

Full Council

Date:	18 June 2019
Title:	Thame Sports Club – Community Loan
Contact Officer:	Graham Hunt, Town Clerk

Purpose of the Report

1. The purpose of this report is to enable a decision on whether to provide the opportunity of a community loan to Thame Sports Club, to help underwrite the rebuild of their Community Pavilion.

Background

2. The rebuild of the Thame Sports Club pavilion at Queens Road is a defined project in the Thame Sports Facility Strategy.
3. Thame Sports club aim to rebuild the pavilion over the winter of 2019/20. The pavilion and the Bowls / Tennis facilities are already available for community use; the provision of a new pavilion will enable enhanced community use.
4. Thame Sports Club has worked hard over the years to ensure adequate funding for the project through a variety of sources. The latest financial plan defines a total remaining cost of £426,706 with known funding available of £405,394, a current shortfall of £21,312.
5. The hope is that Thame Sports Club will ultimately secure full funding, but in the event of that not being possible in the timescales, the Club have asked if Thame Town Council can lend funds, if necessary.
6. Any loan would be subject to the Town Council's Loan Policy and Investment Strategy.
7. The loan would be secured by a charge on the Thame Sports Club property, second after the existing charge in place with regard to the SODC Capital Grant of around £200k.
8. The Town Council has allocated £106,570 of s106 funds to the project, with £88,280 so far confirmed by SODC. There is an outstanding amount relating to The Elms which may need renegotiating and possibly then defined as an amount to pay off all or part of any underwriting loan should it eventually materialise. So in effect, the first part of any loan would be forward spend of yet to be received Elms s106 funds.

Proposal

9. That the Town Council provides a secured loan facility of up to £40k to Thame Sports Club, with an initial interest and repayment free period of 2 years, repayable over the subsequent 10 years, at an annual interest rate of the Public Works Loan Board (PWLB) five year equal instalment payment (EIP) fixed rate plus a premium of 0.5%. At 10/6/19 that would equate to 2.04%. That interest rate to be updated annually, one month in advance of the anniversary of the loan.
10. That in the event of Thame Sports Club taking up the loan, or any portion of it, that the Town Clerk will prepare the relevant Loan Agreement / Repayment Schedule in line with other current loans to the Cricket and Rugby Clubs.

Resource Appraisal

11. The funds would be provided from the Capital Receipts Reserve as managed by Rathbones – with the opportunity of growth/loss and income being lost for two years, and then replaced by a guaranteed interest return.
12. There would be some minimal legal fees to secure the charge, at Thame Town Council cost.
13. The amount is within the overall Loan Book limit.

Risk Assessment

14. There is always a risk in any loan, but that is managed through the Loan Policy, Investment Strategy and Loan Agreement.

Legal Powers

15. General Power of Competence, Localism Act 2011.

Recommendation

The Council is recommended:

- i) To resolve that a community loan facility of up to £40k is made available to Thame Town Sports Club, subject to the detail in this supporting report.*