



Report To:	Overview Committee
Date:	19 th November 2024
Subject:	Parish Loan Protocol and Scheme
Purpose:	Update on the Community Reserve Protocol for Loans to Parish Councils
Key Decision:	Yes
Portfolio Holder:	Cllr Steve Kirk and Cllr Adam Grist
Report Of:	Matthew Hogan, Assistant Director, Strategic Growth and Development
Report Author:	Saul Farrell, Senior Programme Manager (UKSPF/RPF)
Ward(s) Affected:	All
Exempt Report:	No

Summary

To compliment the significant investment made by East Lindsey District Council in Parish Councils through the UK Shared Prosperity Fund and LCF GRASSroots grant scheme, the District Council has enabled Parish Councils to access loan finance, repayable through deductions from the Parish Precept, to fund larger scale works that are unlikely to be grant-eligible. This report gives detail of the Parish Loan Scheme and Protocol recently adopted, available to Parish Councils across East Lindsey District, as well as arrangements for the administration of that Scheme.

Recommendations

That the Overview Committee note the following:

1. The context of the Parish Reserve Loan Scheme and its interaction with other sources of funding available to Parish Councils (including grant aid and alternative finance).
2. The details of the Loan Scheme, including rate of interest, period of loan and mode of repayment.
3. The administrative arrangements for the ongoing management of the Parish Reserve Loan Scheme.

Reasons for Recommendations

Funding a Parish Reserve Loan Scheme brings significant benefit to Parish Councils, particularly those who are looking to undertake large capital projects that are likely to be substantially ineligible for support through grant funding (via UKSPF, NLHF, ELIF or other sources). This could include streetlighting, resurfacing or construction projects that would normally be beyond the cost limit dictated by a Parish Council's existing reserves but within reach after a repayable advance on the Parish Precept of 5, 10 or 15 years. This has the potential to unlock significant, immediate larger-scale investment in community facilities and local growth. The Parish Reserve Loan Scheme will allow Parishes to access flexible finance at a rate which is competitive with that offered by the Public Works Loan Board (PWLB), with the financial benefit being retained locally (as the District receives guaranteed repayment via the Parish Precept). It is for these reasons that the Scheme, already in existence in South Holland District and Boston Borough, has been extended to East Lindsey District.

Other Options Considered

Option 1: Proceed with the Parish Reserve Loan Scheme, which will enable local Parish Councils to access flexible finance, build local capacity and support local growth.

Option 2: Do nothing, which would result in the recommendations not being taken forward, with the opportunity to deliver a programme of investment not actioned and the wider benefits of the report detailed below will also not be realised.

1. Background

1.1. On the 8th May, an allocation of £250,000 of Community Reserve Loan Funding was approved by Executive Board. The purpose of this new reserve loan fund is to act as a loan fund that can support Parish Councils obtain funding for capital projects. This may be for projects which may be too substantial or unsuitable for funding under the various grant funding schemes currently available (both Council and third party). The following is a non-exhaustive list of the type of works that may be funded under the Scheme:

- Streetlighting (including LED streetlighting)
- Solar Panels
- Paving and pavement repairs
- Churchyard and graveyard enhancements
- Major upgrades to maintenance and equipment.
- Land acquisition
- Match funding to support opportunities such as new play areas, substantial capital works to Village Halls and Community Centres.

- 1.2. The brokerage of the loan fund will be undertaken by the team administering the UK Shared Prosperity Fund and Rural England Prosperity Fund Programme. That Team will support the Parish Council with the Loan Agreement or, if grant aid is more appropriate, direct the Parish Council to appropriate Council-led or third party grant funding sources. This will be supported by a dedicated officer, who will also have responsibility (alongside the external partners delivering the YMCA 'Empowering Rural Communities' project) for encouraging non-precepting parishes to form meetings (so as to enable them to become bodies that may bid for and access funding, commencing a process of addressing historic imbalances in third party funding for rural communities). This resource will also be available to the other two Districts in the Partnership, recharged to ELDC on an 'as needed' basis (with recharge funds utilised for additional grant distribution). This will create a comprehensive 'single point of contact' for funding parishes, communities and market towns to facilitate and maximise the available grant and loan funding available from both the Council and third-party funding sources.
- 1.3. Subsequent to the signing of the contract, the repayment process and reclaim of the Parish Precept will be managed by the Treasury Team, hosted within PSPS. The aim is to ensure that the paperwork and process associated with accessing loan finance is more straightforward than that offered by the Public Works Loan Board.
- 1.4. The loan will normally be offered over the following periods of time (but these periods may be varied in accordance with the needs of an individual Parish Council):
 - 5 Years
 - 10 Years
 - 15 Years
- 1.5. The interest rate for each loan will be set at the Bank of England base rate plus one percent (1%).
- 1.6. The Parish Council will be required to present a plan for meeting the cost of the loan over the repayment period, this could include increasing the Parish Precept or by reducing costs/generating income in other areas. A strong focus will be placed on the affordability of any loan which will be based on a calculation of how much the proposed loan and any interest accrued over the agreed repayment period would increase the Parish's precept on a Band D Property.
- 1.7. Through the engagement process associated with the renewal of the UK Shared Prosperity Fund and the LCF GRASSroots Scheme, we will thoroughly engage Parish Councils with regard to this new arrangement and the opportunities available to them.
- 1.8. Any ongoing costs related to the community asset paid for through the loan will not be the liability of East Lindsey District Council and will be solely the responsibility of the relevant Parish Council in perpetuity.

