

Report of Chairman of Finance to Alderley Edge Parish Council

Approval requested to apply to DCLG for Borrowing Limits of £2,000,000 in order to construct Alderley Edge Medical Centre

Recommendation

That the Council authorises the Clerk, the Chairman of the Council, and the Chairman of Finance to seek a Borrowing Limit from DCLG of £2,000,000.

Reason for Recommendation

The Parish Council has sponsored the Medical Centre project and the Construction has commenced.

The District Valuer has completed a Report for NHS E of the annual rental which is agreed over a lease period of 21 years, and which has defined the final NHS E specification. The Legal Agreement between NHS E (represented by Alderley Edge Medical Practice) is imminent, and a final cost profile will be provided to AEPC in the form of a Contract between the Developer and AEPC.

ARCUS have been retained as Advisers to AEPC on the Contract Cost, and on the delivery of the agreed specification between NHS E and the Developer. ARCUS will certify Interim Payment Certificates and AEPC needs to be in a position to meet the payments. PWLB have a process whereby a loan can be agreed and drawn against, on a needs basis. Such a loan must be approved by DCLG, and in turn DCLG will seek assurance from CHALC that they have seen the proposal.

Background

The main determination has been the likely agreed annual rent payable by NHS E for the facility and over what term. That was agreed in June 2014 at £135,000 pa subject to a 3 yearly increase of 8.25%. In addition, there will be a rental income from other premises, such as the ground floor Pharmacy and the occupants of the second floor, who are yet to be identified.

The conclusion is that the income will be a minimum of £4,000,000 (for the surgery and the pharmacy) over a 21 year lease, and could rise to £5,000,000 dependant upon the lease occupation of the second floor.

A Borrowing level of £2,000,000 using indicative figures supplied by Cheshire East suggest that the total repayment cost could be £2,850,000.