



meeting

CABINET

date **14th November 2007**

agenda item number

Report of the Cabinet Member for Finance and Property and the Cabinet Member for Culture and Regeneration

LOAN TO CRESWELL HERITAGE TRUST

Purpose of the Report

1. The purpose of this report is to seek approval of a temporary loan of up to £600,000 to assist the Creswell Heritage Trust in the development of the Creswell Craggs Museum and Archaeology Park.

Information and Advice

BACKGROUND

2. Creswell Heritage Trust was set up by Nottinghamshire and Derbyshire County Councils in 1990 as an independent charitable trust to manage the site of Creswell Craggs and take forward the Creswell Initiative. The two local authorities are joint guarantors for the lease hold of Creswell Craggs from Welbeck Estates. Councillor Edward Llewellyn-Jones is the Vice Chair of the Trust.
3. The Creswell Initiative focuses on the Craggs as a potential World Heritage Site on account of its international significance with a diverse collection of Ice Age artefacts, as a key tourism attraction for the heritage of the Magnesian Limestone area, and as a driver for social and economic regeneration within the former coalfield of North East Derbyshire, North Nottinghamshire and South Yorkshire. The Creswell Initiative, while focusing on Creswell Craggs, aims to bring about environmental and access improvements and benefits to communities throughout the Heritage Area and help with the process of regeneration.
4. The Creswell Initiative strategy identified a number of key infrastructure projects that were fundamental to protecting the heritage resource of Creswell Craggs, progressing the World Heritage Status inscription, and delivering the economic and social benefits to the area. These were:

- The relocation of the sewage treatment works from Creswell Craggs. This was achieved in 2001 through major investment from Severn Trent Water of over £4.2 million, the largest private sector contribution ever made in this country to the conservation of an archaeological site. Following these works a further £1 million of investment from ERDF and EMDA transformed the former sewage works site into a landscaped event and amenity space known as Craggs Meadow.
- The re-routing of the B6042 Craggs road from Creswell Craggs. Over £1.2 million of investment by Lafarge Aggregates, East Midlands Development Agency and Derbyshire County Council to construct a new by-pass and ensure the future conservation of the Creswell gorge through sensitive landscaping of the old road. These works are also now complete.
- The improved management and access at Creswell Craggs including new interpretive and access points at the major caves, platforms inside and outside the main visitor caves, improved paths, lake dredging and improved interpretation.
- The creation of a new museum and education centre at Creswell Craggs using state of the art facilities to manage the museum collections and encourage their use for tourism, education and lifelong learning. This project forms the basis of this report where funding and relevant permissions are in place but which represents a cash flow risk to the Trust (please see below).
- Working with local communities to facilitate improved understanding and involvement in looking after and taking pride in their local heritage. A number of heritage led community projects over the last five years have demonstrated the value of heritage led regeneration and skills development.
- Improved management, restoration and access to the area's natural and cultural heritage throughout the heritage area, both the built heritage of the towns and villages and the natural heritage of the limestone vales and gorges. The proposed new facilities will provide a platform to take forward wider heritage community outreach projects.

CRESWELL CRAGGS MUSEUM AND ARCHAEOLOGY PARK

5. The final major infrastructure scheme as part of the Creswell Initiative is the construction of the new museum and education centre. The total cost of the project is £5.8 million which will lead to the development of a state of the art building able to adequately store the collection and develop exhibitions that interprets the site, collection and landscape of the Creswell Heritage Area. The new environmental and security arrangements will specifically enable the Trust to foster increased links and partnership work with the British Museum and other national and regional museums, exhibiting loaned objects from their collections. The building also provides education rooms and research facilities to meet the demands of visiting schools and colleges as well as special interest groups.

6. Creswell Heritage Trust's financial adviser has identified a major risk to the Trust's cash flow during the delivery of the Creswell Crags Museum and Archaeology Park project because the funding partners will only release grant aid after expenditure has been incurred. It is for this reason that the Trust is seeking a temporary loan in the nature of an overdraft. The total project cost is £5,755,888. A number of funders are supporting the project:

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|------------------------------------|------------|
| Heritage Lottery Fund | £4,200,000 |
| East Midlands Development Agency | £ 799,970 |
| European Regional Development Fund | £ 755,918 |

As a result, the Creswell Heritage Trust has approached Nottinghamshire County Council and Derbyshire County Council requesting formal assistance by way of a temporary loan of up to £1.2 million. The amount will be dependant on the timescale of the scheme.

Risk for the Council

7. The Trust has no assets with which to secure the repayment of the loans made by the Councils. Furthermore, repayment of the loans will entirely rely on the Grants being paid by the Grant funders to the Trust. Should those funders not make payments the Trust will have no resources to make repayments to the councils. In agreeing to make a temporary loan the County Council will accept no financial responsibility for any cost overruns on the building contract.

PROPOSED FUNDING PACKAGE

8. It is proposed that approval be given to a temporary loan of up to £600,000 subject to the following conditions:
- (a) A new signed Lease Agreement is executed in a form acceptable to the County Council.
 - (b) Signed Grant Agreements between the Trust and the funders .
 - (c) That Derbyshire County Council agree to provide a loan of £600,000 to the Creswell Heritage Trust on similar terms to the County Council
 - (d) Interest to be charged at the PWLB rate plus 1%
 - (e) Legal documentation to be in a form approved by Legal Services.
 - (f) The loan to be drawn down in tranches subject to satisfactory financial confirmation (cash-flow statement)
 - (g) The Strategic Director of Resources will authorise payments in accordance with the legal documentation and in line with the cash-flow projections subject to satisfactory confirmation of work undertaken

Statutory and Policy Implications

This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, Crime and Disorder and those using the service. Where such implications are material, they have been described in the text of the report.

RECOMMENDATION

10. It is recommended that Cabinet:

Subject to legal and financial arrangements being agreed to the satisfaction of the Head of Law and Democracy and the Service Director (Finance)

Approve a temporary loan of up to £600,000 to the Creswell Heritage Trust on terms and conditions set out in the body of the report

**COUNCILLOR CHRIS BARON
CABINET MEMBER FOR
FINANCE & PROPERTY**

**COUNCILLOR STEVE CARROLL
CABINET MEMBER FOR
CULTURE & REGENERATION**

Legal Services' Comments

This decision is within the delegation to Cabinet. The loan would be subject to the conditions set out in paragraph 8 of the report, and details of how tranche payments will be made and how the loan will be repaid will be set out in the loan documentation to be drawn up by Legal Services. In making the decision, Cabinet should bear in mind the risks for the Council set out in the report. [CEH 5.11.07]

Financial Comments of the Strategic Director (Resources)

The proposed loan of up to £600,000 will be met from County Fund Balances. The exact amount is yet to be finalised but the council will receive interest based upon the PWLB rate plus 1% and this will accrue to the Central Interest Account. (P.B. 26.10.2007)

Background Papers Available for Inspection

None

Electoral Division(s) Affected

All

