

EXMOOR NATIONAL PARK AUTHORITY

RESOURCES COMMITTEE - 7 June 2005

SOMERSET BUILDING PRESERVATION TRUST – TITHE BARN, DUNSTER – LOAN GUARANTEE

Report of the Chief Finance Officer

Purpose of Report:

To consider acting as guarantor of a loan being taken out by the Somerset Building Preservation Trust in connection with the renovation of the Tithe Barn at Dunster.

Legal Implications:

Environment Act 1995

Financial Implications:

A maximum liability of £40,000 would be incurred if the Somerset Building Preservation Trust defaulted on the loan

National Park Purposes:

Guaranteeing this loan is consistent with the first purpose of conserving and enhancing the natural beauty and cultural heritage of the National Park.

RECOMMENDATION:

The Committee is recommended to AGREE the Authority acting as guarantor subject to the conditions outlined in Paragraph 1.4 below

1. INTRODUCTION

- 1.1 The Trust has asked for the Authority to consider being the guarantor for a loan of £40,000 from the Architectural Heritage Fund. The loan is required to aid cash flow whilst the works at the Tithe Barn are being carried out and bridge the period between making payments to the contractor, consultants etc and the receipt of agreed monies from funders by periodic draw downs or, in some cases, on the conclusion of the project. This is an important development which forms part of the Dunster Project which is one of the key community development projects of the Authority.
- 1.2 The Trust are able to get a favourable rate of interest for this loan from the Architectural Heritage Fund and would take the loan out on the commencement of the project (June 2005) and repay on practical completion. It is understood that the Trust does have some limited funds in hand.

- 1.3 The Architectural Heritage Fund must consider there is some risk involved otherwise there would be no request for a guarantor although I understand this is their standard practice. If the Authority is to act as guarantor, steps should be taken to minimise any risk of the Trust defaulting and the Trust has indicated their acceptance that the Authority, in agreeing to act, may wish to impose some conditions.
- 1.4 The Trust has a track record for carrying out restoration projects, such as the works at the Tithe Barn, and similar loans have been guaranteed in the past by Somerset County Council and Taunton Deane Borough Council. To minimise the risk to the Authority it is recommended that in agreeing to act as guarantor the Authority would require:
1. The maximum liability to be restricted to the £40,000;
 2. The inclusion of an ENPA officer in the project team who would attend the monthly progress meetings;
 3. Before the loan is taken up the submission to and agreement by the Authority of a documented financial statement detailing the costs involved, the secured funding and any funding conditions;
 4. The Trust to submit monthly financial statements to the Authority, showing costs to date, funding received with a requirement to highlight any significant variation between costs and secured funding;
 5. The loan guarantee to be included into the insurance of the project; and
 6. The Trust to repay the loan within 3 months of the practical completion of the project and formally notify the Authority accordingly.

Charles Burrows
Chief Finance Officer
May 2005