

DECISION TAKEN UNDER DELEGATION TO THE CHIEF EXECUTIVE

Subject:

A Council Loan to CHESS

Date of Decision:

2nd January 2025

Decision Number:

2/2025

Background:

The proposal is to provide a 19 year loan of up to £700,000 to CHESS. This will ensure that CHESS continues to effectively deliver services to the homeless and whilst developing additional units of temporary accommodation.

The terms of the loan will be agreed by s151 officer of the Council, but in principle:

- The loan would be secured against a property owned by CHESS.
- An independent valuation of the CHESS property would be obtained
- The loan would not represent the full value of the asset used as security.
- The loan would be at the prevailing fixed interest rate charged by the Public Works Loan Board making it cost neutral to the Council.
- Accounting practice means the loan is not made from a revenue budget. However, should the Council fail to recover some or all of the loan, any loss would have to be funded from the Council's revenue reserves.

CHESS need the loan to replace an existing mortgage at lower interest rate but more importantly to provide financial resilience as they develop 24 modular units for vulnerable single homeless people. These tenants need support to avoid the risk of becoming repeat homeless. The accommodation requirement has been identified following Strategic Gap analysis requested by MCHLG as part of the Single Homelessness Accommodation Programme funded by MCHLG and Homes England. The Council has committed a £350,000 grant to this project and is overseeing the funding arrangement on behalf of the Government.

The loan has been under discussion for several months, but it has become apparent that for cashflow reasons it has become urgent. Without the loan being made early in the new year Chess will have to organise additional temporary borrowing, which will be expensive and could create delays in the development of the 24 units. So, it is appropriate to seek an urgency action.

Supporting Information:

The Leader of the Council was consulted before making this decision and had no objection to it.