LOANS TO NOT FOR PROFIT ORGANISATIONS

To:	**Commercial and Investment Committee**
Meeting Date:	**19ᵗʰ October 2019**
From:	**Deputy Chief Executive and Chief Finance Officer**
Electoral division(s):	**All**
Forward Plan ref:	**N/a** *Key decision:* **No**
Purpose:	**To consider a draft policy for the provision of loans to third party, not for profit organisations and to propose any refinements to the policy before it is considered by General Purposes Committee as part of the revised Treasury Management Strategy in January.**
Recommendation:	**It is recommended that the Committee:**

        a) Considers the Policy Framework as set out in the Appendix to this report.
        b) Agrees any refinements to the draft policy.
        c) Recommends the Policy Framework, as amended if appropriate, to General Purposes Committee as part of the Treasury Management Strategy in January.

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1. BACKGROUND

1.1 Both General Purposes Committee and the Commercial and Investments Committee have considered a few requests from not-for-profit organisations for the approval of loan facilities in order to support the delivery of various community based infrastructure projects.

1.2 Whilst these requests have been considered on their individual merits it did raise the question of whether the Council should have a more structured approach to the consideration of such applications.

1.3 Adopting an agreed framework would enable the Council to establish a more structured approach to the consideration of requests and would enable the Council to promote the scheme, and the principles under which applications would be considered, as opposed to simply reacting to requests that are received.

2. MAIN ISSUES

2.1 To date the Council has not actively promoted providing funds to voluntary or not-for-profit organisations. Such organisations play an important role in the delivery of local infrastructure and services that support the priority outcomes of the Council.

2.2 The Council's future operating and financial sustainability models are predicated on communities becoming more independent and less reliant on public services for the support. As a consequence voluntary or not-for-profit, charitable organisations and local councils will become an increasingly important support network for our communities. It is therefore important that we use whatever mechanisms we have at our disposal to support their evolution and sustainability without these mechanisms risking the delivery of other core services.

2.3 Capital funding is an area that many not-for-profit organisations struggle to attract and this can be as a result of many issues. Generally capital borrowing is not of significant concern for the Council but the revenue consequences of debt clearly impacts on the Council's ability to support communities. Using the Council's ability to borrow to create investment in the support of community services without impacting on the Council's overall financial position may result in a win-win scenario.

2.4 The purpose of developing a policy framework is therefore to ensure that there is a structured approach to the consideration of requests for infrastructure funding from community groups. Any policy that is set will need to form part of the Treasury Management Strategy that will be approved by Council in February 2019 as part of the Business Plan suite of reports. General Purposes Committee will also consider these proposals in January 2019. The Commercial and Investments Committee is asked to make any comments on the draft policy framework so that these can be built in to the final report to be considered by General Purposes Committee.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all
No significant impact at this point but the policy is intended to help community based not-for-profit organisations flourish and become more sustainable in order to facilitate the delivery of the Council's corporate priorities.

3.2 Helping people live healthy and independent lives
No significant impact at this point but the policy is intended to help community based not-for-profit organisations flourish and become more sustainable in order to facilitate the delivery of the Council's corporate priorities.

3.3 Supporting and protecting vulnerable people
No significant impact at this point but the policy is intended to help community based not-for-profit organisations flourish and become more sustainable in order to facilitate the delivery of the Council's corporate priorities.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications
There are no specific resource implications at this point.

4.2 Statutory, Risk and Legal Implications
The Council has the legal power to enter in to such loans and the policy itself does highlight a number of risks of a financial and legal nature. Each application will therefore need to be considered against the risks and due process will need to be applied to mitigate against them.

4.3 Equality and Diversity Implications
There are no significant implications within this category.

4.4 Engagement and Consultation
Relevant Council services, and the Communities and Partnerships Committee will be consulted on the policy framework.

4.5 Localism and Local Member Involvement
There are no significant implications within this category.

4.6 Public Health
There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name: Carl Oliver/Jon Lee
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	No Name of Legal Officer: (this will be undertaken as part of the Treasury

	Management Strategy
Are there any Equality and Diversity implications?	No Name of Officer:
Have any engagement and communication implications been cleared by Communications?	No Name of Officer:
Are there any Localism and Local Member involvement issues?	No Name of Officer:
Have any Public Health implications been cleared by Public Health	No Name of Officer:

5. SOURCE DOCUMENTS

Source Documents	Location
None	