

FORMER PACIFIC ROAD ARTS CENTRE, AND THE TAYLOR STREET TRANSPORT MUSEUM, BIRKENHEAD

FINANCIAL IMPLICATIONS

The attached financial forecasts supplied by the Chamber in support of its business case show an anticipated profit in the years to September 2016 and September 2017 of £56,132 and £81,838 respectively.

The estimated average over this two year period is £70,000 per annum or thereabouts which the Council could choose to negotiate a share of, say 50% or £35,000 per annum.

This however represents the best case scenario and assumes for example a 100% occupancy rate, though there will certainly be void periods, particularly as businesses grow and move on.

Further, the forecasts only allow for the payment of one employee to run the refurbished building but it is likely that more will be required due to the nature of the end users. The appointment of just one more employee would reduce the anticipated annual profit by virtually half leaving the Council's share at approximately £17,500 per annum.

Any further fluctuations in outgoings over the term could feasibly wipe out any profit whatsoever, especially bearing in mind the above average maintenance costs for this substantial Grade II Listed Building.

The Chamber is a not for profit organisation and any surplus monies will be recycled into supporting established business and new start-ups through grant assistance and rent subsidies.

It is with this in mind that a peppercorn rental is recommended.

The theoretical subsidy which this lease will give to the Chamber relates to the present value of the estimated rental value of the building in its current condition taken over the 25 year term. Using standard valuation practices of the Royal Institution of Chartered Surveyors, this is calculated to amount to a maximum of £272,000 or thereabouts.