

LOAN TO ESTOVER PLAYING FIELD COMMUNITY INTEREST COMPANY (CIC)

To: **Commercial & Investment Committee**

Meeting Date: **14 September 2018**

From: **Deputy Chief Executive & Chief Finance Officer**

Electoral division(s): **March North**

Forward Plan ref: **N/a** *Key decision:* **No**

Purpose: **To consider making a loan to Estover Playing Field CIC.**

Recommendation: **It is recommended that Committee:**

- a) approve, in principle, a loan of £350,000 to Estover Playing Field CIC, subject to satisfactory due diligence and appropriate security/collateral being obtained**
- b) delegate the negotiation of the terms of the loan and the execution of all necessary contractual arrangements to the Chief Finance Officer, in consultation with the Chairman of Commercial & Investment Committee**

<i>Officer contact:</i>	<i>Member contact:</i>
Name: Tom Kelly Post: Head of Finance Email: Tom.Kelly@cambridgeshire.gov.uk Tel: 01223 703599	Name: Joshua Schumann Post: Chair of Commercial & Investment Committee Email: Joshua.schumann@cambridgeshire.gov.uk Tel: 01223 706398

1. BACKGROUND

- 1.1 March Town Council are developing Estover Playing Field and tenders have been accepted for provision of a pavilion. Groundworks will commence in the near future, funded by the Estover Playing Field CIC (EPF CIC). However, a loan of approximately £350,000, repayable over 6 years, is required to complete the pavilion to a fully usable condition. Over time, the EPF CIC will generate revenue from sporting and other activities at the playing fields, enabled by the development.

2. LOAN ARRANGEMENTS, ACCOUNTING AND MAIN ISSUES

- 2.1 The Council may borrow to make loans to third parties for the purpose of capital expenditure, as allowable under paragraph 25 (1)(b) of the Local Authorities (Capital Financing and Accounting) (England) Regulations 2003. The Council's treasury management strategy sets out that such loans, which are approved by Committee as appropriate, will usually be to support local economic development and to benefit some or all of the residents or visitors to a local authority's area. In determining whether to proceed with any loan arrangement the Council considers security, liquidity and yield (the loan interest). The Council, or its appointed agent, completes financial checks on third parties seeking loans and where necessary additional security will be sought through a mortgage, legal charge, or guarantee from a parent organisation.
- 2.2 The land on which the pavilion is to be built is leased from the County Council for the 99 years ending in 2114 (a diagram of the area loaned is shown in appendix 2).
- 2.3 March Town Council is supportive of guaranteeing any loan provided by the Council. The Town Council has recently written to the Deputy Chief Executive (see Appendix 1), re-confirming this commitment and that its funding will enable the EPF CIC to repay the loan.
- 2.4 As the loan is fully repayable over a set period in the relatively near future, the Council considers that it will be suitably prudent to account for full repayment of the capital monies expended in providing a loan rather than needing to charge a minimum revenue provision to CCC budgets in the meantime. In short this means that any net interest received (after costs of borrowing) is of financial benefit to the County Council.

3. CONCLUSION

- 3.1 Taking account of the plan to enhance the value of the underlying asset (where the County Council is a freeholder), the prospect of a small yield above Public Works Loan Board external borrowing rates, and a repayment over the medium term guaranteed by a local Council, Officers recommend the loan to Commercial and Investment Committee.

4. ALIGNMENT WITH CORPORATE PRIORITIES

- 4.1 **Developing the local economy for the benefit of all**
There are no significant implications for this priority.
- 4.2 **Helping people live healthy and independent lives**

There are no significant implications for this priority. The new sports facility will be available for residents to use thus supporting overall health.

4.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

The report above sets out details of significant implications in section 3.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

No significant implications.

5.3 Statutory, Legal and Risk Implications

The Council has followed its treasury management strategy in relation to third party loans, and in consideration of state aid implications. The Council considers that the support provided by the Town Council is a significant risk mitigation.

5.4 Equality and Diversity Implications

No significant implications.

5.5 Engagement and Communications Implications

No significant implications.

5.6 Localism and Local Member Involvement

No significant implications. The local Member is supportive of the development of the playing fields.

5.7 Public Health Implications

No significant implications. The new sports facility will be available for residents to use thus supporting overall health.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Officer: Tom Kelly
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	TBC before agreement
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	TBC before agreement
Have the equality and diversity implications been cleared by your Service Contact?	Yes Name of Officer: Tom Kelly
Have any engagement and communication implications been cleared by	Yes Name of Officer: Christine Birchall

Communications?	
Have any localism and Local Member involvement issues been cleared by your Service Contact?	
Have any Public Health implications been cleared by Public Health	Not applicable

7. SOURCE DOCUMENTS

Source Documents	Location
March Town Council Planning Sub-Committee – Minutes of 27 April 2015	Link
Treasury Management Strategy	Business Plan

Appendix 1 - Letter From March Town Council



March Town Council

The Town Hall
Market Place
March
Cambridgeshire
PE15 9JF

Tel: 01354 653709

Mr Chris Malyon,
Deputy Chief Executive,
Cambridgeshire County Council,
Shire Hall,
Cambridge.

3rd September 2018.

Dear Chris,

Re Proposed Loan to Estover Playing Field 2015 CIC.

With reference to recent telephone conversations and e-mail exchanges between yourself and Clive Lemmon, March Town Council hereby confirms that it will act as full guarantor for any loan made by Cambridgeshire County Council to Estover Playing Field 2015 CIC.

In fact, March Town Council will be providing all the funding (capital and interest) necessary to satisfy the repayment of such loan because it is so supportive of providing community sporting facilities in a relatively deprived area of Fenland.

Your support in providing the essential loan capital for the project is both welcomed and guaranteed by March Town Council.

Yours sincerely,

Councillor Jan French, Mayor of March.

Appendix 2 – Area of Leased Land

ad, March. PE15 8SF

