

Full Council

Date:	6 August 2019
Title:	Thame Community Land Trust – Community Loan
Contact Officer:	Graham Hunt, Town Clerk

Purpose of the Report

1. The purpose of this report is to enable a decision on whether to provide the opportunity of a community loan to Thame Community Land Trust, to assist with cash flow.

Background

2. The Thame Community Land Trust is in receipt of promised grants, dependent on certain actions being completed.
3. There is a current need to sanction expenditure in advance of the receipt of grants. In particular, a series of ecology reports have to be commissioned on a target site for completion in the short term. Failure to do so, within the seasonal window, will result in a delay of one year in achieving potential planning permission for the site.
4. This “chicken and egg” situation creates a cash flow issue for the Thame Community Land Trust.
5. Thame Community Land Trust has asked if Thame Town Council can lend short term funds, as necessary, to resolve that cash flow issue.
6. Any loan would be subject to the Town Council’s Loan Policy and Investment Strategy.
7. The loan would be unsecured, but would be expected to be paid back in full once promised grants are released.
8. Thame Community Land Trust would appreciate it if such short term loans could be made interest free.
9. For simplicity, it would be sensible for such loans, if approved, to be made on similar terms to those community loans already made, noting that there is a strong likelihood of each loan only ever being short term.
10. It also makes sense for this to be provided as a long term facility, to save further requests having to be reconsidered on a case by case basis in the future.

Proposal

11. That the Town Council provides a loan facility of up to a maximum total of £20k to Thame Community Land Trust at any one time, with an initial interest and repayment free period of 2 years, repayable over the subsequent 10 years, at an annual interest rate of the Public Works Loan Board (PWLB) five year equal instalment payment (EIP) fixed rate plus a premium of 0.5%. At 25/7/19 that would equate to 1.93%. That interest rate to be updated annually, one month in advance of the anniversary of the loan.
12. That in the event of Thame Community Land Trust taking up the loan, or any portion of it, that the Town Clerk will prepare the relevant Loan Agreement / Repayment Schedule in line with other current loans to the Cricket and Rugby Clubs, and the content of this report.

Resource Appraisal

13. The funds would be provided from General Reserves – with the opportunity of short term interest being lost in the first two years, and then replaced by a guaranteed interest return.
14. The amount is within the overall Loan Book limit.

Risk Assessment

15. There is always a risk in any loan, but that is managed through the Loan Policy, Investment Strategy and Loan Agreement.

Legal Powers

16. General Power of Competence, Localism Act 2011.

Recommendation

The Council is recommended:

- i) To resolve that a community loan facility of up to £20k is made available to Thame Community Land Trust, subject to the detail in this supporting report.*