



Officer Decision/Mayoral Decision No.:	Complete register and insert ODN No or MDN No.
OFFICER DECISION TITLE: Loan to ECTC – Haddenham - £6.5m Facility	
NAME OF OFFICER EXERCISING DELEGATED POWERS: Kim Sawyer, Interim Chief Executive, Noel O’Neill, Deputy Section 73 Officer, Patrick Arran, Interim Monitoring Officer	
DATE OF OFFICER/MAYORAL DECISION: 18th July 2017	

Responsible Director:	Kim Sawyer, Interim Chief Executive, Noel O’Neill, Deputy S73 Officer and Patrick Arran, Interim Monitoring Officer
Report Author and contact details:	Roger Thompson – Director of Housing and Development, E mail:roger.thompson@cambridgeshirepeterborough-ca.gov.uk, Tel 07796 274906
Is it a key decision?	No
Is this a public report? If a key decision, it will be a public report and will be published on the CA website.	No

Decision taken	The Chief Executive, S151 and Monitoring Officer – in consultation with the Mayor and Portfolio Holder Fiscal and reliant on the advice obtained by /provided by the Director of Housing and Development, are satisfied that the requirements of the CA Board have been met and that the loan can be released.
Authorisation (delete as appropriate)	<p>At its meeting on 28th March 2018 the Board resolved to</p> <p>(a) Approve the provision of a commercial loan facility capped at £6.5m from the £100m Housing Programme for a period of two years to East Cambs Trading Company Ltd for the CLT scheme at West End Gardens, Haddenham.</p> <p>Approval was subject to completion of the business case, due diligence and agreement of loan terms including security over the loan or assets, step in rights and / parent guarantee from East Cambs District Council to the satisfaction of the Chief Executive, Monitoring Officer and Section 73 Officer in consultation with the Mayor and the Portfolio Holder for Fiscal Strategy.</p>






<p>Background Information</p>	<p>BUSINESS CASE An update to the business case has been provided by ECTC and reviewed as part of the process. This has included:</p> <ul style="list-style-type: none">• An updated development appraisal summary• A detailed monthly cashflow including a projected drawdown and repayment schedule and design fees• Latest scheme drawings and design documentation <p>DUE DILIGENCE Pinsent masons have been involved in the legal due diligence looking at the title, planning, access and other issues. Conditional on providing the loan is that the borrower is to take out two title indemnity insurance policies at their cost, to resolve potential access and title issues. As part of this we have secured confirmation from the developer's sales and market agents (Cheffins) that the projected sales values in the development appraisals are still appropriate and achievable.</p> <p>This loan is a first 'proof of concept' loan and an appropriate level of due diligence has been applied. That has also applied to the determination of the interest rate applicable under the loan.</p> <p>The loan is conditional upon CPCA securing a first legal charge on the land and the facility agreement stipulating that money under the loan can only be drawn down upon receipt of certification of the completion of the stages of works by a professionally qualified quantity surveyor. The loan will be drawn down on a side by side basis with ECTC's equity on an 20% ECTC equity/80% CPCA loan split. There will be monthly reporting by the lender to CPCA on the progress and monitoring of the scheme as part of the drawdown process. We also have other protections in the facilities agreement including step in rights. On this basis the risk to the security of the CPCA loan has been mitigated and has enabled the decision to agree to this loan to move ahead. There may be a reputational risk, but the majority of that is being borne by the borrower.</p> <p>Pinsent Masons are preparing the Facilities Agreement and Legal Charge documents under the guidance of the Director of Housing and Development and an officer from the Monitoring Officer's team.</p> <p>Since the decision made by Board, the interest on the loan has increased to 2% to reflect current EU requirements in relation to State Aid</p>
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CAMBRIDGESHIRE
& PETERBOROUGH
COMBINED AUTHORITY

Consultation	The Mayor, Portfolio Holder Fiscal
Declarations / Conflicts of Interests (only if the decision falls under the 'Express Authorisation' category)	None N/A
Supporting documentation	N/A

Officer signature		Date
	Kim Sawyer, Interim Chief Executive 	21/11/2018
	Noel O'Neill, Deputy S73 Officer 	22/11/2018
	Patrick Arran Interim Monitoring Officer 	27/11/2018
Once signed please file in the electronic file Documents/Governance/ office decision notice and enter details in the register. If a public report, pass to Democratic Services and we will arrange publication.		