

Council



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Referral of Recommendations from Cabinet: 14 June 2016	
Report No:	COU/SE/16/011	
Report to and date:	Council	28 June 2016
Documents attached:	None	

(A) Referral from Cabinet: 24 May 2016

There are no referrals from the Cabinet meeting held on 24 May 2016.

(B) Referral from Cabinet: 14 June 2016

1. Guildhall Project, Bury St Edmunds

Portfolio Holder: Cllr John Griffiths

Report No:
[CAB/SE/16/028](#)

RECOMMENDED: That

- (1) the principle of making a bridging loan in autumn 2016 to enable progression of the conservation works at the Guildhall, as detailed in paragraphs 1.6 and 1.7 of Report No: CAB/SE/16/028, be approved; and**
- (2) if the loan is required, the Head of Resources and Performance, in consultation with the Leader, the Portfolio Holder for Resources and Performance and the Services Manager (Legal), be authorised to negotiate and agree the terms of such a loan with the Bury St Edmunds Heritage Trust Ltd and/or the Guildhall Feoffment Trust and to issue the funding and necessary legal agreements, taking into consideration the Council's loans policy and subject to the value of the loan not exceeding a professional valuation of 79 Whiting Street, Bury St Edmunds (against which it will be secured).**

- 1.1 In March 2013, the Council joined a consortium with the Guildhall Feoffment Trust and the Bury St Edmunds Heritage Trust Limited to pursue a major refurbishment project for the Guildhall, with the additional long-term aim of making the Guildhall an independent and sustainable community enterprise. This joint venture was defined by a Memorandum of Understanding (MOU) which was approved and signed in 2013 between the three parties, and contained provisions for the asset management of the Guildhall and its companion property, 79 Whiting Street for the duration of the project.
- 1.2 On 14 June 2016, upon consideration of Report No: CAB/SE/16/028 and together with making the recommendations to Council, as detailed above, resolved that:
 - (1) *the content of Report No: CAB/SE/16/028 be noted;*
 - (2) *the Director be authorised to update the 2013 Memorandum of Understanding for the Guildhall Project on the basis outlined in paragraphs 1.5 and 1.8 of Report No: CAB/SE/16/028;*
- 1.3 Report No: CAB/SE/16/028 provides further details of the basis upon which the MOU will be updated, to accord with the resolution above, which is in response to the involvement of the refurbishment project and the greater certainty given regarding the granting of Heritage Lottery Fund (HLF) funding.
- 1.4 In May 2016, the project was awarded a grant of £669,000 from the HLF for the refurbishment. Details of the type of conservation work to be undertaken is summarised in Report No: CAB/SE/16/028.
- 1.5 A condition of the HLF grant is that the necessary match-funding must be assembled by October 2016 and, if it is, works can start at that time, with a targeted completion date of summer 2018. The Heritage Trust is now seeking the balance of that match-funding, from a variety of sources.
- 1.6 The Borough Council entered into the project with the partners in 2013 on the basis that the taxpayer would not be required to provide direct capital support. However, a potential short-term scenario has been identified whereby committed sources of match-funding assembled in the coming months are not technically available to the Trustees to spend by the HLF funding deadline in autumn 2016 (for instance if committed from a 2017/18 budget). The Trustees have therefore requested that, if there was reasonable certainty the match-funding would be achieved, the Council would, as a fall-back option, consider offering them a bridging loan if required this autumn to guarantee the project would go ahead. This would achieve the objectives of the MOU and address the largest project risk, which is the loss of the HLF grant. It is therefore recommended by Cabinet that the Council approves the principle of such a bridging loan. This is consistent with similar recent loans offered for an artificial pitch in Haverhill and to the Samaritans in Bury St Edmunds.

- 1.7 Any such loan would be drafted and negotiated taking into consideration the Council's loans policy, in accordance with the report recommendations. Members should note that the Trust would not be likely to be able to consider a loan facility from an alternative source due to the nature of the project and the very limited time available to secure the HLF funding. The sum offered would be *up to* a maximum level determined by a professional valuation of 79 Whiting Street (likely to be in excess of £400,000) because the loan would be secured against this asset. A rate of interest would be agreed in consultation with the Leader and Portfolio Holder for Resources and Performance, along the same lines of the existing community loans referred to above (the most recent of which was offered at 2.5% above base rate). Obviously, the Trust would also only take out the loan if it was absolutely needed and it had the means of repayment.
- 1.8 Although the MOU does not require the Council to make any direct capital contribution to the project, the Council will need to continue to carry out urgent and essential repairs to the two buildings prior to any transfer of responsibility. These are funded from the rents from the two properties. Given that some non-essential works have, naturally, been deferred pending the restoration, a small surplus from the rents from 79 Whiting Street and the Guildhall has been carried forward into 2016/17. The updated MOU will also clarify that, if a surplus still remains at the time of any final transfer of responsibility, the Council would pass this to the new management vehicle in accordance with the established charitable principles for the two properties and the spirit of the existing MOU.