

**Report to:** Cabinet  
**Date of Meeting:** 2 October 2019  
**Public Document:** Yes  
**Exemption:** None  
**Review date for release:** None



**Subject:** **Loan request by Exmouth Museum**

**Purpose of report:** Exmouth Museum (The Museum Society of Exmouth Charit'y No 291311) currently lease their premises from South West Water. The site has been offered to the Museum for purchase before South West Water put the building on the open market.

The Chairman of Trustees, Cllr Steve Gazzard, has been in communication with the Council through the Chief Executive, the Leader and Deputy Leader of the Council requesting assistance from the Council to help the Museum meet the purchase price. The details provided to the Council are: The purchase price from South West Water is £150,000 and the Museum has funding available of £45,000.

An option discussed with Cllr Gazzard, subject to Council approval, was that there might be a possibility of loan from the Council to meet up to the current shortfall in funding of £105,000. This would be subject to site valuation to ensure appropriate security can be offered in the building and assurance that the Museum can meet annual interest and principle repayments of such a loan.

The Council would borrow monies from the Public Works Loan Board and enter into a back to back agreement with the Museum at the fixed interest rate obtained. Current this would be 1.71%, resulting in a required annual payment from the Museum of £5,180 (including interest and principle). The Museum would need to consider any other costs involved in terms of legal and purchase fees and ongoing maintenance and ownership costs relating to the building.

**Recommendation:** **That the Chief Executive in consultation with the Leader and Finance Portfolio Holder is given authority to issue a loan to Exmouth Museum up to £105,000 subject to a property valuation to ensure adequate security over the loan and assurance obtained from the Museum of the ability to meet the annual loan payment.**

**Reason for recommendation:** The Council is keen to support Exmouth Museum but there is no grant funding available. The Council could at no cost to itself loan the Museum the balance of funds required to purchase the building as long as repayment sums are met by the Charity.

**Officer:** Simon Davey – Strategic Lead Finance

<b>Financial implications:</b>	Details are laid out in the report. Although loan security can be secured against the building, subject to valuation, the reality of the District Council enforcing this needs to be considered. The Museum needs to evidence the ability to meet the loan repayments after considering the costs involved in owning and running the premises along with its existing cost commitments.
<b>Legal implications:</b>	It is perfectly permissible for the Council to arrange and facilitate such a loan and has done so for other bodies in the recent past. Appropriate due diligence will need to take place including on the issue of State Aid as well as through the carrying out of a property valuation. In addition there will need to be appropriate security documentation put in place although the reality of this being enforced does need to be considered, and so while there will be security obtained the most prudent steps will be ensuring that the museum has proper financial predictions in place to give confidence of the annual repayment being made. The Legal Department in conjunction with Finance will ensure that this happens.
<b>Equalities impact:</b>	Low Impact
<b>Climate change:</b>	Low Impact
<b>Risk:</b>	Medium Risk
<b>Links to background information:</b>	
<b>Link to Council Plan:</b>	Funding this outstanding place