

# Nottingham City Council Delegated Decision



**Nottingham**  
**City Council**

Reference Number:	3280
Author:	Mark Lowe
Department:	Development and Growth
Contact:	Mark Lowe (Job Title: Head of Regeneration and Housing Delivery, Email: mark.lowe@nottinghamcity.gov.uk, Phone: 01158763532)
Subject:	Loan to NCH Registered Provider for the development of Church Square, Lenton
Total Value:	£111,000 (Type: Capital)
Decision Being Taken:	To loan £111,000 to NCH RP to fund the development of Church Square for affordable housing.
Reasons for the Decision(s)	On 18 October 2016, an Executive Board decision was taken to lend Nottingham City Homes (NCH) £2.119m to fund the development of 17 houses at Church Square, Lenton. Since the 2016 decision NCH has established a Registered Provider subsidiary (NCH RP) who are eligible of obtaining grant funding from Homes England. NCH RP have completed the development of the 17 homes at Lenton and have secured some grant funding to subsidise the development. The loan now needs to be made to NCH RP to fund the development, however due to cost inflation the RP requires an additional £111,000 to meet the build costs.
Other Options Considered:	Not to provide the additional loan amount. This was rejected as the units were built and the business case for the development at the revised costs has been submitted to the Council.
Background Papers:	None
Published Works:	Executive Board Report 18th October 2016 "Disposal of land and approval of a loan to Nottingham City Homes, to support the development of up to 17 new family homes at Church Square, Lenton."
Affected Wards:	Dunkirk and Lenton

Colleague / Councillor Interests:	None
Consultations:	Date: 17/09/2018
	Ward Councillors: David Trimble, Sarah Piper
	Both Cllr Piper and Trimble responded that they have no objections or concerns about this decision.
	Those not consulted are not directly affected by the decision.
Crime and Disorder Implications:	The new homes have been designed to "safe by design" principles, to minimise opportunities for anti-social behaviour and to ensure the homes have adequate security.
Equality:	EIA not required. Reasons: This does not involve any additional policy decision over that all ready taken by Executive Board in October 2016.
Decision Type:	Portfolio Holder
Subject to Call In:	Yes
Call In Expiry date:	18/10/2018
Advice Sought:	Legal, Finance
Legal Advice:	The City Council must ensure that a loan to NCH RP is not unlawful state aid. Providing a loan to NCH RP at an interest rate lower than the rate which NCH RP could obtain in the market from a comparable lender would be prima facie unlawful state aid. However it is likely that providing funding by the way of a loan for the provision of affordable housing supports the delivery of a public service duty or 'service of general economic interest' ('SGEI') on behalf of the City Council and is therefore not unlawful state aid. The City Council must entrust NCH RP with this SGEI obligation and the amount of the loan should be no more than is necessary to cover costs and a reasonable level of profit. The entrustment of the obligation can be included in the loan agreement. Advice provided by Andrew James (Team Leader Contracts and Commercial) on 27/09/2018.

**Finance Advice:**

**This decision of £0.111m increases the previously approved (Executive Board Oct 16) loan amount of £2.119m, therefore increasing the value of the loan to NCHRP to £2.230m. The Council is funding the additional £0.111m by prudentially borrowing this funding is consistent with the prior approval.**

**As detailed in the October 16 Executive Board the actual interest rate and loan agreement require agreement from the Director of Strategic Finance.**

**The relevant due diligence has been satisfactorily completed for the initial loan of £2.119m plus the £0.111m additional loan.**

**Following the approval of tis decision the capital programme will be amended accordingly.**

**Advice provided by Tom Straw (Senior Accountant - Capital Programmes) on 19/09/2018.**

**Signatures**

Jane Urquhart (PH for Housing and Planning)
SIGNED and Dated: 11/10/2018
Chris Henning (Corporate Director for Development and Growth)
SIGNED and Dated: 10/10/2018