

**Report for:** Decision taken under delegated authority

**Item number:**

**Title:** Opportunity Investment Fund: Award of Contract to LCR Music Company Ltd

**Report authorised by :** Peter O'Brien, Assistant Director of Area Regeneration

**Lead Officer:** Keith Trotter, Tottenham Town Centre Growth Manager  
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**Ward(s) affected:** Tottenham Wards

**Report for Key /  
Non Key Decision:** Non Key

**1. Describe the issue under consideration**

This report seeks approval under delegated authority for the award of a loan agreement LCR Music Company Ltd for the value of £55,000 subject to the evidence of certificate of incorporation, signed lease and confirmation of rent-free period, approval of appropriate license(s), small business rate relief confirmation, notification of planning permission should it be required.

An interest rate of 6% will be applied to the loan sum making a total of £58,300. The loan will be paid back over 72 months with the first instalment being due in month 13.

The business will use the loan for the refurbishment and fit out of premises to operate one large, fully equipped studio/event space, two project/writing rooms and a smaller studio for hire.

OIF will be used specifically for soundproofing and acoustic-treatment, building and building contractor costs, air conditioning units, music / event production equipment, furniture, alarm and a computer service. They will secure a 12-year lease on the property.

The business has already invested £31,800 to create the mix/recording studio and have £60,000 worth of production equipment and instruments.

The project will deliver:

- A minimum of 3 FTE new jobs
- 3 Apprenticeships
- A commitment to pay all staff London Living Wage

110sqm and two units of vacant commercial space in a keycommercial location brought back into use

They have also pledged to provide Training and Mentoring to local businesses, schools and colleges in specialist areas: music production, commercial, media and entertainment law, music business and studio ownership/operation. They will also participate in local career development / job fairs / school & college careers advisory events.

They will also offer subsidised (and at times wholly-free) rates to locals and organise free-to-attend events/projects up to 10 days per month. Hire would be 30% of market rate for local businesses, free-of-charge to local schools and colleges for an agreed number of sessions and then 20% of market rate focussing on two or three local schools per year. They will offer tutorials to groups of students (3 groups of 10 students per year) covering the music business and production skills. Renting to record labels will help cross-subsidise these community benefit activities.

## **2. Cabinet Member Introduction**

N/A

## **3. Recommendations**

Officers recommendations were approved by the Tottenham Programme Delivery Board at its meeting on 15 November 2018, following the evaluation of a funding application by officers and the OIF Advisory Group made up of LBH and GLA officers.

The recommendation is to award LCR Studios Ltd a loan agreement for the value of £55,000 subject to evidence of certificate of incorporation, signed lease and confirmation of rent-free period, approval of appropriate license(s), small business rate relief confirmation and notification of planning permission should it be required.

It is proposed that a charge of 6% interest is applied to the loan and repayments are made over 72 months with a payment holiday of 12 months (i.e. repayments begin at month 13).

## **4. Reasons for decision**

Decision under delegated authority is required.

## **5. Alternative options considered**

The project has been recommended for approval based on the evaluation of an application and business plan solicited through an open bidding round.

The evaluation process is set out in the application pack and assesses applicants' proposals on the contribution to core criteria of the fund, strategic objectives as set out in the Tottenham Strategic Regeneration Framework and Haringey's Economic Development and Growth Strategy and the financial and operational competency of the applicant.

## **6. Background information**

The Opportunity Investment Fund is a £3.67M programme to enable investment in workspace and employment projects in Tottenham. The fund is jointly provided by Haringey Council and the GLA. Through this programme we are

seeking projects that help existing SMEs grow and bring new operators into the local economy that can drive and increase entrepreneurship, business growth and diversify the local economy.

To secure economic outcomes for local residents and businesses, public sector investment can help kick start economic growth; whether that is with time and expertise, assets or capital. The Opportunity Investment Fund seeks to respond to this need.

## **7. Contribution to strategic outcomes**

Projects delivered under the Opportunity Investment Fund contribute towards and have been assessed against the objectives of the Tottenham Strategic Regeneration Framework and the borough's Economic Development and Growth Strategy.

## **8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

### **Finance and Procurement**

The budget for the Opportunity Investment Fund was approved by Cabinet on 7 February 2012. The funding for the programme is secured from the GLA and an allocation of LBH Capital.

The proposal has been reviewed, and it is considered that the loan term and amount loaned are reasonable given the business plan assumptions, cashflow and related financial statements and the desired regeneration outcomes.

Under the terms of the grant agreement with the GLA, the income and expenditure is ring fenced. Therefore when the loans are repaid to the Council, the funds are to be used for further loans or grants to businesses.

### **Legal**

Legal comments have not been pursued as risk to the council is manifested through financial risk, which has been addressed by the Head of Finance for Regeneration, Planning and Development above.

Templates used for loan agreements have been reviewed by legal services and no changes have been made to the terms and conditions.

### **Equality**

1.1 The Council is subject to the Public Sector Equalities Duty ("PSED") set out in section 149 of the Equalities Act 2010 which obliges the Council in performing its functions "to have due regard to the need to:

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it”

- 1.2 The protected characteristics under the legislation are age, sex, ethnic origin, sexual orientation, disability, religion or belief, pregnancy or maternity and gender reassignment, marriage and civil partnership

This application was judged on the merit of its strategic contribution to OIF programme objectives and financial robustness of the business case. There are no anticipated equalities issues, as set out under the Public Sector Equality Duty in Equality Act 2010, with regards to that process. Job creation is a key outcome and the Regeneration and Economic Development Teams will work with the applicant to ensure that local residents can overcome barriers to work caused by, for example, race, age, sex, and disability.

By receiving this loan the applicant has committed to:

- Support the creation of new job and training opportunities in Tottenham;
- Working with community groups, businesses, schools and recording artists in the local area
- Paying the London Living Wage as a minimum;
- Working with the council and partners to source local residents for interview to access the job and apprentice opportunities.

**9. Use of Appendices**

Loan agreement.

**10. Local Government (Access to Information) Act 1985**

N/A