

**HUNTINGDONSHIRE DISTRICT COUNCIL**

**Title/Subject Matter:** Unsecured Loan to Somersham Parish Council  
**Meeting/Date:** Cabinet 21st March 2019  
**Executive Portfolio:** Executive Councillor for Resources: Councillor J A Gray  
**Report by:** Head of Resources  
**Ward(s) affected:** All or list individual Ward(s)

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**Executive Summary:**

The Council has been asked to provide an unsecured loan of £10,000 to Somersham Parish Council in order to finance improvement work to the Parish Council's skate ramp. The loan would be made for up to a period of 6 years at a rate of interest to be determined by the Head of Resources in consultation with the Executive Councillor for Resources.

**Recommendation(s):**

The Cabinet is asked to;

- Agree to make a loan to Somersham Parish Council, of up to £10,000, up to 6 years in duration, and at a rate of interest to be determined by the Head of Resources in consultation with the Executive Councillor for Resources.
- Authorise the Head of Resources to complete the necessary loan agreement and other legal documentation as required.

## **1. PURPOSE OF THE REPORT**

- 1.1 To consider a request for an unsecured loan of up to £10,000 to Somersham Parish Council to enable improvement of the skate ramp located at the Playing Fields Parkhill Road, Somersham. The loan would be repayable over a period up to 6 years at an interest rate to be determined by the Head of Resources in consultation with the Executive Councillor for Resources.

## **2. WHY IS THIS REPORT NECESSARY/BACKGROUND**

- 2.1 The parish council took on responsibility for the maintenance of the skate ramp in April 2016. Since this time the ramp has deteriorated and now requires resurfacing works, in order to bring it up to the required standard. The ramp is a popular local attraction; the repairs to the surface will ensure it remains so.
- 2.2 Currently the Parish Council do not have the funds to finance the repairs and have therefore requested a loan from the Council to cover the cost of the improvement works.

## **3. OPTIONS CONSIDERED/ANALYSIS**

- 3.1 The Parish Council does not have sufficient funds available to finance the repairs from their own resources, as a result this financing option is not available.

## **4. KEY IMPACTS / RISKS**

- 4.1 The risk arising from this loan relates to the Parish Council not being able to repay the loan principal and/or the loan interest. The likelihood of default by the Parish Council, being a statutory body, is low; as a result the Council is willing to make a loan on an unsecured basis.

## **5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION**

- 5.1 It is expected that the Parish Council will provide details of the improvements to be made to the ramp and the contracts signed, in sufficient detail to complete the loan agreement between the Council and Somersham Parish Council.

## **6. LINK TO THE CORPORATE PLAN, COUNCILLOR 7. PRIORITIES AND / OR CORPORATE OBJECTIVES**

- 7.1 The continued provision of a skate ramp will fulfil, the corporate objectives; to "Support people to improve their health and well-being" and to "Create, protect and enhance our safe and clean built and green environment".

## **8. CONSULTATION**

- 8.1 No consultation has been undertaken

## **9. LEGAL IMPLICATIONS**

- 9.1 The loan will require a loan agreement to be drawn up and signed by the Council (lender) and Somersham Parish Council (borrower).

## **10. RESOURCE IMPLICATIONS**

- 10.1 The loan interest rate will be set at the approximate average interest received by the Council on its investments, therefore the cost to the Council is expected to be minimal. However, the rate that will be applied will exceed the minimum the council will have received if it had only invested the sum in its bank account.

## **11. OTHER IMPLICATIONS**

- 11.1 No other implications are expected.

## **12. REASONS FOR THE RECOMMENDED DECISIONS**

- 12.1 Cabinet is recommended to approve the loan so that the residents of Somersham can continue to enjoy a popular local amenity.

## **BACKGROUND PAPERS**

Loan calculation  
Draft loan agreement

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