

Loans Policy – effective 1 April 2017

Henley Town Council occasionally awards loans to community organisations that offer support or provide facilities to people in the Henley area. Loans may allow an organisation to spread the cost of a scheme or capital project over a longer period where commercial lenders will not provide affordable finance.

This policy allows Henley Town Council to offer loans to these community organisations.

Loans will only be granted in exceptional circumstance.

If your organisation would like to apply for loan funding the following process should be followed:

- a) An initial enquiry should be sent to the Finance Strategy & Management (FSM) Committee administrator, Mrs Caroline Adamson c.adamson@henleytowncouncil.gov.uk 01491 630072 for inclusion on the agenda for an 'in principle' consideration at the next FSM Committee meeting. A calendar of Committee meetings can be found on the website under 'Town Council/Committee Meetings'. The initial enquiry should include the salient points regarding the expenditure for which loan funding is to be considered:
 - an outline of the project,
 - the approximate cost,
 - other sources of finance sought and pledged,
 - briefly how the local community will benefit, and
 - approximate time scale.
- b) If the FSM Committee recommends, and Full Council approves, the application 'in principle' a Loan Application Form must be completed, see website.
- c) The completed Loan Application Form should be forwarded to the Council's Responsible Financial Officer (RFO) Liz Jones l.jones@henleytowncouncil.gov.uk for consideration and due diligence. A loan agreement with heads of terms will be drawn up for applications above £25,000. The RFO's report and the draft loan agreement will be presented to the next available FSM Committee meeting for

consideration and there will be an opportunity for the applicant to attend the meeting and speak to the recommendation made by the RFO. The FSM recommendation will need to be approved by Full Council before funding can be released.

- d) If approved at Full Council the loan agreement will need to be signed by both parties with legal fees payable by the applicant.

The following conditions apply to all loan applications:

1. The Council only provides loans to fund capital (not revenue) expenditure.
2. A maximum of 50% of the total value of the expenditure may be financed by a loan.
3. The loan term may not exceed 15 years, and must be repaid in equal quarterly instalments starting three months after the start of the loan term. Loans may be repaid early for which an administration fee would apply.
4. Interest only loans are not permitted.
5. Interest charged would be 2% above Bank of England base rate.
6. A business plan should be provided for the full period of the term of the loan. This should include a cash flow forecast.
7. In certain circumstances the Council may impose a legal charge over the asset being financed. Legal costs associated with the charge will be recharged to the applicant.
8. Applicants should demonstrate how the project complies with the Council's Neighbourhood Plan and/or the objectives of the Council's Corporate Plan (see website for copies of both documents).
9. Successful applicants must show the Council's 'supported by' logo on their publicity material and website.

Throughout the term of the loan the following conditions apply:

1. The Council will issue invoices for the loan repayments and interest in accordance with the Loan Agreement. Invoices must be paid within 30 days in accordance with the Council's terms and conditions.
2. Conditions regarding the event of any default of payment will be covered in the Loan Agreement.
3. The loan may be repaid early but the Council would apply an administration charge to cover any legal matters that may result.

Each year on the anniversary of the loan the applicant must provide the following information to the Council:

1. The latest final signed accounts.
2. An updated business plan/cash flow forecast to cover the remainder of the loan term.
3. A report to update the Council on the benefits continuing to be derived from the expenditure for which the loan was provided. This may be

requested to be presented at a meeting of the Finance Strategy & Management Committee meeting if so requested by the Council.

For further information or to check the cut-off date for the next relevant Committee meeting please contact Mrs Caroline Adamson.
c.adamson@henleytowncouncil.gov.uk 01491 630072.