

Cabinet



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Bridging Loan to Samaritans	
Report No:	CAB/SE/14/011 [to be completed by Democratic Services]	
Report to and date/s:	Cabinet	2 December 2014
Portfolio holder:	David Ray Portfolio Holder for Resources and Performance Tel: 01359 250912 Email: david.ray@stedsbc.gov.uk	
Lead officer:	Liz Watts Director Tel: 01284 757252 Email: liz.watts@westsuffolk.gov.uk	
Purpose of report:	To outline the request by Samaritans for a further £25,000 in addition to the bridging loan of £150,000 already approved by full council on 23 September 2014	
Recommendation:	It is <u>RECOMMENDED</u> that a further £25,000 be loaned to Samaritans (bringing the total secured loan to £175,000) subject to the appropriate level of due diligence being undertaken by the Chief Finance Officer as already agreed by full Council on 23 September 2014.	
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
<i>The key decision made as a result of this report will be published within 48 hours and cannot be actioned until seven working days have elapsed. This item is included on the Decisions Plan.</i>		
Consultation:	Portfolio Holder, Samaritans	
Alternative option(s):	To not increase the existing loan.	
Implications:		
<i>Are there any financial implications? If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> A secured interest-bearing loan (at 3% above bank base rate) 	

Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any legal and/or policy implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> The loan will be secured by a legal charge on 46 Well Street, Bury St Edmunds 	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
The loan is not repaid	Low	The first charge on the sale of the Well Street property exceeds the value of the total loan by 1.4:1	Low
The loan is not repaid on time	Medium	The organisation will continue to pay interest (or if they don't the interest will be deducted from the proceeds of the property sale, upon which the council will have first charge)	Low
Ward(s) affected:		This is the only branch of Samaritans in St Edmundsbury, and it serves the whole of the borough.	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		Full Council Report F121 - Bridging Loan to Samaritans	
Documents attached:		None	

1. Key issues and reasons for recommendation(s)

1.1 Reason for request

- 1.1.1 In September 2014, full Council approved a bridging loan of £150,000 at an interest rate of 3% above bank base rate, in order that the charity could relocate to more suitable premises without a break in operations. These terms were acceptable to the charity, as well as meeting the Council's own loans policy.
- 1.1.2 The property identified fell through, but the charity has now identified another suitable property, which is more expensive, but still within their available capital funds, once they sell 46 Well Street, Bury St Edmunds.
- 1.1.3 Purchase of the new property means that the charity will be £47,710 short of cash, pending the sale of 46 Well Street. They have worked hard to try to fill this gap, and have indeed found two benefactors who are prepared to loan some of the money. However, there is still a shortfall of £25,000 and the Council has been approached to consider increasing the value of the already agreed loan by £25,000. The loan would still be repaid within six months. The benefactors would have a second charge (meaning that the Council's loan repayment would take precedent).

2. Additional supporting information (if required)

- 2.1 All of the loan policy criteria (set out in detail in Cabinet [Report E102](#)) are still met if this further sum were to be agreed. The Council is currently in the process of undertaking due diligence on the original loan, and would simply extend this process to include the further sum of £25,000, and deliver the outcome sought by the Borough Council when it originally agreed to support the charity.