

**TONBRIDGE & MALLING BOROUGH COUNCIL**

**FINANCE and PROPERTY ADVISORY BOARD**

**05 January 2010**

**Report of the Management Team**

**Part 1- Public**

**Matters for Recommendation to Cabinet - Non-Key Decision**

**1 APPLICATIONS FROM PARISH COUNCILS FOR SUPPORT TOWARDS CAPITAL PROJECTS**

**The Council has received applications from two parish councils for grant aid. Both applicants consider that their capital project merit ‘exceptional circumstances’.**

**1.1 Grant Applications**

1.1.1 The Council has recently received two requests for an “exceptional case” capital grant:

- Leybourne Parish Council - £6,500 to help finance a project to improve the village hall toilets.
- Snodland Town Council - £9,000 to help finance a project to refurbish the all weather training area.

Details of both schemes along with comments from officers and local members are shown on **[ANNEX 1]**.

1.1.2 As members are aware, the formal grants scheme was withdrawn during 2009/10 as a result of the significant financial pressures facing the Council. However, it was agreed that in exceptional cases, applications from parish councils for grant aid could be considered.

1.1.3 Elsewhere on the agenda is a report proposing that instead of offering grants to parish councils for capital projects on an “exceptional case” basis, the Council instead offers interest free loans. If the recommendations in that report are accepted, then the projects described in this report could be considered for interest free loans instead of a grant.

## 1.2 Feedback from the Parish Councils Concerned

1.2.1 In the light of this report and the loans report coming forward to this meeting, we contacted the two parish councils concerned to ask :

- 1) If a grant could not be offered, would a loan be of assistance to allow the project to progress?
- 2) Bearing in mind the proposed loans scheme set out elsewhere, what value of loan would the parish council seek and over what period would they wish to make repayments (maximum of five)?

1.2.2 Leybourne parish council indicated that: A decision would need to be taken by committee but it is unlikely that the offer of a loan would be taken up.

1.2.3 Snodland Town Council indicated that: A decision would need to be taken by committee but it is likely that the council would take up the loan and seek to maximise the amount and repayment terms.

## 1.3 Legal Implications

1.3.1 See report on interest free loans elsewhere on this agenda.

## 1.4 Financial and Value for Money Considerations

1.4.1 The cost to the Council of giving **grants** as requested by the two parish councils is £15,500.

1.4.2 The cost to the Council of giving the parish councils **interest free loans** would be the amount of interest that could have been earned had the loan amounts been invested. At 2.5% (our current average investments rate) depending on repayment terms this would be:

Leybourne Parish Council - £6,500 loan, assuming equal instalments over five years, total lost interest at 2.5% is approximately £450.

Snodland Town Council - £9,000 loan, assuming equal instalments over five years, total lost interest at 2.5% is approximately £620.

## 1.5 Risk Assessment

1.5.1 There is a risk that, having committed grant, a project may not proceed. Given that the funding package may involve bodies other than the Borough Council and the applicants this risk is unavoidable. However, unused budget can be recycled to fund future applications. Payment of grant is made in arrear either after the completion of a project or after completion of interim stages. There is a risk that a project having started may not be completed; however experience shows that projects once started tend to run to completion. On occasions the scope of the

project may be reduced and less work undertaken; in these cases the amount of grant paid will be reduced proportionately.

## 1.6 Recommendations

1.6.1 Members are invited to consider the grant requests from:

Leybourne Parish Council - to help finance a project to improve the village hall toilets;

Snodland Town Council - to help finance a project to refurbish the all weather training area;

and **RECOMMEND** whether a grant or alternatively a loan (subject to the report elsewhere on the agenda being agreed) be offered.

Members are asked to note that if it is determined that grants are to be offered, the amounts are to be limited to:

- Leybourne Parish Council - £6,500
- Snodland Town Council - £9,000

Members are asked to note that if it is determined that interest free loans are to be offered, the amounts are to be limited to a maximum of either the estimated project cost or £25,000 whichever is lower and repayment periods are to be limited to a maximum of 5 years.

Background papers:

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Nil

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