REPORT TO COUNCIL - IPPLEPEN POST OFFICE

 Ipplepen Parish Council has agreed in principle to investigate the viability of purchasing the Ipplepen Post Office is a Community Asset for the residents of Ipplepen.

The purchase of the Freehold of the Post Office would be a major investment and commitment of the Parish Council on behalf of the residents.

The Parish Council as the owner will lease the Post Office business and the income received from the lease should meet repayments of a loan taken out by the Parish Council to purchase the Post Office Freehold, any surplus between the lease income and repayment costs will be placed in an earmarked reserve.

The Parish Council will ensure that an earmarked Post Office repayment reserve of a minimum of 12 monthly repayments is maintained throughout the period of the loan.

It is not intended that the Parish Council will add a specific increase in the Parish Precept to meet loan repayments.

" The Parish Council will retain the services Mr Warren Douglas of Boyce Hatton LLP, Brunel House, Station Road, Totnes, Devon TQ9 5HW to provide commercial legal advice to the Parish Council on the purchase and leasing of Ipplepen Post Office."

Specific consideration and legal advice will be sought to address the following aspects of the proposed purchase of the Post Office -

Provide funding/costings to the Council in terms of the purchase price of the property, associated legal costs and any miscellaneous costs that may be identified such as outstanding maintenance required to the building.

Timeline -

To agree the purchase the building.

To agree a timeline for leasing the Post Office to avoid there being a break in the current provision of service.

To agree a timeline for the ‘handover’ from the current service provider/owner to the new service provider/lessee.

To agree a timeline to cover the purchase and lease of the services and transfer of current stock to new lessee.

Nature/Type of Lease

To agree the type and length of the lease to be offered to the lessee.

Title Deeds, Surveys and Valuation of Property -

To take legal advice to ensure that the Parish Council can take back full control of its ownership of the Post Office should it be necessary to do so.

This will be essential if the business becomes commercially unsustainable and to meet the loan repayments the Council finds itself in a position that it must sell the property.

To ensure full openness and transparency the completed business case will be published on the Parish Council website.

Ipplepen Parish Council will all times ensure that it is able to demonstrate financial responsibility when conducting business

Consultation

The Parish Council is conducting a consultation which will continue should the resolution to proceed with an application be approved by full council.

The Report to the Council (3 August 2021) is to provide information to support the consideration of the Resolution.

The Parish Council in submitting a PWLB loan application and will only proceed with (if it is granted) taking the loan providing the legal advice and requirements of the business case are acceptable the Council.

Consultation Feedback

A consultation on the principle of Ipplepen Parish Council was carried out between the 15 June and 31 July 2021.

The consultation information was published on the Parish Council website and Spotted Ipplepen Facebook Page with notices also placed in the Post Office and on the Parish Council Notice Board.

The Parish Council received 138 responses representing 122 households which is a response of 11.38% of households.

All responses were positive and supportive of the Parish Council proposals with no negative responses.

PWLB loan of £200,000

A PWLB loan of £200,000 which would allow for the £175,000 purchase of the Post Office and a contingency to an earmarked reserve of £25,000 for any associated legal fees/repairs/maintenance costs.

Note A

If IPC wished to pay the loan off in 10 years, it would need a minimum rental income of £1793/month …. £21516.00/year

Initially the difference in repayments (£272 in Year 1 decreasing by £130.48 annually) would need to be met from IPC Funds but thereafter the rental income would exceed repayments and in 2032 the property would be owned by IPC.

It is unlikely that the business could be commercially leased at a £1793/month in the current economic climate.

Note B

If IPC wished to pay the loan off in 15 years, it would need a minimum rental income of £1255/month …. £15060.00/year

Initially the difference in repayments (£1004 in Year 1 decreasing by £101.94 annually) would need to be met from IPC Funds but thereafter the rental income would exceed repayments and in 2037 the property would be owned by IPC.

Note C

If IPC wished to pay the loan off in 20 years, it would need a minimum rental income of £990/month …. £11880.00/year

Initially the difference in repayments (£2236 in Year 1 decreasing by £86.82 annually) would need to be met from IPC Funds but thereafter the rental income would exceed repayments and in 2042 the property would be owned by IPC.

To avoid the difference in repayments of £2236 in Year 1 the rental income would need to be £1110/month. (£13320/year)

Note D

If IPC wished to pay the loan off in 25 years, it would need a minimum rental income of £835/month …. £10020.00/year

Initially the difference in repayments (£1704 in Year 1 decreasing by £76.08 annually) would need to be met from IPC Funds but thereafter the rental income would exceed repayments and in 2047 the property would be owned by IPC.

To avoid the difference in repayments of £1704 in Year 1 and for some period thereafter the rental income would need to be £980/month. (£11760/year)

Note E

IPC should also be aware that any early repayment of a PWLB loan would under current legislation be subject to a surcharge.

Based on current PWLB EIP Fixed Rate Repayments

 Initial. Reducing

Period of Interest 1/2 Year Each 1/2 Total IPC Rental

Loan Rate Repayment Year Repayment (Monthly)

(Years) (%) (£) (£) (£) (Annual)

 10 1.37 10893.81 65.24 215070.00 1793

Note A (21787.62) (130.48) (21516)

15 1.58 8031.61 50.97 225280.00 1255

Note B (16063.22) (101.94) (15060)

20 1.78 6658.05 43.41 237380.00 990

Note C (13316.10) (86.82) (11880)

25 1.94 5861.57 38.04 250440.00 835

Note D (11723.14) (76.08) (10020)

 The Resolution before Council reflects the Ipplepen Parish Council Advisory Group recommendation that the Council applies for a PWLB Loan of £200,000 for a repayment over the term of 20 years.

 Parish Council - PO Resolution.

Resolution for Ipplepen Parish Council 3 August 2021

 “Ipplepen Parish Council resolves to seek approval of the Secretary of State for Housing, Communities and Local Government to apply for. PWLB loan of £200,000 over the borrowing term of 20 years for the purpose of purchasing the Ipplepen Post Office and retaining it as a Community Asset”.

“The annual loan repayments will come to around £13320”.

“It is not intended to increase the Parish Council Tax precept for the purpose of the loan repayments”.