

REPORT TO EXECUTIVE

Date of Meeting: 11 April 2017

REPORT TO COUNCIL

Date of Meeting: 25 April 2017

Report of: Chief Finance Officer

Title: THE ESTUARY COMMUNITY HUB

Is this a Key Decision?

No

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function?

Council

1. What is the report about?

- 1.1 To seek approval for providing a loan facility of £500,000 to the Estuary League of Friends towards the development of a multi-purpose community hub.

2. Recommendations:

That Executive recommend that Council approves:

- 2.1 The provision of a £500,000 loan facility to the Estuary League of Friends with delegated powers to the Deputy Chief Executive in consultation with the Leader and the Section 151 officer to agree the terms of the loan.

3. Reasons for the recommendation:

- 3.1 The Estuary League of Friends is a registered charity that provides services to allow individuals and families to lead an active and independent life.

The charity are seeking new premises in order to increase capacity to deal with growing demand for their services resulting from changing demographics. In March 2015, the charity took ownership of Topsham Library and have secured planning permission to convert the site into a multi-purpose community hub. A loan of £500,000 by the Council will help finance the £1.95m capital cost of the project.

4. What are the resource implications including non financial resources.

- 4.1 The Council would take out a loan with the Public Works Loan Board (PWLB) and on-lend to the Estuary League of Friends with terms to be mutually agreed.

5. Section 151 Officer comments:

- 5.1 Prior to granting the loan, the Section 151 officer would need to be satisfied that the terms of the loan with Estuary League of Friends do not present either a funding pressure or financial risk to the Council.

6. What are the legal aspects?

- 6.1 The granting of a loan would be subject to a suitable loan agreement after due diligence checks have been undertaken by both parties.

7. Monitoring Officer's comments:

7.1 The proposal sits within the scope of the power of local authorities to make advances for erection of buildings or the carrying out of work on land under section 3 (1) of the Local Authorities (Land) Act 1963. The power was formerly limited to land sold or let by them, but now extends to any land following amendment by the Local Government (Miscellaneous Provisions) Act 1982. The following conditions have to be satisfied before the power may be exercised. These conditions are set out below:

- The Local authority must be satisfied that the advance money is for the benefit or improvement of the area.
- An advance made under this section together with interest thereon shall be secured by way of mortgage of the land in respect of which the advance is made.
- The principal amount advanced shall not exceed nine-tenths of the value of the land.
- An advance shall carry interest at a rate not less than one quarter per cent greater than that fixed by the Treasury in respect of loans to local authorities made on the date on which the terms of the advance are settled and for the same period as the advance, or at such other rate as the Minister may, in the case of the advance, fix.
- The mortgage deed securing the Loan shall require repayments to be made within such period not exceeding 30 years and either by instalments of the principal sum advanced or by an annuity of principal and interest combined.

8. Report details:

- 8.1 Founded in 1987, The Estuary League of Friends (Estuary) is a registered charity committed to improving the quality of life of those in need of care, comfort and support in parts of Exeter and East Devon. In 2015/16, Estuary helped 1,383 vulnerable and isolated local people to lead full and independent lives through a growing range of personalised services.
- 8.2 Changing demographics mean an ever increasing need for support services at a time when funding cuts are forcing many to reduce provision or close altogether. Unfortunately, the charity can no longer meet growth in demand due to the limited capacity of its rented accommodation and has been reduced to referring local people to waiting lists.
- 8.3 In the search for new premises, a unique opportunity arose to take ownership of Topsham Library in an asset transfer (completed in March 2015) from Devon County Council and convert the site into a thriving multi-purpose Community Hub. Local people, community groups, GPs and businesses engaged in an extensive consultation which shaped the Hub design and established widespread support for the development:
- 8.4 The charity has secured £1.4 million in voluntary income from funders and donors towards a capital cost of £1.95 million for the new Community Hub and seek a £500,000 loan to meet the shortfall. Alongside this, several small grant funding applications have also been submitted.
- 8.5 The Hub promises to deliver a 92% growth in reach, with more than 2,500 vulnerable local people accessing services each year, and within five years, the charitable contribution to local communities is estimated to be worth over £500,000 per annum.
- 8.6 The Estuary League of Friends serves a catchment area from the outskirts of Exeter down

to Exmouth in East Devon with an estimated population of 30,000. The Community Hub offers an opportunity for the charity to work in partnership with other community groups and practitioners to set up new services designed in consultation with local people to address unmet needs in the community. Initial consultation with local people and other support agencies in the region indicates that new services would include youth services, exercise classes to help post-stroke rehabilitation and a credit union for local people experiencing financial hardship.

9. How does the decision contribute to the Council's Corporate Plan?

9.1 The funding will support the Council's commitment to the Community.

10. What risks are there and how can they be reduced?

10.1 Prior to granting the loan it will be necessary to undertake due diligence and ensure that the loan is appropriately secured in order to help mitigate the financial risk of loan default.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

11.1 Not applicable

12. Are there any other options?

12.1 If funding is withheld, the scheme may not attract the funding required to deliver the project.

Chief Finance Officer

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

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