

This report is public

Silverstone Loan

Committee	Executive
Date of Committee	4 March 2024
Portfolio Holder presenting the report	Portfolio Holder for Finance, Councillor Adam Nell
Date Portfolio Holder agreed report	15 February 2024
Report of	Assistant Director of Finance, Michael Furness

Purpose of report

To update Executive on the status of the loan to Silverstone Heritage Limited and agree a rephased payment plan.

1. Recommendations

The Executive resolves:

- 1.1 To agree to the extension of the payment term of the loan given to Silverstone Heritage Limited to March 2034.

2. Executive Summary

- 2.1 The council agreed to provide Silverstone Heritage Limited (SHL) with an unsecured loan of £1m in July 2018. SHL has asked the council whether a new arrangement can be made to extend the term of the loan. Further details are available in the private paper elsewhere on the agenda.

Implications & Impact Assessments

Implications	Commentary
Finance	As interest rates are expected to fall over the period, the proposed extension of the payment term of the loan would likely yield a higher return than might be expected to be achieved as part of the council's treasury management activities if the loan were to be repaid in full on 29 March 2024. Detailed finance implications are addressed in the exempt report. Alex Rycroft, Strategic Finance Business Partner

Legal	The loan variation will be conditional upon the payment of £150k by 29 March 2024. Subsidy Control issues addressed in the exempt report. Shahin Ismail, Interim Head of Legal Services			
Risk Management	The proposal aims to mitigate any financial risk linked to the mentioned loan payment. This, and any further arising risks, are being managed through the service risk register, and will be escalated to the Leadership Risk Register as and when deemed necessary. Celia Prado-Teeling, Performance Team Leader			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact		X		There is no equality impact directly associated to this report. Celia Prado-Teeling, Performance Team Leader
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
Climate & Environmental Impact				N/A
ICT & Digital Impact				N/A
Data Impact				N/A
Procurement & subsidy		X		For subsidy comments please see private report.
Council Priorities	An enterprising economy with strong and vibrant local centres			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	None			

Supporting Information

3. Background

- 3.1 The council agreed to grant Silverstone Heritage Limited (SHL) (trading as Silverstone Museum) an unsecured £1m loan at its meeting on 16 July 2018, following a recommendation from Executive at its meeting on 2 July 2018. This loan was to partially match fund £9.1m of grant funding secured from Heritage Lottery Fund and in addition to £8m loans granted by local council partners and Local Enterprise Partnerships.
- 3.2 SHL opened in March 2020 and had to shut almost immediately due to the Covid-19 pandemic and trading was interrupted over the next couple of years and consequently visitor numbers have been less than anticipated. As a result, SHL's trading position is not where its original business case had estimated it would be.
- 3.3 Limited interest payments were due to be made over the term of the loan. A final payment of £1.228m was due to be paid to the council by 29 March 2024. Silverstone Heritage Limited has asked the council to consider amending the terms of the loan to extend the repayment period.

4. Details

- 4.1 SHL and the council have been in discussions since March 2023 over the arrangements around SHL repaying the loan and accrued interest to the council. SHL made their first interest payment on 29 March 2023 as planned.
- 4.2 Throughout the course of the past 12 months, CDC has regularly met with SHL and discussed the following options:
- Taking on a commercial loan from the markets
 - Applying to HLF for additional funding
 - Discussing with local council partners whether they can extend their loan facilities.
- 4.3 Following these discussions, it is in the council's and council tax payers' best interest to agree to extend the repayment term of the loan to SHL.

5. Alternative Options and Reasons for Rejection

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

Option 1: Make no changes to the loan agreement. This has been discounted on the basis that an alternative funder cannot be identified.

6 Conclusion and Reasons for Recommendations

- 6.1 In conclusion, it is felt that the most likely way for the council to safeguard its resources is to agree to a revised payment profile of the loan with SHL.

Decision Information

Key Decision	Yes Will generate additional interest income of more than £50,000 over the life of the loan.
Subject to Call in	Yes
If not, why not subject to call in	N/A
Ward(s) Affected	All

Document Information

Appendices	
Appendices	None
Background Papers	None
Reference Papers	Executive Report 2 July 2018 – Silverstone Heritage Centre Loan Facility Council Report 16 July 2018 – Silverstone Heritage Centre Loan Facility
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