

Loan to Kingsbury Episcopi Amenities Improvements Committee

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Purpose of the Report

To request that full Council approves the underwriting of a loan of £65,000 to Kingsbury Episcopi Amenities Improvements Committee (KEAIC) (a registered charity) while they continue to fund-raise for the balance of budget needed to complete the new build Kingsbury Episcopi Community Centre. The underwriting will enable the charity to access the Big Lottery funding of £804,000.

Recommendations

That Council:

1. approve a loan of £65,000 to Kingsbury Episcopi Amenities Improvements Committee (KEAIC), to be repaid over 10 years if required, from the available capital balances;
2. agrees that the final decision regarding whether a guarantee is required is delegated to the Portfolio Holder for Finance and Legal Services in consultation with the Assistant Director – Finance and Corporate Services and the Assistant Director – Legal and Corporate Services once all options have been explored.

Background

KEAIC has been granted £804,000 in Lottery funding and this, together with substantial fundraising by the community, has achieved 91% of the construction, finishing and landscaping costs of building the Kingsbury Community Centre. To release funds enabling the construction work to begin, KEAIC must demonstrate that sufficient funds are available for completion of the project.

SSDC's Loan Policy

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 when they are made under the policy's criteria. If the loan is outside the criteria then full Council must approve the loan. This loan falls outside the policy because of the following:-

- the capital payments are deferred for 12 months (the policy does not allow deferral)
- there may not be an available guarantee as the Big Lottery Fund has already required a first charge over the property.

Report

Kingsbury Episcopi is a village with a vibrant self-help community which came together to address the pressing need for a community centre. Evidence collected through open days,

discussion groups and questionnaires, showed the need for one community building for three specific purposes:

Community Shop

Kingsbury's last grocery shop closed in September 2002. In 2008, residents formed Kingsbury Community Shop Project committee and in March 2011, this became an Industrial & Provident Society - Kingsbury Community Enterprise Ltd. The shop opened in 2012, and has been run by 60 volunteers and sited in a shipping container with temporary planning permission which expires this year.

Footfall has remained consistent with turnover showing a year on year improvement and the shop is considered to be succeeding not only financially, but also in providing a meeting place and important social hub.

Changing Rooms

Play equipment and facilities on the recreation ground have been developed to cater for all age groups and the football pitches are maintained to a high standard but the changing area is a portacabin with facilities which do not meet current recommendations, preventing the development of junior teams and letting of the facilities. Secure storage space is needed for maintenance and sports equipment and equipment for the community's annual, major fund-raising. The provision of an accessible outside toilet has also been identified as much-needed.

Community Hall

Over 50% of the children at the village primary school live in the parish, warranting good recreational facilities with space suitable for indoor family and community activities. The school has limited space for whole-school productions and there are no facilities for large indoor events in the village.

KEAIC is confident that it will be possible to raise the remaining £65,000 balance of the cost of building the new Community Centre through fund-raising and pending grant applications - in all likelihood within the next twelve months. However, for the Lottery to release payment of the Reaching Communities Buildings Fund grant, so that building work can commence, KEAIC must demonstrate they have access to sufficient financial resources to complete the project.

Financial Implications

The loan of £65,000 if required will be found from capital resources. There will be no impact in revenue terms 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.

This loan requires Council approval as KEAIC wish to defer the first 12 months repayments to give them time to ensure the community centre and shop are up and running sufficiently to repay the loan. The interest will be payable from the beginning of the loan. The loan will be fixed at an interest rate of approximately 1.97% (the same rate as the cost of Public Works Loans Board (PWLB) borrowing for 10 years). The annual payments would be approximately £1,281 rising to around £7,869 once the deferred period has ceased. The final rate will attract a fixed rate of interest for the duration of the loan period, being the PWLB rate at the time the grant is awarded.

Accounts have been provided for Kingsbury Episcopi Amenities fund for the last three years and business plans and cash flow for the next three years for the new community building. Although these show a small loss for the community building other activities such as Party by the Parrett, and the Lowland Games ensure that overall there is a surplus that improves over the first three years. A deferral of the repayment of the capital element of the loan for the first year would be beneficial to the charity while the community building is setting up its customer base.

The Big Lottery Fund have already taken a first charge over the property and have outlined that their approval is required for any further charges to be made. The other possible option is that the parish council may be able to provide a guarantee. These discussions are underway and have not yet been completed. Members are therefore requested to delegate the final decision on the requirements of any guarantee to the Portfolio Holder Finance and Legal Services in consultation with the Assistant Director – Finance and Corporate Services and the Assistant Director – Legal and Corporate Services once all options have been explored.

The Area North Committee has approved £40,000 of grant funding for the project.

Background Papers

None