

Church Fenton Parish Council

WHITE HORSE ACQUISITION



The Parish Council has considered the detailed proposal for the White Horse prepared by the sub group of villagers, and the results of the consultation and decided that it wishes to submit a formal bid for the purchase. The Council considers that the Business Plan provides a viable future for the building which minimises risk to the Church

Fenton Community and feels that the retention of the building as a Pub is important for the village as it retains a local amenity, and protects the street scene.

Additional information is available on the risk and financial implications of a purchase, and steps taken to limit this risk. **The Council would welcome comments from the local community now that this additional information is available. Please send these to clerk@church-fenton.net. As the opportunity to purchase may be lost if the Council does not move quickly please respond by 1st April 2018.**

Consultation

There were 258 responses to the consultation carried out in February. 242 (93.8%) of the responses were in favour of the acquisition, and 16 (6.2%) were against.

Proposed structure

A Community Benefit Society (made up from local residents) is being established to manage the White Horse on behalf of the Council. This “arms length” arrangement ensures that the premises are managed for the benefit of the community without the Council being involved in day to day activities. The Council will lease the building to the Community Benefit Society who will lease the building to an operator to generate income. The lease will include clauses which will limit changes that can be made without the Council’s consent, and will be on a full repair and maintenance basis meaning that future maintenance costs will need to be paid from premises income.

Acquisition and Refurbishment cost

The building is up for sale for £350,000. Fees and Stamp Duty are estimated as £20,000, and quotes of £130,000 have been received for refurbishment. Fixtures and fittings (estimated at c £80,000) will be the responsibility of the lessee.

Council funding and income

The Council intends to fund the purchase and refurbishment using Public Loan Board funds over a 50 year period. Terms are much more advantageous than a commercial loan. This requires “borrowing powers” to be approved by the government. The Council has submitted a request for £510,000 which is above the expected figure. Only funding that is needed would be drawn down.

The rent (around £2,000 per month) would cover the borrowing costs, together with other Council costs such as building insurance meaning that the net cost would be zero.

Impact on Council Tax

There would only be an impact on Council Tax if the venture failed and it was not possible to quickly re-let the building as the Council would need to continue paying off the loan. This could then only be funded by the Parish Council increasing the “Parish Precept” which is the portion of Council tax that is

used to fund Parish Council activities. The table below shows the potential implication on Church Fenton Council Tax payers of the cost of covering a loan cost of £2,000 per month:

| Council Tax Band | Precept 2018-19 | Additional costs | |
|------------------|-----------------|------------------|--------|
| | | Month | Year |
| A | £27.00 | £2.19 | £26.34 |
| B | £31.50 | £2.56 | £30.73 |
| C | £36.00 | £2.92 | £35.12 |
| D | £40.50 | £3.29 | £39.51 |
| E | £49.50 | £4.02 | £48.29 |
| F | £58.50 | £4.75 | £57.07 |
| G | £67.50 | £5.48 | £65.85 |
| H | £81.00 | £6.57 | £79.02 |

The Council feel that it is unlikely that funding from Council Tax payers will be needed for any significant period for the following reasons:

1. Use of Public Loan Board funds allows the building to be offered on better terms than would be available from a commercial landlord, increasing viability. This means that re-letting should be easier.
2. The building will be an asset which can be sold to fund the repayment of outstanding loan costs should the use as a pub be unviable. A professional valuation has been commissioned to advise on current value, and post refurbishment value.
3. A condition will be included in the lease requiring the Community Benefit Society to build up a reserve to include at least 12 months lease costs so that any void period can be covered without requiring Council funds.

Asset of Community Value

The White Horse has been formally designated as an “Asset of Community Value” which has provided a period of 6 months when the owner cannot sell it other than for community use. This period expires on 24th April, after which the owner could sell it on the open market. The Council is aware that there has been interest from developers in using the site for housing. A bid submitted before the 24th April has more chance of being successful.

What happens next?

Once Borrowing Powers have been approved the Council will submit a formal offer for the building. Before Contracts are exchanged the Council will need the terms of the lease to be agreed, a satisfactory valuation, and to consider any further comments received from the community. Proof of funds will be required to ensure that the lessee has the required funds to complete their portion of the fit out.

There is no guarantee that an offer from the Council will be accepted.

Further information

Information about the proposal is available on <https://churchfentoncommunityhub.com/> The Council will be happy to receive comments and queries from parishioners at any time. These can be raised via the Parish Clerk on clerk@church-fenton.net or by phoning 07981 371937.