

**REQUEST FOR A LOAN TO
SIBSON-CUM-STIBBINGTON PARISH COUNCIL
(Report by Head of Financial Services)**

1. INTRODUCTION

- 1.1 Sibson-cum-Stibbington Parish Council levied a precept to raise £3,500 in 2006/07, but it has recently become apparent that there will be a deficit of up to £3,000. The Parish Council has requested that this Council provides a loan to cover the deficit.

2. BACKGROUND

- 2.1 A new Clerk was appointed recently and she has identified that the budget did not include expenditure for election costs, training of new Councillors, increased costs of the Clerk (following the new appointment), and commitments for minor road improvements and parish paths. The Parish Council will endeavour to reduce expenditure wherever possible, but there will be an estimated deficit of £2,500 to £3,000 in 2006/07.

- 2.2 The precept for 2005/06 was £4,000 which was £20 at Band D; the precept for 2006/07 has been reduced to £3,500 which is £17.33.

- 2.3 This Council could provide a loan and it is recommended that the following terms apply:

- a) Interest is charged at 1% above the base rate at the time when the loan commences; base rate is currently 4.5%
- b) The Parish Council levies a precept in 2007/08 of an amount sufficient to repay the loan plus interest

It should be noted that a loan of £3,000 taken for one year would result in an additional precept of approximately £15.60 at Band D.

3. RECOMMENDATION

It is recommended:

**that Cabinet approves a loan of a maximum of £3,000 to
Sibson-cum-Stibbington Parish Council during 2006/07, on
the terms given in paragraph 2.3.**

BACKGROUND INFORMATION

Council Tax Resolution 2006/07 report to Council 22nd February 2006

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