

Committee:	Executive	Agenda Item No.:	15
Date:	16 th June 2008	Status	Open
Category	2. Decision within the functions of Executive		
Subject:	Short Term Loan to Elmton with Creswell Parish Council		
Report by:	Head of Finance		
Other Officers Involved	Chief Accountant		
Director	Director of Resources		
Relevant Portfolio Holder	Leader of the Council		

RELEVANT CORPORATE AIMS

REGENERATION – Developing healthy, prosperous and sustainable communities by improving the facilities and access to health care in Creswell.

CUSTOMER FOCUSED SERVICES – Providing excellent customer focused services by helping to provide a health centre in Creswell

TARGETS

None.

VALUE FOR MONEY

The loan provides an effective and economic way of financing the project.

THE REPORT

To seek approval to place a short term loan to Elmton with Creswell Parish Council to assist with enabling the development of a new Health Centre.

The Land required for the Health Centre

The land is the former Methodist Church at the rear of the War Memorial on Elmton Road Creswell.

At a meeting facilitated by the Head of Environmental Health and Housing on 12th November 2007, Councillor McGregor represented the Parish Council as Chairman. Members from the Primary Care Trust, W Jones and D Sharp attended along with Councillor Watts and the Chief Executive Officer. The meeting was to

find a way forward for the development of the health centre. All who attended were in agreement that Creswell should have a more modern health building.

The Chief Executive Officer arranged for a valuation of the land by the Council's Senior Valuer Roger Owen, who valued the land at between £250,000 and £300,000 in February 2008. The Parish Council have received a separate valuation which agrees with this.

Primary Care Trusts do not get involved with purchasing land they provide the funds to develop the land once it has been acquired for them.

The Parish Council have met with the Methodist Church Authority and have been advised the land will go to Auction. A prospective planning application has been submitted to Bolsover District Council by the Methodist Church Authority but this has been classified as invalid, due to having insufficient information.

The issues for the Parish Council

The Parish Council have had discussions with their bankers the Royal Bank of Scotland but due to the current economic climate the bank may be willing to authorise a loan of between 70% and 100% of the cost. The Parish Council are currently also trying other external financial institutions for the loan.

The Parish Council feel the opportunity is not to be missed as the village is growing and there is a real need for a new clinic and its facilities.

The Primary Care Trust will meet on the 28th of May where the board will decide to commit to the Parish Council. A verbal update will be provided at the meeting.

The Parish Council is asking Bolsover District Council to assist in meeting any funding gap that may occur. The intention of the Parish Council is to enable the development. The Primary Care Trust will engage the contractors and refund the Parish Council the cost of the land plus administration costs. The Parish Council will then re-imburse the funders which would include Bolsover District Council.

Issues for Bolsover District Council

The general policy objective for the Council is the prudent investment of its cash balances. The aim is to maximise the return on cash investments whilst having due consideration to the security of capital and liquidity of its investments.

The Council has the power to loan such sums in Parish Councils. The Treasury Management Strategy for 2008/09 approved at Council on 12th March 2008 further requires that such temporary loans with Parish Councils are charged interest equivalent to that of Bank Base Rate (currently 5%).

In considering such temporary loans the Council must weigh up the level of risk associated with the loan. The Treasury Management Strategy classifies the Parish Council as a Specified Investment. These are low risk where the possibility of loss of principal or investment income is small.

ISSUES/OPTIONS FOR CONSIDERATION

Whether to agree to provide Elmton and Creswell Parish Council with a short term loan to purchase the land for the development of a new health centre.

IMPLICATONS

Financial: No budget implications. The risks associated with the investment are considered minimal.

Legal: The Treasury Management Strategy for 2008/09 allows the Director of Resources to invest monies with Parish Councils

Human Resources: None

RECOMMENDATION(S)

1. **a) The Council loans money to Elmton with Creswell Parish Council in support of the financial assistance required for the Health Centre,**
b) Or delegates the decision to the CEO or Director of Resources and recommends to Standards Committee that the permanent delegation is included in the delegation scheme,
2. **The Council charges interest on the outstanding principal at the Bank Base Rate applicable at the time.**

REASON FOR DECISION TO BE GIVEN IN ACCORDANCE WITH THE CONSTITUTION

To enable Elmton with Creswell Parish Council to go ahead with the scheme to provide a Health Centre.

ATTACHMENTS: N
FILE REFERENCE: None
SOURCE DOCUMENT: Background papers held in Financial Services