42,715.96</p> <p>4. IDE PARISH COUNCIL COMMUNITY ORCHARD ACCOUNT. PURPOSE: TO RECEIVE DONATIONS AND GRANTS TO ADMINISTER THE ORCHARD AS TENANTS SINCE 2018 AND TO PURCHASE THE ORCHARD FOR COMMUNITY USE. CURRENT BALANCE = £38,711.76</p>
18. Have you provided the following supporting evidence?	Please tick the appropriate boxes below
a) Full Council minutes with resolution to apply to DfLUHC for borrowing	YES NO
b) Report to the Council	YES NO
c) Council Budget for current year and next year if available	YES NO
d) Consultation and outcome of consultation	YES NO

19.

Approval of Full Council

The above application was agreed by resolution of the full council on..... (date), the Report to Council and Budget attached have been taken to and approved by the full Council, and the draft Minutes attached have been seen and authorised for submission by the Chairman.

The Council undertakes to notify the Department for Levelling Up, Housing and Communities (DfLUHC), as soon as reasonably practicable, in the event:-

- of not exercising the approval, or,
- it finds that the original amount requested is greater than the actual borrowing need.

SIGNED.....

DATE.....

(Chair of the Council)

NAME.....

SIGNED.....

DATE.....

(Responsible Financial Officer)

NAME.....

*Please send signed, completed forms and all supporting information to
your county association of local councils.
Failure to submit all required information will delay your borrowing
approval.*

(continued....)

To be included in submission to DALC and Secretary of State along with Report to Council:

Annex 1 - Report on Community Consultation and Involvement

Annex 2 - Draft Application Form for Borrowing Approval to Sec of State for LUH&C

Annex 3 - Planning permissions x2

Annex 4 - Brochure for Weir Meadow & Northern Fields - Recreational Green Space for Ide

Annex 5 - Brochure for A Community Orchard for Ide

Annex 6 - Leaflet - Green Space for Ide - Appeal for Funds

Annex 7 - Option Agreement for Weir Meadow & Northern Fields

Annex 8 - Option Agreement for Victorian Orchard

Annex 9 - Valuation for Northern Fields

Annex 10 - Valuation for Victorian Orchard

Annex 11 - 2021/22 Ide PC Budget summary

Annex 12 - 2022/23 Ide PC Budget summary showing increase in precept

Annex 13 - Ide Parish Council precept demand for 2022/23 made 24 January 2022

Annex 14 - Proof of grant funding from Viridor Credits

Annex 15 - Copy of full minutes of full council meeting on 2 March 2022 with the resolution to seek the Secretary of State's approval for the proposed borrowing.