

Report for: Decision taken under delegated authority

Item number:

Title: Opportunity Investment Fund: Award of Contract to Smoothies and Cream Organics 2 Ltd (SCO2)

Report authorised by : Helen Fisher, Director of Regeneration

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 Smoothies and Cream Organics Ltd (SCO2) (healthy juices/shakes and food cafe offering a range of healthy options) for the value of £60,000 subject to the signing of a lease for 286 High Road, Tottenham. An interest rate of 6% will be applied to the loan sum making a total of £63,600. The loan will be paid back over 48 months with the first instalment being due in month 13.

The applicant, a Northumberland Park resident who already operates a High Road cafe, will use the loan to renovate and refurbish a vacant former cafe unit further south on Tottenham High Road and purchase equipment. Works include removal of fixtures and fittings, design and decoration including shop front and interior signage, replacement flooring and tiling. Equipment will include commercial fridge and freezer, refrigerated counter unit, cash register, tables and chairs, cutlery, pots and pans, juicer and coffee maker. They have a five year lease on the premises and have applied for a license (the premises was also a cafe with a license operating similar hours).

The project will deliver:

- 5 new jobs
- 3 Apprenticeships
- a commitment to pay all staff London Living Wage
- a monthly, evening meeting place for local artists to display their work.

2. Cabinet Member Introduction
N/A

3. Recommendations

Officers recommendations were approved by the Tottenham Programme Delivery Board at its meeting on 6 March 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 SCO2 Ltd a loan agreement for the value of £60,000. 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.

The recommendation is to award SCO2 Ltd a loan agreement for the value of £60,000, with interest £63,600. 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). From a review of the financial statements and related business plan, it would appear that there is more than sufficient surplus cashflow and profit from the venture to support this and to support the related expenditure for the business including payment of staff, cost of sales and relevant taxes.

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

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 Tottenham Regeneration and Economic Development Teams will work with the applicant to ensure that local residents can overcome barriers to work related to the protected characteristics set out in Equality Act 2010; for example, race, age, sex, and disability.

By receiving this loan the applicant will contribute to social and economic regeneration in Tottenham by committing to:

- Supporting the creation of new job and training opportunities in Tottenham;
- Offering healthier food and drink options on the High Road and promoting the benefits of a healthier lifestyle to all;
- Paying the London Living Wage as a minimum;
- Monthly creative arts events showcasing the work of local artists
- 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