

CITY OF DERBY SEA CADET UNIT

Report of the Chief Executive

SUMMARY OF REPORT

1. Executive is asked to approve the part conversion of an existing interest free loan, held by the Sea Cadet Unit, into a grant.

RECOMMENDATION

2. To approve the conversion of £10,000 of the Sea Cadet Unit's loan into a grant.

REASON FOR RECOMMENDATION

3. Converting half of the original loan into a grant will assist the Sea Cadets in repaying their debts to the Council and others. It will also help them to carry out urgent capital repairs needed to make their retained headquarters both safe and secure.

MATTER FOR CONSIDERATION

- 4.1 The City of Derby Sea Cadet Unit is a voluntary youth organisation and a registered charity, operating from headquarters at 53a Farm Street. The main aims of the Sea Cadets is to develop self confidence, leadership and initiative by providing a range of challenging activities that are based on those available in the Royal Navy. It is not a pre-service organisation and is open to all young people from 10 to 18 years old.
- 4.2 The Cadets purchased the Farm Street premises in 1991 using a number of loans totalling £32,460. Part of this debt is made up of a Council loan of £20,000 being interest free and repayable in ten years. While the loan to the Council should have been repaid in 2001, it has been agreed that repayment would not be sought pending consideration of this report.
- 4.3 The Cadets have been negotiating the sale of the whole or part of the premises in order to fund the repayment of the loans and to retain staff. One offer for the sale of the entire property could not be completed when the Cadets were unable to secure alternative premises. They are currently negotiating the sale of a substantial part of their existing

premises. The remaining smaller premises will then continue to function as the Sea Cadets headquarters.

- 4.4 Should £10,000 of the loan be converted into a grant, it would enable the Cadets to do urgent repairs to the roof, guttering and chimney stacks. It would also help them to refurbish activity areas within the building and build a new boundary fence.

FINANCIAL IMPLICATIONS

5. The write-off of £10,000 of the original loan can be met from the corporate bad debt provision which is set-aside to cover debts which are not recoverable.

LEGAL IMPLICATIONS

- 6.1 The power to convert £10,000 of our original loan into a grant is contained within Section 19 of the Local Government Act 1976.
- 6.2 If the conversion of part of the loan is approved, officers from Corporate Services would be instructed to draw up a deed of variation detailing the arrangements for the repayment of the remaining £10,000 loan.

PERSONNEL IMPLICATIONS

7. None

ENVIRONMENTAL IMPLICATIONS

8. None

EQUALITIES IMPLICATIONS

9. None directly from this report.

Background papers: on file, located in the Policy Unit, room 155A.