

## SOUTH HOLLAND DISTRICT COUNCIL

**Report of:** Executive Director - Commercialisation (S151)

**To:** Cabinet Tuesday, 29 October 2019

**Author:** Greg Pearson, Senior Policy Advisor

**Subject** South Holland Community Reserve Protocol

**Purpose:** To outline to Cabinet a proposed protocol for how the South Holland Community Reserve will be used to provide loans to Parish Councils for capital works.

### **Recommendation(s):**

- 1) That Cabinet agree the proposed Protocol as set out in this report and make any recommendations they see fit.
- 2) That Cabinet note the arrangements set out at 5.3.1 that are required to enact this decision.

### **1.0 BACKGROUND**

1.1 As part of the 2019-20 budget setting process South Holland District Council agreed to the establishment of a £500,000 reserve known as the 'Community Reserve'. The purpose of this new reserve is to act as a loan fund for Parish Councils which can support capital works/project and can then be paid back through the Parish precept process. This report sets out the proposed process for how this reserve will function.

### **1.2 Who can apply and what can it be used for?**

1.3 The Community reserve will be accessible by Parish Councils that are seeking capital funding to enable them to build, buy or improve community assets. The following are examples of the types of assets South Holland District Council would consider loaning funds for, this is not an exhaustive list and all applications would be considered on their own merit:

- Village Halls/Community Centres
- Play Areas/Sporting facilities
- Footway improvements
- Closed Churchyard enhancements
- Street Lighting
- Parks, Woodlands, open spaces
- Equipment such as lawnmowers, leaf blowers, etc.
- Match funding to secure other grant funding opportunities
- Acquisition of land.

- 1.4 We will be engaging with Parish Councils on this new arrangement and opportunity so that they can maximise the benefits this will give them.
- 1.5 Any ongoing costs relating to the community asset the parish wish to use the loan for remains their responsibility solely and South Holland District Council will accept no liability in meeting these going forward.
- 1.6 The aim of this reserve is to be relatively straightforward to access and understand, in comparison to a Public Works Loan Board loan application.
- 1.7 **Terms and Repayment**
- 1.8 The Parish Council will normally be able to choose from the following repayment timeframes, however this may by agreement be varied due to the circumstances of the project involved: -
- 5 years
  - 10 years
  - 15 years
- 1.9 South Holland District Council will look to loan the agreed amount (subject to the affordability checks outlined in paragraphs 1.14) at an annual interest rate of the Bank of England base rate plus 1%.
- 1.10 The Parish Council will then be required to increase their precept to cover the cost of the loan plus interest over the repayment period.
- 1.11 Repayment of loans will be taken annually over the agreed repayment period and will be deducted by South Holland District Council ahead of transferring precept payments to the Parish Council.
- 1.12 **Affordability Test and Process**
- 1.13 Parish Councils already have access to Public Works Loan Board funds, applications to these are often viewed as admin and resource intensive, therefore to make this scheme attractive this will be kept to a minimum.
- 1.14 The implications of all loans will be fully assessed. A strong focus will be placed on affordability of any loan which will be based on a calculation of how much the proposed loan and any interest accrued over the agreed repayment period would increase the Parish's precept on a band D property.
- 1.15 The Parish will be expected to apply in writing to South Holland District Council setting out the following: -
- The amount they wish to borrow;
  - The repayment period (as set out in paragraph 1.8);
  - What they intend to use the monies for;
  - If there are any ongoing costs how they will meet those going forward;
  - Evidence of right to install assets on land e.g. leasehold/freehold;
  - The support of local residents

## 1.16 **Spalding Special**

1.17 It must be noted that there are no Parish or Town Councils that service any of the Spalding wards. Therefore, while these wards are not precluded from accessing this reserve it must be noted that they are limited by what can be reclaimed through the Spalding Special Expense Area as there is no precepting function to allow repayments of loans.

## 1.18 **Review**

1.19 We intend to review this reserve after six months and report back to members on any feedback we have received regarding it.

## 2.0 **OPTIONS**

2.1 That Cabinet agree the proposed Protocol has set out in this report, make any recommendations they see fit.

2.2 Do nothing.

## 3.0 **REASONS FOR RECOMMENDATION(S)**

3.1 By utilising the Community Reserve in the way set out above it would bring significant benefits to South Holland residents. It would enable the council to support Parish Councils to invest in their communities in a sustainable way.

## 4.0 **EXPECTED BENEFITS**

4.1 This will enable Parishes to access capital funding to help build, buy or improve community assets with preferential terms and repayment periods. This will generate greater resident satisfaction with the local area.

4.2 It will provide residents with access to community resources that they may not be able to receive otherwise.

4.3 It will provide Parishes with an alternative to Public Works Loan Board funds that is less resource intensive to secure.

## 5.0 **IMPLICATIONS**

### 5.1 **Constitutional & Legal**

5.1.1 All legal implications of any loan will need to be fully explored as part of the loan assessment process to secure funding.

### 5.2 **Corporate Priorities**

5.2.1 The creation of the community reserve supports the delivery of the Council's corporate priority 'Lead, enable and embed the provision of a range of improved local community, cultural, art and newly contracted leisure facilities that support the enhanced wellbeing of South Holland's communities' as set out in its Corporate Plan.

### 5.3 **Financial**

5.3.1 If the Council wishes to adopt this protocol it will need to amend its Treasury Management Policy to enable it to loan money in this way. This would mean that the Council is unable to roll this process out until this has been undertaken. It is proposed, if Cabinet are minded to adopt this approach, that the policy could be amended at the Governance and Audit Committee on 14<sup>th</sup> November and ratified at Full Council on 27<sup>th</sup> November. This would mean that the scheme could launch formally on 28<sup>th</sup> November 2019.

5.3.2 As highlighted in paragraph 1.16 there is limited application for any of the Spalding Wards due to the criteria set out for Special Expense Areas.

#### 5.4 **Reputation**

5.4.1 By choosing to support the Parishes to secure community assets the Council is likely to receive positive recognition from its community, this will have a positive impact on the Council's reputation.

#### 6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 All Wards

#### 7.0 **ACRONYMS**

7.1 NA

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#### Background papers:-

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**Key Decision:** N

**Exempt Decision:** N

**This report refers to a Discretionary Service**

**Appendices attached to this report: NA**