

NORTHUMBERLAND, TYNE AND WEAR NHS FOUNDATION TRUST

BOARD OF DIRECTORS MEETING

Meeting Date: 28 January 2015

Title and Author of Paper: Approval of Loan for New Autism Unit at Northgate
Dave Rycroft, Deputy Director of Finance

Paper for Debate, Decision or Information: Decision

Key Points to Note:

- The Full Business Case for the new Assessment and Treatment Unit for Adults with Autism capital development at Northgate was approved at the Board of Directors meeting on 25 September 2013.
- The Business Case included the need to obtain a £10m loan from the Independent Trust Finance Facility.
- The arranged loan is for 25 years with an interest rate of 2.16%.

Outcome required: The Board is asked to approve the Loan, authorise the Deputy Chief Executive/Director of Finance to sign the agreement and authorise the Chief Executive and/or the Deputy Chief Executive/Director of Finance or Acting Deputy, on its behalf, to sign and/or despatch all documents and notices (including any Utilisation Requests) in relation to the Loan

APPROVAL OF LOAN FOR NEW AUTISM UNIT AT NORTHGATE

1. Purpose of Paper

This paper requests the Board of Directors to:-

- a) approve the terms of, and the transactions contemplated by, the Finance Documents (Loan Agreement) to which it is a party and resolve that it executes the Finance Documents (Loan Agreement) to which it is a party;
- b) authorise a specified person or persons to execute the Finance Documents (Loan Agreement) to which it is a party on its behalf; and
- c) authorise a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request and) to be signed and/or despatched by it under or in connection with the Finance Documents (Loan Agreement) to which it is a party.

2. Background

The Full Business Case for the new Assessment and Treatment Unit for Adults with Autism capital development was approved at the Board of Directors meeting on 25 September 2013. The Business Case included the need to obtain a £10m loan from the Independent Trust Finance Facility (ITFF) to fund the development.

3. Loan Terms

The main terms of the loan are:-

- a) 25 year term – The loan can be drawn down in instalments up till 31st March 2016 and then repaid in twice yearly instalments in August and February.
- b) Utilisation – The Trust can drawdown the loan from the date the loan is signed off till 31 March 2016 by submitting an utilisation request form. The amounts drawn down each quarter to be agreed with the Independent Trust Finance Facility. The anticipated drawdown schedule included in the loan agreement is shown below:-

ANTICIPATED DRAWDOWN SCHEDULE

£'000s	Q1	Q2	Q3	Q4	Totals
2014/15	NIL	NIL	NIL	1,600	1,600
2015/16	2,100	2,100	2,200	2,000	8,400
					10,000

The first drawdown of £1.6m is planned to be taken up in February / March 2015 and subsequent drawdowns will be determined based on need at that time.

- c) Interest Rate - The interest rate is the National Loans Fund EIP rate prevailing on the date of the Loan Agreement for the term of the Facility. A representative for the Secretary of State ITFF signed the agreement on the 17th December 2014 and the rate is 2.16%. Interest is payable 6 months after the date of drawdown.

The Loan Agreement showing all the loan clauses is attached at Appendix 1

3 Board Approval

The Board of Directors is asked to:-

- a) approve the terms of, and the transactions contemplated by, the Loan Agreement and to resolve to execute the Loan Agreement;
- b) to authorise the Deputy Chief Executive/Director of Finance to execute and sign the Loan Agreement on its behalf; and
- c) to authorise the Chief Executive and/or the Deputy Chief Executive/ Director of Finance or Acting Deputy, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request and) to be signed and/or despatched by it under or in connection with the Loan Agreement.

Dave Rycroft
Deputy Director of Finance
17 December 2014