

Loan to Somerset Care & Repair Ltd

Executive Portfolio Holder: Ric Pallister, Leader, Strategy and Policy
Director: Martin Woods, Director, Service Delivery
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Purpose of the Report

1. For the District Executive to agree for Wessex Home Loans (Wessex Resolutions CIC) to provide a loan of £200,000 to Somerset Care and Repair towards completing the conversion of the Milford Inn, Yeovil into six flats and to enable the building of three housing units in the grounds. This is a one off departure from existing policy.

Public Interest

2. SSDC has a Policy for awarding Private Sector Housing Grants and Loans and other financial assistance which was adopted in January 2017. Somerset Care and Repair has asked for a loan of £200,000 from Wessex Home Loans that is well above the current loan limit. Due to the size of the loan, it has been agreed that this request should be determined by the District Executive Committee.

Recommendations

3. That the District Executive
 - a) agree for Wessex Home Loans (Wessex Resolutions CIC) to provide a loan of £200,000 to Somerset Care and Repair Ltd at a 4.5% fixed interest rate with capital and interest being repayable over 15 years.
 - b) Note that this represents a departure from current policy which limits loans to £15,000
 - c) Note that the Loan would be conditional upon all necessary steps being put in place to ensure the security and repayment of the loan.

Background

4. SSDC has worked closely for a number of years with Somerset Care & Repair (SC&R) Ltd. Over the years SSDC has provided grants to a number of empty properties acquired by SC&R for which in return SSDC has obtained nomination rights to rehouse tenants from the Housing Needs Register for which we SSDC has responsibility. Somerset Care & Repair is an industrial and provident society which is a limited company with charitable status (it is registered with the FCA as a charity). Wessex Home Loans can only provide loans to organisations/residents of South Somerset if nominated by SSDC. Most of the money held in the loan pot for South Somerset was provided by the Government for the purpose of improving or creating affordable housing in the district. Current Council Policy gives the Environmental Health Manager delegated authority to approve loans of up to £15,000. However, in this instance alone, it is recommended to increase the limit to £200,000. The loan would be secured against the Milford Inn site Yeovil.

Report

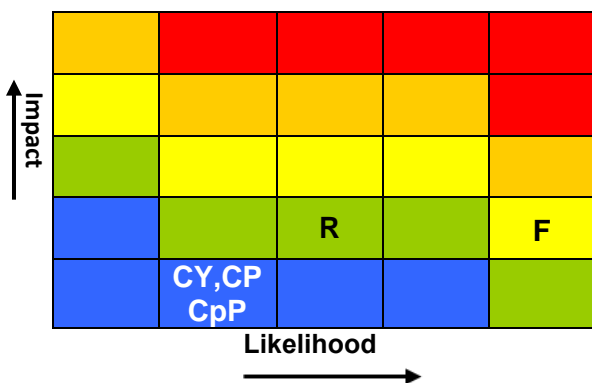
5. Approximately two years ago SC&R bought the Milford Inn, an old empty pub in Yeovil with the view to converting it into residential accommodation. Planning permission was obtained to turn it into six flat and to build three small houses in the grounds of the pub. Work started and the two upper flats were converted and are now occupied by SSDC nominated tenants. Late last year however the managing director of SC&R tragically died and for this and other reasons, work ground to a halt.
6. The new director of SC&R is now keen to get this project finished to derive a rental income. In order to do so it will be necessary to spend £200,000 to finish off the project. SSDC has been granted nomination rights for five years at LHA rates on all nine finished units of accommodation. Our Housing Options Team is keen to make use of this property in anticipation of impending changes to Homeless legislation coming in later this year. It is therefore recommended to grant the loan in order for works to proceed.

Financial Implications

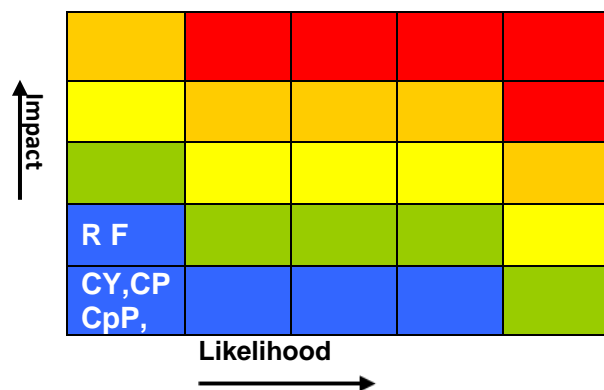
7. WHIL works in partnership with the Council to provide finance to homeowners for essential maintenance and improvement works to their property. Loans are increasingly replacing grants allowing the Council to re-circulate funds.
8. Wessex Home Loans can only agree loans if they are approved by SSDC. The money held by Wessex Home Loans is loaned out at a fixed rate of 4.5%. As the interest and capital is repaid it is re-loaned out again to other residents/organisations.
9. The Council has £672,989 of capital invested with WHIL. As at the end of December 2017 there was £328,349 on the loan book and £344,640 as available capital. The funding for Somerset Care & Repair of £200,000 will be taken from the available capital balance. Therefore, this loan will have no additional effect on the council's current capital programme.

Risk Matrix

Risk Profile before officer recommendations



Risk Profile after officer recommendations



Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

Implications for Corporate Plan

10. Meets Corporate Focus Five – well managed, cost effective services.

Carbon Emissions and Climate Change Implications

11. None

Equality and Diversity Implications

12. SSDC has been granted nomination rights on all nine finished units of accommodation and this will be carried out under the Homefinder Somerset policy.

Privacy Impact Assessment

13. None

Background Papers

14. Policy for Awarding Private Sector Housing Grants/Loans and other Financial Assistance – District Executive – January 2017