CLERK'S REPORT

Report Reference: CR–EOM260414

Meeting: Extraordinary Meeting of Narberth Town Council (EOM 260414)
Date: Tuesday 14th April 2026 (12:53pm)

Report Author: Town Clerk & Responsible Financial Officer

Part A – Officer Summary

1. Purpose

To support Members in considering:

- A request for financial assistance (grant or loan) from Narberth & District Community & Sports Association (NDCSA)
- A proposal relating to a potential Community Asset Transfer (CAT) concerning Bloomfield House

This report is provided following the resolution of Council on 7th April 2026 (OM 260407).

2. Officer Position

At the time of writing:

- A request for financial assistance has been made
- The Council does not have an adopted grants or loan framework
- A request for supporting financial information was issued to NDCSA in advance of this meeting

It is recognised that the timeframe for submission is limited, and it is assumed that further information may be provided in advance of, or at, the meeting.

However:
As at the time of writing, no formal financial submission or supporting documentation has been received.

Accordingly:
The Council does not currently have sufficient information to make a fully informed and lawful financial decision.

Further:
Where information is not provided, or is provided without sufficient time for proper review, verification, and (where necessary) professional advice, any decision taken would give rise to a high level of governance, financial, and legal risk.

Members are advised that:

- Decisions must be based on properly considered and understood information
- Adequate time must be allowed for officer review and, where necessary, external advice
- Information received at or immediately prior to the meeting may not be capable of being properly assessed within the meeting itself

Urgency does not override the Council's statutory and fiduciary duties.

3. Key Legal Context

Members are advised that the Council may only incur expenditure where a lawful statutory power exists, and that all such expenditure must be reasonable, proportionate, and demonstrably in the public interest.

3.1 Financial Assistance (Grants)

Potential powers may include:

- Section 137 of the Local Government Act 1972
- Section 19 of the Local Government (Miscellaneous Provisions) Act 1976
- Section 145 of the Local Government Act 1972

Use of these powers is subject to:

- A clear and evidenced public benefit
- Proper consideration of affordability
- Compliance with relevant spending limits

Including:

- The annual limit under Section 137, set at £11.60 per elector for 2026–2027

Members are advised that:

- Section 137 is a limited and residual power
- Total expenditure under this power cannot exceed the cumulative annual limit
- Larger awards under this power may materially reduce the Council's remaining capacity

Members should therefore be clear as to the specific statutory power under which any proposed expenditure would be incurred.

Additional Guidance on Recreational Facilities Power

The Council may also consider whether expenditure could be justified under powers relating to the provision or support of recreational facilities, including Section 19 of the Local Government (Miscellaneous Provisions) Act 1976, where a clear and demonstrable public benefit is identified.

Such consideration must be based on:

- The nature and extent of community use
- The demonstrable benefit derived

It cannot be relied upon solely to address an organisation's financial position in the absence of a clear link to qualifying services or activities.

Proportionality and Benchmarking

Whilst the expenditure limit under Section 137 applies specifically to that power, it is commonly used in local government practice as a benchmark for assessing proportionality and reasonableness when considering financial assistance under other powers.

Where expenditure significantly exceeds the equivalent Section 137 allocation, Members should ensure that:

- A clear statutory power is identified
- The level of expenditure is justified and proportionate
- The decision is supported by robust evidence of public benefit and affordability

3.2 Loan Arrangements

The provision of loans by a Town Council is not a general or routinely exercised power and is subject to:

- Identification of a lawful basis
- Formal agreement terms
- Assessment of repayment viability and financial risk

There is no defined statutory maximum loan amount; however, any such arrangement carries significant governance and financial risk.

External legal and/or financial advice would ordinarily be required prior to entering into any loan arrangement.

3.3 Community Asset Transfer (CAT) and Lease Considerations

Any proposal involving the transfer, disposal, or long-term lease of a Council asset may constitute a disposal under the Local Government Act 1972.

Members are advised, based on external legal guidance, that:

- The grant of a longer lease (e.g. 90–99 years) would in law amount to a surrender of the existing lease and the grant of a new lease
- Such a transaction would constitute a disposal of an interest in land

This engages:

- The duty to obtain best consideration under Section 123 of the Local Government Act 1972
- Requirement for an appropriate valuation
- Consideration of General Disposal Consent (Wales), where applicable

Members are further advised that:

- Disposal at less than best consideration may be permissible where the transaction contributes to the economic, social, or environmental well-being of the area, and
- The undervalue does not exceed £2 million, in line with Welsh Government general consent provisions

However:

- Such justification must be clearly evidenced
- The decision must be robustly documented

In addition:

- Where a Councillor is connected to the recipient organisation (including as a trustee), and the transaction relates to a substantial Council asset, a prejudicial interest is likely to arise

This reflects both legal and governance considerations, including:

- Public perception
- Transparency
- Maintaining confidence in decision-making

Such matters are strategic and long-term in nature and should be considered separately from immediate financial assistance decisions.

3.4 NDCSA Governance and Legal Structure

Members are advised that NDCSA is an unincorporated charity.

This means that:

- The organisation does not have a separate legal personality
- Legal and financial responsibilities ultimately rest with the trustee body

The Council is aware that:

- A number of individuals are listed as charity trustees
- A smaller number of individuals are named as legal holders of the leasehold title

Accordingly:

- Any legal agreement relating to the lease would require execution by the named legal title holders
- Any financial or strategic decision must be properly authorised by the charity trustee body

Members are further advised that:
- In an unincorporated structure, trustees may carry personal exposure in certain circumstances
- The Council should therefore be satisfied that appropriate governance, authority, and financial oversight arrangements are in place

This is particularly relevant in the context of:
- Any financial assistance
- Any proposed lease variation or Community Asset Transfer

3.5 Members' Interests and Participation
Members are reminded of their obligations under the Code of Conduct in relation to the declaration of interests.

This is of particular relevance in the context of:
- The request for financial assistance from NDCSA
- Any potential Community Asset Transfer or lease-related decision

Where a Member:
- Is a trustee of NDCSA, or
- Has a close association with the organisation

They must consider whether they have:
- A personal interest, and
- A prejudicial interest, having regard to the nature of the matter

Members are advised that:
Where a matter involves financial assistance or the disposal or long-term lease of a substantial Council asset to a connected organisation

A prejudicial interest is likely to arise

In such cases, the Member should:
- Declare the interest
- Withdraw from the meeting for the duration of the item
- Take no part in the discussion or decision

4. Options for Council
Members are invited to consider:

A. Defer Decision (Recommended)
Request further information and defer determination

B. Consider Grant
Subject to lawful power, evidence of need, and affordability

C. Consider Loan
Subject to legal power, formal terms, and risk assessment

D. Progress CAT Separately
As a strategic matter, distinct from immediate financial support

5. Officer Recommendation
That Council does not make a financial determination at this stage, and instead:

- Requests further financial and supporting information
- Defers consideration until that information is received and assessed
- Considers any CAT proposal separately

6. Risk / Assurance
There are material governance, financial, and legal risks associated with:

- Making a decision without sufficient information
- Acting outside of statutory powers
- Entering into financial or asset arrangements without appropriate due diligence

7. Training & Development
Nil return unless otherwise stated.

Part B – Background
At the Ordinary Meeting held on 7th April 2026 (OM 260407):

- NDCSA presented a request for financial assistance
- A potential Community Asset Transfer was referenced
- Council resolved to convene this meeting and request this report

At the time of writing:

- Full financial and supporting information has not been provided
- The Council is therefore not in a position to properly assess risk, affordability, or legality

End of Report