

BROMSGROVE DISTRICT COUNCIL

CABINET

2nd APRIL 2014

BROMSGROVE MUSEUM

Relevant Portfolio Holder	Cllr Mike Webb
Relevant Head of Service	Jayne Pickering – Executive Director of Finances and Resources
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 To update members in relation to the Bromsgrove Museum building.
- 1.2 Members are being asked to consider the options available in relation to the potential sale / alternative use of the Museum building

2. RECOMMENDATIONS

- 2.1 **Cabinet is asked to consider the recent updates from officers in relation to the building and to approve one of the following options:**
 - 2.1.1 **The Norton Collection Museum Trust be granted a long lease (25+ years) for the Birmingham Road building on a peppercorn / substantially discounted rent. This will be a full repairing / insuring lease making them responsible for all upkeep;**
 - 2.1.2 **The Trust be permitted to purchase the building for £150,000.00 – half of this to be paid on completion, the other half to be paid over a 25 year period from anticipated income and donations and secured by way of legal charge over the property;**
 - 2.1.3 **Officers explore the opportunities to lease the building to commercial entities that may show interest in light of the forthcoming Sainsburys development;**
 - 2.1.4 **Officers be instructed to dispose of the building to generate the best return for the Council.**
- 2.2 **Having decided which option to pursue, Cabinet is asked to approve that authority be delegated to the Director of Finance and Resources and the Head of Legal Equalities and Democratic Services, in consultation with the Leader, to determine the precise terms for dealing with the museum building going forward in an arrangement for lease or sale.**

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3. Key Issues

- 3.1 As Members are aware a number of reports have been presented in relation to the Birmingham Road site since closure of the museum in 2008. In July 2013 Cabinet approved acceptance of the offer put forward by the Norton Collection Museum Trust (formerly known as the Friends of the Norton Collection Charitable Trust) to purchase the museum building for the sum of £200,000 to include completion of the sale within a 6 month period. This decision followed numerous discussions with the Trust whereby it had become apparent that to enable third parties to properly commit funds to this project a more secure option to purchase would be required.
- 3.2 Officers had also continued to negotiate with the Solicitor acting for the former donor of the Norton Collection and the Norton Collection Museum Trust to reach an agreed position with regards to the status of the artefacts and the historic terms of the trust deed.
- 3.3 Last August officers were advised that the Trust were looking to secure an alternative site for the museum at the old United Reform Church but, due to the uncertainties surrounding this site, it was agreed that the option to purchase the Birmingham Road building would remain open until the original expiry date of 31st January 2014. The Trust were unsuccessful in their negotiations for the United Reform Church.
- 3.4 In January 2013 the Trust advised that they did not intend to proceed with purchase of the Birmingham Road site and had opted to pursue an option in relation to The Steps building in Bromsgrove. The Trust were, once again, unsuccessful in their negotiations having failed to raise sufficient funds to secure The Steps.
- 3.5 The matter has now come full circle and the Trust have now put forward further proposals for them to secure the use of the Birmingham Road site,
- 3.6 The options put forward by the Trust are:
1. The Trust be granted a long lease (25+ years) for the Birmingham Road building on a peppercorn / substantially discounted rent. This would be a full repairing / insuring lease making the Trust responsible for all upkeep. They would provide a Tourist Information service from the building (though would want a small grant payment from the Council towards the cost of this). They have indicated that a lease for this term would allow them to apply for lottery funding to undertake necessary works to the building.

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2. The Trust will purchase the building for £150k – half of this to be paid on completion, the other half to be paid over a 25 year period from anticipated income and donations and secured by way of legal charge over the property.

- 3.7 Officers have considered these 2 options at a recent Asset Management meeting and have agreed that the proposals do not support the delivery of value for money in relation to the management of the Council's assets:
 1. The peppercorn/ discounted lease arrangement would provide no financial benefit to the Council and any improvement to the building would remain reliant on the Trust obtaining external funding. This would be of limited benefit to the community as the building may remain empty for a significant period of time.
 2. The sale at below value would be unacceptable as there is currently limited evidence of wider community benefit arising from the presence of a museum in Bromsgrove. The proposed sale would generate £75k on completion (should the Trust be able to raise this amount) and £75k over 25 years. The Net Present Value of the £150k over this period would £125k (@ 3.5%) In total this represents a loss of capital receipt of £25k.

- 3.8 The Asset Management Group recommended that the building be sold on the open market following confirmation of the position re the artefacts and the covenants in place.

- 3.9 There is one other option available to members. With the improvements to the Town Centre and the upturn in the economy, there may be an opportunity for the building to be let on a commercial basis. There has been some interest shown in recent weeks by commercial organisations seeking a building to use for a restaurant. Although this may not be an option due to planning restrictions, officers could explore this opportunity further should members be minded to consider same. The benefit would be that a commercial revenue stream may be generated together with retaining an asset that may increase in value alongside the new Town Centre developments.

Financial Implications

- 3.10 There are costs of around £x associated with maintaining this property whilst it remains empty these include; business rates, lighting and security.

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In addition there are costs relating to dealing with the obligations imposed under the original trust deed including preservation of the artefacts and any removal of same for disposal or storage purposes.

- 3.11 It is accepted that the original sale at £200k to the Trust was a preferred option for the Council as the costs relating to the management of the artefacts would be reduced. However the change proposed would not provide an acceptable level of funding to the Council in relation to the asset.
- 3.12 If a sale is made to any party vacant possession is likely to be required which would incur costs in terms of stripping the building and removing its contents to storage. It is also likely that any other potential purchaser will require the Council to arrange for existing covenants and planning restrictions to be removed. There is likely to be additional cost involved in this process but this requires further investigation by officers.
- 3.13 If the sale is approved any budgets currently associated with the provision of the museum building will be included as savings within the medium term financial plan following any costs incurred as a result of this report.

Legal Implications

- 3.14 Due to the nature of the original trust deed, and the charitable status of the collection, there are a number of legal issues which have to be properly considered in relation to the Council's position as Trustee. It is likely that arrangements will need to be made to amend the terms of the original trust unless an accommodation can be reached with the Norton Collection Museum Trust.

Customer / Equalities and Diversity Implications

- 3.15 The museum is a facility that would become open to the public and would rely on customer support for its future.

4. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS

- 4.1 Members are advised that, due to the history of this matter, there is a risk of court proceedings being instituted in relation to any decision that is taken regarding the future of the collection / building although the risk of any adverse finding against the Council is deemed to be low. Even without such adverse finding there is, however, a risk of the Council incurring costs which are irrecoverable.

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5. **APPENDICES**

None

6. **BACKGROUND PAPERS**

Cabinet report dated 6th April 2011
Cabinet report dated 13th July 2013

7. **AUTHOR OF REPORT**

Name: Jayne Pickering
Email: j.pickering@bromsgroveandredditch.gov.uk
Tel: 01527 881207

APPENDIX