

## **ADDENDUM**

### **Q3 MONITORING**

#### **CAPITAL UPDATE**

##### **Caistor Southdale Briefing Paper**

Amendment of Recommendation d) to include the approval of a capital budget of £1.92m for the Caistor Southdale Scheme and approval to spend £340k for the acquisition of land.

##### **Financial Implications FIN/217/19/TJB**

The Committee are asked to approve a new Capital budget of £1.92m and approval to spend £0.340k on the acquisition of land to facilitate this scheme.

A full report will be presented to the Committee once the full details of the scheme are finalised.

There may be opportunity to share the capital costs of the construction £1,500,000 and lease income, and potential that LACE may provide funding support of £172,000.

Based on the costs within this report the scheme will be funded by borrowing. The cost of borrowing includes interest and an annual provision for the repayment of debt (MRP). At current PWLB rates (2.53% 25 year maturity loan) annual interest will be £48,576 and the MRP circa £38,400, totalling £86,976 which can be met from the estimated rental income of £95,000.

Should the final costings and investment need increase, reserves will be utilised to fund these additional costs (subject to approval of this Committee).

##### **Background**

WLDC have been working on a solution for this site for some time. The site itself comprises an old run down GP surgery and the previous WLDC Caistor offices which are now in a state of disrepair.

The project has had the benefit of two tranches of One Public Estate (OPE) funding which has covered early feasibility work and an element of Project Officer cost to date. This has been used to investigate with LACE Housing (a registered society under the Co-operative and Community Benefit Societies Act 2014) whether there is a solution to develop a combined GP surgery and over 55s apartments.

This has been fully costed and as a result of this LACE have indicated, subject to their board approval, that the over 55s accommodation is viable, however, the GP surgery is not.

The Council are therefore investigating, as an enabling position, whether they can purchase the land and build the GP surgery. This would then be rented by the GPs under a 20 year lease with the CCG providing a parent company guarantee.

- The current GP surgery sits on land owned by NHS Property Services and has been valued by the District Valuer at £340,000. This land can be sold to WLDC at this price as a special purchaser but the NHS, due to their own governance, cannot gift the land to the Council.
- There will be a cost of demolition of the existing building estimated at £80,000
- The cost of building a new GP surgery is approximately £1,500,000.
- The District Valuer suggests an annual rental of £95,000 for the new GP surgery
- It may be possible to obtain a capital receipt from LACE for the portion of the site belonging to the Council which could be used to offset the overall cost of the development. The target amount would be £172,000 but this is subject to further feasibility discussions with LACE Housing.
- There are further valuations and survey works which will need to take place and a positive conversation has already taken place with OPE. A further £10,000 has been requested and approval will be sought at the February OPE Board meeting.

An initial financial assessment is being made whether this is a viable solution. If initial indications are favourable the Council will need to move quickly to purchase the site. This will give LACE the necessary assurance that they can take the scheme to their board for approval in March.