

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE

DECISION

Agenda Item No 14

meeting date: 20 NOVEMBER 2012
title: WEST BRADFORD PARISH COUNCIL FUNDING REQUEST
submitted by: DIRECTOR OF RESOURCES
principal author: JANE PEARSON

1 PURPOSE

1.1 To consider a request for an advance/short term loan from West Bradford Parish Council for £55,000 pending receipt of a grant from the Rural Development Programme for England (RDPE).

2 BACKGROUND

2.1 West Bradford Parish Council have applied for an RDPE grant towards an extension of West Bradford Village Hall.

2.2 The total cost of the project is estimated at £85,000. The RDPE have stated that they would not sanction grant aid until the Parish Council can guarantee appropriate funding is in place. They also require the Parish Council to cash flow the project before any grant monies would be paid.

2.3 We have in the past received and approved similar requests from other Parish Councils.

- 2002 - Advance of £25,000 to Chipping Parish Council to alleviate cash flow difficulties pending receipt of SRB grant for Village Hall (no interest paid, advance repaid within 2 months)
- 2003 - Loan to Waddington Parish Council for £5,000 over 5 years for car park (charged interest at 5%)
- 2005 - Advance to Gisburn Parish Council for £6,000 to alleviate cash flow difficulties pending receipt of SRB grant for car park (no interest charged, advance repaid within 2 months)
- 2009 - Chatburn Parish Council - repayable grant for Chatburn Playing Fields Pavilion for £8,500

2.4 In 2001 Planning and Development Committee supported the development of an advance/loan fund for £30k to support community projects grant aided via Single Regeneration Budget (SRB) grants whereby grants were only paid on defrayed expenditure, hence cash flow difficulties arose.

3 THE REQUEST FROM WEST BRADFORD PARISH COUNCIL

3.1 The letter I received from the Clerk to the Parish Council requesting a short term loan is attached at Annex 1.

3.2 The request is basically for a short term loan/advance for £55,000 for a period of 3 to 4 months in order to cash flow the extension project pending the payment of a grant from RDPE.

3.3 Before the grant can be approved the RDPE require confirmation that the Parish Council has all funding in place in order to pay invoices etc. for the project prior to 'drawing down' grant. The deadline for their grant application to the RDPE was 31 October 2012. I have

given confirmation (to be submitted alongside their grant application) that this committee would be considering their request at your November meeting. If agreed the RDPE grant would be subject to our approval of providing a short term loan/advance.

3.4 If committee were to support this request consideration would need to be given to whether support should be either;

- A cash advance repayable as soon as practicable but no later than 4 months with no interest charged
- Or a short term loan with interest charged over the period of the term.

3.5 Given the precedent set in supporting Parish Councils facing similar circumstances, I would recommend that Committee consider supporting the request by way of an advance with no interest charged dependent upon the advance being repaid within 4 months. Beyond this period I would suggest support should be by way of a short term loan.

4 RISK ASSESSMENT

- Financial – As set out in the report. The risk of default would be from the Parish Council. If approved the payment of the loan/advance would be monitored via the Council's financial management system.
- Technical, Legal and Environmental – Dependent on if and what type of support was to be agreed there would be legal risks. Terms would be agreed before any advance would be made, these would have to take into account possible security for a loan and the implications of any restrictions, if imposed, of the grant.
- Reputation – The Council has been keen to support requests of this nature to support community based projects in the past.
- Political – None

5 RECOMMENDATION

5.1 Consider the request from West Bradford Parish Council and either;

- a) Agree an interest free cash advance of £55,000 for a period of no longer than 4 months.
- b) Agree a short term loan of £55,000 for a period agreed with the Parish Council and subject to interest at the prevailing rate.
- c) Decline the request to support the project in this manner.

DIRECTOR OF RESOURCES

PF67-12/JP/AC

8 November 2012

BACKGROUND PAPERS

Minute No. 111 - Planning and Development Committee 2001 - Advance Funding for Community Groups involved in SRB V

Minute No. 236 - Policy and Finance Committee 2005 - Funding for Gisburn Festival Hall – advance approved of £6,000

Minute No. 758 - Policy and Finance Committee 2002 - Advance approved to Chipping & District Memorial Hall pending grant aid

Sept 2003 - Loan towards Car Park - Waddington Parish Council £5,000

Minute No 272 - Policy and Finance Committee 28/07/09 - Approved a grant to Chatburn Playing Fields Committee payable to Chatburn Parish Council for £8,500 to be repayable

West Bradford Parish Council

Clerk to the Parish:
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Mrs. J Pearson
Director of Resources
Ribble Valley Borough Council
Church Walk
Clitheroe
BB7 2RA

22nd October 2012

Dear Mrs. Pearson

I am writing to ask if the Ribble Valley Borough Council would consider making a short term loan to West Bradford Parish Council in relation to a proposed extension of the Village Hall.

The Parish Council have recently applied for planning permission to extend the Village Hall and to fund the work we have submitted an application for grant aid to the Rural Development Programme for England (RDPE). The total cost of the project is estimated to be approximately £85,000 but the RDPE will not sanction grant aid until we can guarantee appropriate funding is in place. It would also require the Parish Council to cash flow the project before any grant monies would be paid (following submission of the relevant invoices).

I estimate we would require a short term loan of £55,000, for a period of 3 to 4 months, to cover the invoices during the build. Indicative figures are provided in the attached spreadsheets.

RDPE require confirmation that our funding is in place and once the grant has been approved, all monies are set aside and guaranteed. We have a deadline of the 31st October 2012 to submit our application.

I hope you can consider this request and look forward to hearing from you soon.

Yours sincerely

David Sharp
Clerk to the Parish