

Cherwell District Council

Executive

2 October 2017

Loan for a Replacement Kidlington Girl Guides Building

Report of Director of Operational Delivery

This report is public

Purpose of report

To consider a loan to Kidlington Girl Guides (KGG) to enable them to replace their current old and poor quality building

1.0 Recommendations

The meeting is recommended to :

- 1.1 Approve a low interest loan of up to £100,000 to Kidlington Girl Guides for a replacement guide building

2.0 Introduction

- 2.1 At the end of May 2017, representatives of the Girl Guides from Kidlington (KGG) made a request for financial help to complete the funding they need for a project to replace their current building. KGG have been fundraising, and will continue to do so, but to meet the needs of the growing guiding movement in Kidlington they have an immediate shortfall of at least £80k to complete a new hall.

3.0 Report Details

- 3.1 The KGG own their building and land and have operated successfully for a number of years. However, the building is dilapidated and has really come to the end of its life; repairs have been made but these are now becoming economically unviable and so the wish is to redevelop the site with a new, fit for purpose, facility.
- 3.2 They have looked a several options about the siting of the Guide Hall and whether there could be a better use for the current site that would provide them with enough money to buy a new piece of land and building within the village. However, the restrictions on the current site surrounded by residential properties and accessed along a footpath with no vehicular access or car parking do not make it viable to redevelop for housing and so it has been decided to demolish the existing building and rebuild on the same site.

- 3.3 The volunteers who run the guides have done a considerable amount of work to agree designs, get a planning application prepared and find a local builder who will build what they want at reasonable cost.
- 3.4 In considering this matter, it should be noted that the Council does not have a grant scheme or budget which it can apply in these circumstances and therefore a loan is an appropriate means of funding consideration. Officers have adopted a number of criteria to apply in such circumstances which are as follows;
- Evidence of project objectives and needs analysis are provided
 - The loan must have a monitorable community impact.
 - The loan would provide up to 50% of the whole project cost
 - Such a loan can only be applied for by constituted voluntary organisations with their own bank account; Town or Parish Councils; charitable organisations.
 - The loan cannot be applied retrospectively.
 - The applicant has provided evidence of its financial stability and of its ability to manage the proposed scheme.
 - The applicant has demonstrated that the proposed scheme has been developed following good practice in terms of planning, procurement and financial appraisal.
 - The applicant has provided evidence the affordability of their proposed scheme and the loan repayments.
 - That the project furthers the Council's priorities as reflected in its 2017/18 Business Plan
- 3.5 The Interim Head of Finance has reviewed the KGG documentation and funding background. There are several caveats/conditions that will need to be addressed as conditions of the loan if agreed by Members that will ensure the right cost planning and financial management are in place, that there are appropriate contingencies and agreed funding sources. The due diligence process has identified a need for KGG to have a construction contingency sum of c 10% of the actual construction cost. A low interest loan agreement for a sufficient term at suitable rates is also required so as to facilitate the group rather than constrain its development and growth in the future.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The above criteria have been met by the KGG and hence it is recommended that a loan of up to £100,000 be offered to the Kidlington Girl guides to allow them to complete their new building.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To offer a grant to KGG instead of the requested loan. This is not proposed as the Council does not have a grant scheme for this initiative.

Option 2: To offer only the £80k loan requested. This is not proposed as officers feel that the project does not have sufficient construction contingency.

7.0 Implications

Financial and Resource Implications

- 7.1 The project has been reviewed and is found to be suitable when considering the criteria in 3.4 above for a loan. The £100,000 loan would be over a maximum 30 years (assuming that the Girl Guides can afford a payment of £5,000pa) at 2.83% (the current PWLB rate). Options for earlier repayment will also be available to them.

Comments checked by:

Sanjay Sharma, Interim Head of Finance, 01295 221564,
Sanjay.Sharma@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 The proposed loan will be subject to a loan agreement with KGG on which the Council's legal officers will advise should approval be given to this proposal.

The value of the proposed loan is such that the Council can provide the loan on terms which are not commercial in the event that the loan were to be considered to be State Aid it would be comfortably under the *de minimis* threshold, subject to confirmation by Kidlington Girl Guides that it has not received any further *de minimis* state aid from other public authorities.

The nature of the loan is such that, were it to be considered to be State Aid, the Council could be confident that it would be exempt from the State Aid rules under the General Block Exemption Regulations as being a purely local provision of aid as the facility would only be made available to the group within the village of Kidlington.

Comments checked by:

Chris Mace, Solicitor, 01327 322125,
christopher.mace@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Key Decision

Financial Threshold Met: No

Community Impact Threshold Met: No

Wards Affected

Kidlington West
Kidlington East

Links to Corporate Plan and Policy Framework

Work to provide and support health and wellbeing across the District, Provide high quality and accessible leisure opportunities and Provide support to the voluntary and community sector

Lead Councillor

Councillor Tony Ilott, Lead Member for Financial Management

Document Information

Appendix No	Title
None	
Background Papers	
None	
Report Author	Ian Davies, Director of Operational Delivery
Contact Information	03000 030101 ian.davies@cherwellandshouthnorthants.gov.uk