

Report for: Decision taken under delegated authority

Item number:

Title: Opportunity Investment Fund: Award of Contract to Pressure Drop Brewing Ltd

Report authorised by : Helen Fisher, Tottenham Programme Director

Lead Officer: Keith Trotter, Tottenham Town Centre Growth Manager
Email: keith.trotter@haringey.gov.uk
Tel: 020 8489 2695

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 to Pressure Drop Brewing Ltd (micro-brewery and tap room) for the value of £155,000 subject to the approval of planning permission for change of use. An interest rate of 6% will be applied to the loan sum making a total of £164,300. The loan will be paid back over 48 months with the first instalment being due in month 13.

The business will use the loan to move into Tottenham, quadruple their current production capacity, refurbish the property to operational standards and to purchase new equipment. Works include a new tiled floor, removal of an existing mezzanine, general renovation of the unit, installation of a new 32HL brewery, fermenting tanks, steam systems and cooling systems, cold rooms, storage facilities and a packaging line. They also intend to make the most of the additional operating space by installing a tap room. They have a ten year lease on the property and intend to be fully operational by October.

OIF will be used specifically for the building works including an epoxy screed and tiled floor and drainage works, which will cost around £90,000 and purchase and installation of a steaming and cooling system (£65,000). The business is funding the remainder of the costs through director loans, company cash and asset financing.

The project will deliver:

- A minimum of 10 new jobs
- 3 Apprenticeships
- 5,872 sqft of commercial space brought back into use
- a commitment to pay all staff London Living Wage
- a tap room destination for Tottenham Hale, contributing to the emerging micro-brewing industry cluster in the area.

2. Cabinet Member Introduction

N/A

3. Recommendations

Officers recommendations were approved by the Tottenham Programme Delivery Board at its meeting on 6 February 2017, 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 Pressure Drop Brewing Ltd a loan agreement for the value of £155,000 subject to the approval of planning permission for change of use. It is proposed that a charge of 6% interest is applied to the loan and repayments are made over 48 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 value are appropriate given the business plan and assumptions, the financial standing of the company, an acceptable level of risk 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 Housing, Regeneration and Planning above.

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

Equality

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 with regards to that process. Job creation is a key outcome and the Tottenham 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:

- Supporting the creation of new job and training opportunities in Tottenham;
- Paying the London Living Wage as a minimum;
- Training recruits in the industry recognised qualification from the Institute of Brewing and Distilling and;
- Working with the council and partners to source local residents for interview.

9. Use of Appendices

Loan agreement.

10. Local Government (Access to Information) Act 1985

N/A