

**Agenda Item No:** 6  
**Report To:** Trading & Enterprise Board  
**Date:** 9<sup>th</sup> November 2015  
**Report Title:** Draw-down of Loan for A Better Choice For Property Ltd  
**Report Author:** Maria Seddon



**Summary:**

On 20<sup>th</sup> February 2014 the Council approved the release of the initial £2m tranche of the £10m loan facility to A Better Choice for Property Limited . A Better Choice for Property Limited (the “Company”) now requests the next three instalments of the loan facility and this report seeks the release of these tranches.

**Key Decision:** No

**Affected Wards:** N/A

**Recommendations:** **The Board is requested to ask the Cabinet to recommend to Council that the next three £2m tranches of the £10m loan facility be made available to the Company.**

**Policy Overview:** Under the Board’s Terms of Reference the Board must recommend to the Cabinet the granting of loans from the Council to the Company.

**Financial Implications:** Without the loan facility being made available to the Company, the Company will be unable to continue to expand its operations and deliver against its business plan. The total £10m loan amount is provided for in the Council’s MTFP.

**Risk Assessment** Within the Company’s Business Plan

**Equalities Impact Assessment** N/A

**Exemption Clauses:**

**Background Papers:** N/A

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## **Report Title: Draw-down of Loan for A Better Choice For Property Ltd**

### **Purpose of the Report**

1. This report requests that the Board asks Cabinet to recommend to Council that the next three tranches of loan money be made available to the Company.

### **Issue to be Decided**

2. Whether to recommend the release of the next tranches of loan money by the Council to the Company.

### **Background**

3. On 18<sup>th</sup> July 2013 Council approved the setting up of the Company and the provision of a £10m loan facility by the Council to the Company. On 17<sup>th</sup> April 2014 the Company was registered at Companies House and commenced trading.
4. As part of the governance arrangements for the Company, the £10m loan facility is to be made in £2m tranches and each tranche requires the approval of the Council before being made available to the Company.
5. As part of the terms of reference for the Board, the Board must recommend to the Cabinet whether or not to approve any request from the Company for granting of loans from the Council.
6. To date the Company has drawn-down £1.245m of the initial £2m tranche leaving a balance of £755k. The Company is currently considering purchasing a number of properties with a value of approximately £1.3m. In order for the Company to complete on these and future purchases it therefore requires to draw-down the next two £2m tranche to enable the Company to continue to deliver against its business plan.
7. In addition to the property purchases detailed above, earlier on the agenda the Board considered the Company's revised and updated business plan. Contained within the business plan was a specific project with a capital cost of approximately £2m. Subject to the Board recommending approval for the new business plan this report requests the draw-down of the fourth £2m tranche of monies to enable the Company to deliver this element of its business plan.

### **Risk Assessment**

8. Contained within the Company's business plan.

## **Other Options Considered**

9. The Company could decide not to request access to additional tranches of the agreed loan facility. However, in this case, the Company would exhaust the remaining funding available to it (out of the initial £2m tranche) in the near future and would then be unable to expand its business in line with the Company's business plan.

## **Handling**

10. The report was considered and approved by the Company's Board of Directors for submission to the Board.

## **Conclusion**

11. The Company requests that the Board asks the Cabinet to recommend that the next three £2m tranches of loan money be made available to the Company by the Council.

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