

## **Loan to Kingsdon Parish Council**

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### **Purpose of the Report**

To request that District Executive approves a loan of £27,500 to Kingsdon Parish Council to purchase land for recreational use.

### **Forward Plan**

This report appeared on the District Executive Forward Plan with an anticipated Committee date of April 2015.

### **Public Interest**

Certain community groups and Parish Councils can apply to SSDC for a loan to purchase land or buildings that they want to use for local residents. In this case Kingsdon Parish Council has approached the Council to buy land at Mow Barton Road, Kingsdon for recreational use.

### **Recommendation**

That District Executive approve a loan of £27,500 to Kingsdon Parish Council, to be repaid over 10 years, from available capital resources subject to a first charge being made on the land.

### **Background**

SSDC agreed a loans policy in 2003 to provide short to medium term loans at manageable interest rates to enable community groups to achieve their and the Council's objectives. Loans can be agreed by District Executive where they are made under the policy's criteria.

### **Report**

Kingsdon Parish Council has been in negotiations with Somerset County Council to purchase the redundant sports field at Mow Barton Road, Kingsdon for some time. The Parish Council currently does not own any land locally for residents to use for recreation and this particular site is opposite the village hall. They have now agreed a price of £27,500 and the restriction of use as "recreational facilities" as part of their negotiations. The sale will also be dependent on agreement of S77 disposal regarding permission to sell land used for educational purposes.

### **Financial Implications**

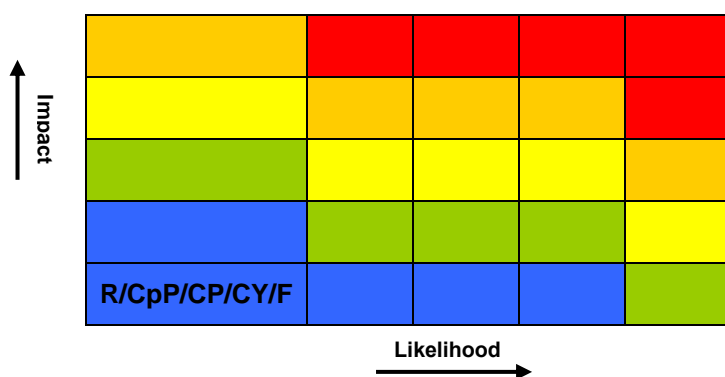
The loan agreement will be charged as a first charge on the land. The District Valuer has valued the land at the asking price of £27,500 and is therefore of sufficient value to repay the loan in the very unlikely circumstances that the parish council default.

The loan of £27,500 will be found from capital resources. There will be no impact on revenue as the interest will be repaid as part of the loan. The capital sum will be returned to capital balances over the 10 year period of the loan.

The loan will be fixed at an interest rate of approximately 2.28% (the same rate as the cost of Public Works Loans Board borrowing for 10 years). The annual payments would be approximately £255.52 per month. The rate will attract a fixed rate of interest for the duration of the loan period, being the PWLB rate at the time the loan is awarded.

Kingsdon Parish Council has received permission to borrow from the Secretary of State and have demonstrated that the loan repayments can be found within their parish precept.

**Risk Matrix**



**Key**

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

**Council Plan Implications**

This meets with Focus Four – Health and Communities.

**Carbon Emissions and Climate Change Implications**

None

**Equality and Diversity Implications**

None

**Background Papers**

None