Implications

South and East Lincolnshire Councils Partnership

The institution of a Parish Reserve Loan protocol and facility brings practice in East Lindsey District into the same place as that currently exercised within Boston Borough and South Holland District (the latter since 2019). The Community Loan advisory resource will also be available to the other two Districts in the Partnership, recharged to ELDC on an 'as needed' basis (with recharge funds utilised for additional grant distribution).

Corporate Priorities

No implications arising.

Staffing

Dedicated staffing will be provided within the current UKSPF/RPF Programme Team, with a small amount of funding allocated for the relevant officer's time. In line with the approved Paper by Executive Board of May 8th, this figure is £43,225 over two years (FY 24-25, 25-26). The role will also be supporting the administration of additional community grants made both by the UKSPF Team and the LCF GRASSroots scheme, in line with the total allocation of £861,371 approved by that Paper (as part of a wider package of support offered for community grants).

Workforce Capacity Implications

As above.

Constitutional and Legal Implications

None arising from this report.

Data Protection

None arising from this report.

Financial

The allocation of a ringfenced £250,000 from the Corporate Priority Reserve to be distributed as Parish Reserve Loans to Parish Councils.

Risk Management

Parish Reserve Loans will be given subject to affordability tests applied to Parish Council's levels of reserve, levels of precept (current and future) and the ability for the Parish to repay the Funds. An illustration of the commitment will be given to each Parish prior to their receipt of the Loan.

Stakeholder / Consultation / Timescales

The Parish Reserve Loan Protocol will support the delivery of the South and East Lincolnshire Councils Partnership Growth and Prosperity Plan, which had wide engagement with members.

Further consultation has taken place with the Portfolio Holders for Coastal Economy, Market Towns and Rural Economy, and the Leader, as well as the Council's S151 Officer. The Protocol and reserve of funds was approved by Executive Board subsequently.

Reputation

Offering loan finance on competitive rates that ensures that the entire value of investment and accrued interest remains within East Lindsey District. Furthermore, it enables Parishes and rural communities to access finance for larger scale improvements to local infrastructure, improvements which will likely be highly visible to residents. Therefore, it is likely that this intervention will have a positive impact on the reputation of both the District Council and Parish Councils opting to become involved in this investment.

Contracts

None arising directly from this report, though each loan offered will be governed by a full legal contract between Treasury Services and relevant Parish Councils, managed by the former for the duration of the Agreement.

Crime and Disorder

None arising from this report.

Equality and Diversity / Human Rights / Safeguarding

None arising from this report.

Health and Wellbeing

None arising from this report.

Climate Change and Environmental Implications

None directly arising, though it is likely that a number of Parish Councils may utilise the funding to invest in energy efficiency and/or carbon reduction measures. Much of the initial interest has been in LED streetlighting and there has been substantial interest in the installation of solar panels for community facilities. So there are likely to be indirect Climate Change and Environmental implications associated with this report.

Acronyms

UKSPF – UK Shared Prosperity Fund

ELIF – East Lindsey Investment Fund

NLHF – National Lottery Heritage Fund

LED – Light Emitting Diode
LCF – Lincolnshire Community Foundation

Appendices

None

Background Papers

Background papers used in the production of this report are listed below: -

Document title:

Executive Board, Growth and Prosperity Plan

Where the document can be Viewed

N/A

Chronological History of this Report

Name of Body

Overview Committee

Date

19th November 2024

Report Approval

Report author:

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Signed off by:

Matthew Hogan

Approved for publication:

18.11.24