



TODMORDEN TOWN COUNCIL

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## REPORT TO RESOURCES COMMITTEE

<b>REPORT AUTHOR</b>	<b>Colin Hill - Town Clerk &amp; Responsible Financial Officer</b>
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<b>Date</b>	<b>2<sup>nd</sup> December 2020</b>
<b>SUBJECT</b>	<b>Investment – Calder Valley Community Land Trust Ltd – The Fielden Acre Project – Share Offer</b>

### PURPOSE OF REPORT

1. To advise Members that Town Council on the 18<sup>th</sup> November agreed that the Town Council should invest £3,000 in a community share offer subject to a financial risk assessment indicating that: -
  - this is an acceptable investment in terms of risk of outright loss.
  - this is acceptable in terms of length of investment and ability to withdraw at some future stage.
  - this is acceptable in terms of potential dividend/interest return including the underlying business plan assumptions.
  - that in subscribing at the outset to the share offer, funds would be protected pending the offer becoming operative.
  - that the board controlling the project is experienced and capable of delivering the aims and objectives of the purpose behind the share offer.

and that the Resources Committee returns to Town Council to advise that due diligence has been exercised and that investment is recommended.

2. To inform Members that this investment does have some restrictions regarding withdrawal and should be regarded as a long- term investment.
3. To inform Members that following completion of this Financial Risk Assessment it is the opinion of the Responsible Financial Officer that this investment is of a low risk nature, that investment is warranted and is at this relatively nominal level, would not cause any undue financial difficulty, even in the event of outright loss.

4. To inform Members that in arriving at this conclusion it should also be noted that Members could have sanctioned an outright grant at this level ( not repayable) towards elements of the work underpinning the need to raise funds through this share offer.
5. To seek Members views about interest return. The target is set at 2% (£60) but investors have the option to choose full, half or none. Interest does not become payable until 2023 and payment is subject to profitability

### **FINANCIAL IMPLICATIONS**

6. The investment of £3,000 offers a potential return of up to 2% once profits start to be generated from receipt of rental income.
7. If for any reason the minimum amount of £150,000 is not be raised from community subscribers, the Town Councils investment of £3,000 would be returned.
8. Whilst there is likely to be a budget underspend at year end, it is proposed that £3,000 be moved now from the Earmarked Community Development Reserve and revenue budget be established from which to make payment. The investment would be reflected in the Balance Sheet as Community Shares held.
9. Investment is made under Section 137 of the Local Government Act 1972 - advice received from Yorkshire Local Councils Association

### **RECOMMENDATION:**

10. That the Resources Committee note the Financial Risk Assessment undertaken by the Responsible Financial Officer – Appendix 1.
11. That the Resources Committee accept this Financial Risk Assessment and recommend that this investment should be made.
12. That in view of the nominal potential interest return Members consider whether they wish to seek an interest return on this investment.
13. That investment is made subject to:
  - confirmation of funds held by “Ethex” by way of client account.
  - confirmation that if the share subscription minimum figure of £150,000 is not reached the investment will be returned in full
  - annual confirmation that such investment is held

### **REASONS FOR RECOMMENDATION**

14. Town Council requested the Resources Committee to undertake a due diligence process and return to Town Council with their recommendation(s)

### **POLICY IMPLICATIONS:**

15. None arising from this report

### **DETAILS OF CONSULTATION:**

16. None.

**SUPPORTING PAPERS:**

17. Appendix 1 – Financial Risk Assessment

Appendix 2 - The Fielden Acre Project – Share Offer Business Plan

Appendix 3 - The Fielden Acre Project Community Share offer

[https://www.ethex.org.uk/how-we-are-financed\\_52.html](https://www.ethex.org.uk/how-we-are-financed_52.html)

**FURTHER INFORMATION, PLEASE CONTACT: Colin Hill**