

# Nottingham City Council Delegated Decision



**Nottingham**  
**City Council**

Reference Number:	3471
Author:	Graham de Max
Department:	Development and Growth
Contact:	Graham de Max (Job Title: Partnership and Policy Manager, Email: graham.demax@nottinghamcity.gov.uk, Phone: 01158763538)
Subject:	Loan to NCH for the purchase of properties for temporary accommodation for homeless households
Key Decision (decision valued at more than £1million):	Yes
Total Value:	£6.2m (Type: Capital)
Decision Being Taken:	<p>To approve a loan of £6.2m to Nottingham City Homes (NCH) Ltd on the terms set out within the financial advice, and drawing down from the loan facility agreed by Executive Board in December 2016 , to enable it to purchase 50 properties to be used by Nottingham City Council as dispersed temporary accommodation for homeless families. The properties will be leased to Nottingham City Homes Registered Provider subsidiary.</p> <p>To delegate authority to the Director of Finance to approve loan phased drawdown subject to due diligence as detailed in the enclosed finance comments.</p>
Reasons for the Decision(s)	<p>Increased homelessness has been a national issue over recent years as a result of a number of factors. The rising number of homeless households has led to an increased demand for temporary accommodation, provided by Nottingham City Council under statutory duties. The Homelessness Reduction Act came into effect in April 2018 and this introduced a requirement for local authorities to accommodate more people for longer periods of time. The pressures have led to a reliance on Bed and Breakfast hotels as temporary accommodation. Nottingham City Council committed to ending the use of Bed and Breakfast by the end of 2018. This ambition was achieved via delivery of a targeted action plan which introduced alternative forms of temporary accommodation (including Nottingham City Homes Ltd acquisition of 100 properties for dispersed emergency housing). It has been determined that purchase of a further 50 properties is required in order to reach a sufficient level of temporary accommodation and avoid any prolonged use of Bed and Breakfast as temporary accommodation in 2019 onwards.</p>

**Other Options Considered:** Other options, such as the purchase and renovation of commercial or public sector property into hostel style temporary accommodation, were rejected because this acquisition programme has proven to be effective in bringing properties on stream quickly. Furthermore, this is a model than can flex according to shifting trends in demand.  
Nottingham City Homes has considered finance in the commercial market, but this has been rejected as it adds additional cost and risk for no particular gain.

**Background Papers:** None

**Published Works:** Delegated Decision 3104: Loans to NCH for the purchase of dispersed properties for homelessness temporary use  
Executive Board Report and Minute 58 dated 20 December 2016, Facilitation of loans to Nottingham City Homes.

**Affected Wards:** Citywide

**Colleague / Councillor Interests:** None

**Consultations:** Those not consulted are not directly affected by the decision.

**Crime and Disorder Implications:** None

**Equality:** EIA not required. Reasons: An EIA was completed for the previous decision 3104, in February 2018 which is within the past 2 years and so a new EIA is not required.

**Decision Type:** Leader's Key Decision

**Subject to Call In:** Yes

**Call In Expiry date:** 02/04/2019

**Advice Sought:**

**Legal, Finance**

**Legal Advice:**

**The City Council has power to provide loans. It must ensure any financial support it provides is not unlawful state aid. The City Council is under a statutory duty to provide accommodation for homeless families. The City Council can entrust this duty to NCH and NCH(RP). A loan to its subsidiary NCH for the purposes of purchasing the properties to be used as dispersed temporary accommodation for that purpose will not be unlawful state aid. A loan agreement should be put in place which restricts the loan to the purchase of the properties and consents to the lease of them to NCH RP for the purpose only of providing accommodation for the homeless. Advice provided by Andrew James (Team Leader Contracts and Commercial) on 27/12/2018.**

**Finance Advice:**

**Please refer to attached finance comments.  
Advice provided by Tom Straw (Senior Accountant - Capital Programmes) on 21/02/2019.  
Advice documents: 190108 Homelessness NCH Loan (Tranche 3).docx**

**Signatures:**

**Jon Collins (Leader of the Council)  
SIGNED and Dated: 26/03/2019  
Chris Henning (Corporate Director for Development and Growth)  
SIGNED and Dated: 22/03/2019**