

Report for: Decision taken under delegated authority

Item number:

Title: Opportunity Investment Fund: Award of Contract to Unit 58 Ltd

Report authorised by : Helen Fisher, Director of Regeneration

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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 to Unit 58 Ltd for the value of £125,000.

An interest rate of 6% will be applied to the loan sum making a total of £132,500. The loan will be paid back over 60 months with the first instalment being due in month 13.

The business will use the loan to convert the space at 58 Millmead Industrial Estate into artist and multi-media studios.

OIF will be used specifically for the refurbishment of the current floorspace of approximately 5,000 sq.ft and the installation of a mezzanine floor, increasing the commercial space by a further 3,390 sq.ft. bringing the total floor space to just over 8,300 sq.ft. The space will be converted into 16 new and affordable artist and multi-media studios, including a large flexible space for hire plus amenity space. They have a 15 year lease on the property.

The business is match funding the remainder of the costs (a further £50,000).

The project will deliver:

- One full time manager post
- A minimum of 16 businesses/sole traders accommodated on site, of which 10 will be local to Tottenham/Haringey
- Two of the tenants will be new businesses (i.e. not having occupied commercial space previously, evidenced by letters from tenants and, where appropriate, registering their business at Unit58)
- 8,300 sq.ft. of commercial space will be created/refurbished to provide studios / workspaces for creative industries

2. Cabinet Member Introduction

N/A

3. Recommendations

Officers recommendations were approved by the Tottenham Programme Delivery Board at its meeting on 2nd November 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 Unit 58 Ltd a loan agreement for the value of £125,000. It is proposed that a charge of 6% interest is applied to the loan and repayments are made over 60 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 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

The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

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. 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:

- Support the creation of new job and training opportunities in Tottenham;
- Working with local community groups, artists and creative industries in the local area

- Providing an accessible leisure space for all residents who wish to use it;
- Paying the London Living Wage as a minimum;
- Working with the council and partners to source local residents for interview to access any job and apprentice opportunities in Unit 58 Ltd including tenants.

9. Use of Appendices

Loan agreement.

10. Local Government (Access to Information) Act 1985

N/A