



CABINET

3RD JULY 2014

AGENDA ITEM (8)

REQUEST FOR LOAN - BOURTON-ON-THE-WATER PARISH COUNCIL

Accountable Member	Councillor Lynden Stowe Leader of the Council
Accountable Officer	Jenny Poole Head of Finance, Audit and GO Shared Services 01285 623313 jenny.poole@cotswold.gov.uk

Purpose of Report	To determine a request by Bourton-on-the-Water Parish Council for a loan in relation to the purchase of the former Moore Cottage Hospital building.
Recommendations	<p>(a) That the application for a loan of £100,000 by Bourton-on-the-Water Parish Council be determined;</p> <p>(b) that, if the loan request is approved, the offer be subject to an interest rate at 1½% over base rate (variable) for the period of the loan;</p> <p>(c) that the Head of Finance, Audit and GO Shared Services, in consultation with the Joint Head of Legal and Property Services, be authorised to enter into a loan agreement with Bourton-on-the-Water Parish Council.</p>
Reason(s) for Recommendation(s)	To support Bourton-on-the-Water Parish Council in its project to provide a location for a wide range of community services and facilities by providing cash-flow support.

Ward(s) Affected	Bourton-on-the-Water
Key Decision	No
Recommendation to Council	No

Financial Implications	It is proposed that the loan to Bourton-on-the-Water will be subject to a variable interest rate at 1½% over base. This rate of interest is higher than the current rates of interest achievable through the Council's treasury activity.
Legal and Human Rights Implications	<p>The Localism Act 2011 permits the Council to enter into the proposed transaction.</p> <p>The Council's Financial Rules permit the Cabinet to make decisions on new in-year capital expenditure up to £100,000. The loan request is within that limit.</p>

	The Parish Council will be required to enter into a loan agreement with the District Council which will include provisions in the event of default on the loan.
Environmental and Sustainability Implications	None directly from this report
Human Resource Implications	None
Key Risks	The key risk is that Bourton-on-the-Water Parish Council defaults on the loan repayment. As this loan provides cash-flow support enabling the Parish Council to acquire the former Moore Cottage Hospital building pending the receipt of income from the sale of the existing Council officer, the risk is minimal.
Equalities Impact Assessment	Not required

Related Decisions	In September 2010, the Cabinet approved the principles under which temporary loans could be advanced to Town or Parish Councils. The maximum loan size approved was £50,000. As this loan request exceeds £50,000, a separate decision is required from the Cabinet. However, if approved, the loan will be established using the principles set out in the decision taken in September 2010.
Background Documents	None
Appendices	Exempt Appendix 'A' - Request for loan - Bourton-on-the-Water Parish Council

Performance Management Follow Up	Any default on the loan will be reported back to the Cabinet.
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Options for Joint Working	Not applicable
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Background Information	
<p>1. Bourton-on-the-Water Parish Council has approached the Council to request a temporary loan of £100,000 for an estimated period of seven months from 1st August 2014 to 28th February 2015. The loan will provide cash-flow support to the Parish Council to enable its purchase of the former Moore Cottage Hospital building prior to receipt of income from the disposal of the existing Parish Council office. A copy of the request is attached at Exempt Appendix 'A'.</p> <p>2. The existing Parish Council office is currently entered into Tayler and Fletcher's public auction on 24th September 2014. It is likely, therefore, that the Parish Council will be in a position to be able to repay the loan before the end of February 2015.</p> <p>3. Details of the Parish Council financial plans for 2014/15, 2015/16 and its cash-flow forecast are attached at Exempt Appendix 'A'. The Head of Finance, Audit and GO Shared Services has reviewed the financial plans and confirmed that the Parish Council has published audited accounts which support the data within the financial plans. She is therefore able to recommend the loan to this Council.</p>	

4. The benefits of the Parish Council project are set out in the documents supplied by the Parish Council attached at **Exempt Appendix 'A'**. In summary, the Community Centre to be based at the Moore Cottage Hospital building, will provide a platform for local delivery of various services including the re-located Parish Council office, Gloucestershire County Council Library and Adult Community Care Services team, a Police Hub, a Community Café, accommodation for various health-related organisations and two function/meeting rooms for hire on an hourly/daily basis. In addition, two residential flats will be created and there will be provision for youth activities to take place.

5. The Cabinet is requested to consider and determine the loan application and, if approved, to authorise the Head of Finance, Audit and GO Shared Services, in consultation with the Joint Head of Legal and Property Services, to enter into an appropriate legal agreement with the Parish Council.

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