

Agenda Item No. 7(i)

DERBYSHIRE COUNTY COUNCIL

CABINET

3 November 2015

Joint Report of the Strategic Director – Economy, Transport and Environment
and the Strategic Director – Corporate Resources

**DERBYSHIRE CHALLENGE FUND BID FOR SUPPORT FOR THE
DEVELOPMENT OF ELVASTON CASTLE COUNTRY PARK
(HIGHWAYS, TRANSPORT AND INFRASTRUCTURE)**

(1) **Purpose of Report** To seek approval for a bid to the Derbyshire Challenge Fund to support the development of Elvaston Castle Country Park and Estate, and to extend the partnership arrangement with the National Trust.

(2) **Information and Analysis**

Background

The County Council has, for a number of years, been looking for a solution which will provide a sustainable future for Elvaston Castle and Estate, relieve the Council of the significant on-going annual maintenance and running costs of circa £900,000 and resolve the major backlog of capital works to the buildings and landscape (circa £6.4 million) whilst maintaining public access to an Estate that over 350,000 people visit every year.

At a time when major budget cuts are having to be made across the Council the net running costs and capital backlog of repairs highlighted above are unsustainable. There is an urgent need to reduce the overall deficit, develop new and enhanced sources of sustainable income and bring key heritage buildings into good condition.

At its meeting on 20 January 2015, Cabinet approved the submission of a Stage 1 (outline) application to the Heritage Lottery Fund, centred on Elvaston Castle and the buildings surrounding the Castle Courtyard. This submission included match funding from the Council of no less than £607,764 to be found from a capital receipt generated from the regeneration of derelict buildings at Home Farm on the edge of the estate to residential use.

It also noted the intention of the Countryside Service to implement a range of modest revenue generating measures across the wider Estate over the next 2-3 years whilst the HLF application is in train.

As part of the bid, it was anticipated that additional resources in the form of two project officers (one at Grade 12 and one at Grade 10) would be required to support the development of the HLF Stage 2 bid and undertake development work, following HLF guidance to:

- Further develop the understanding of the potential market based on the data gathered as part of the audience development work.
- Assess in more detail the projected visitor numbers at the different stages of the project.
- Test and develop accurate income and expenditure projections for the period of the project implementation and the years that follow. This will include a sensitivity analysis and cash flow projections, as well as final analysis of the proposed enabling and other development sites within the Elvaston Estate, required for match funding for the delivery phase.
- Develop a full-scale project business plan in accordance with the relevant HLF guidance.
- Develop a management and maintenance plan, working in liaison with the relevant Countryside and Property Services officers.

The HLF application was submitted in February 2015. The Council received notification from the HLF on 9 June 2015 that unfortunately the bid had been unsuccessful. Feedback from HLF suggests that the HLF recognises Elvaston Castle as an important Heritage Asset, it welcomed the work the Council had undertaken to explore viable solutions for its future sustainability and would welcome a future resubmission of its bid. However, HLF felt that before doing so the Council should undertake further work:

- address the high levels of unsecured partnership funding identified in the bid and seek to identify a regeneration partner who would help the Council realise its vision; and
- better articulate its plans for future phases of development beyond the initial HLF application to ensure the long term sustainability of the Estate.

In order to support the Council to progress these actions and revise its business plan in the light of the HLF rejection and to, in the interim, begin to deliver projects to generate additional income to support the management of the Estate and reduce the Council's current subsidy, additional Project resources are requested over an 18 month period.

It is proposed that this would be in the form, firstly, of a Capital Works Project Officer, one of the two Project Officers envisaged in the HLF application, to be appointed for an 18 month period, reporting on a day to day basis to the

current Elvaston Project Manager with the overall Project being led and championed by Economy, Transport and Environment.

The Project Officer's role would comprise the development of capital income generating projects, i.e. developing business cases, appointing and working with the appropriate design, delivery and, as and where necessary, appropriate developer and operating teams for each project package.

Secondly, because the support requirement is now different to that envisaged as part of a Stage 2 HLF bid resubmission, it is now felt that instead of appointing the second planned project officer, rather resources should be allocated towards an extended partnership arrangement with the National Trust (NT). Whilst there was already provision within the stage 1 bid for the NT to provide a 'sounding board' service during the Stage 2 development stage of the bid, it is envisaged that a wider range of services is now needed to assist in delivering quality projects offering the highest possible potential for future economic sustainability.

These would include assisting and supporting the Council with the development of a single management body structure in conjunction with the shadow Development Board, the updating of elements of the business plan, the procurement of developers and operators for projects where appropriate, the production of a garden management plan and providing expert advice on catering, fund-raising, mentoring of County Council staff, etc.

Given the experience to date of working together, the NT's proven expertise in this area, its ability to call on a wide range of consultancy services, and its continuing offer to provide these services at cost price, it is felt that it provides the ideal resource to respond to the project's on-going needs in parallel with the appointment of an internal project officer. The National Trust was originally engaged by the Council because of its specialist skills and knowledge in 2013 and approval is now sought to continue this arrangement until such time as the works identified above have been completed and subject to the availability of resources identified below.

(3) Financial Considerations The costs associated with appointing a Project Officer for 18 months and continuing the relationship with the National Trust, are estimated to be no more than £150,000. Challenge Fund resources are requested to meet this expenditure. A bid is attached at Appendix 1 to this report.

(4) Human Resources Considerations The Capital Works Project Officer which has been evaluated at a Grade 12, would be appointed on a fixed term basis for a period of 18 months. This Officer would be managed by the Council's existing Project Manager for Elvaston in Property Services with

the overall leadership of the Project undertaken by Economy, Transport and Environment.

Other Considerations

In preparing this report the relevance of the following factors has been considered: legal, prevention of crime and disorder, equality and diversity, environmental, health, property and transport considerations.

(5) **Key Decision** No.

(6) **Call-In** It is required that Call in be waived in respect of the decisions in the report. No.

(7) **Background Papers** Held on file within the Economy, Transport and Environment Department. Officer contact details – Allison Thomas, extension 38131.

(8) **OFFICER'S RECOMMENDATIONS** That Cabinet approves:

8.1 The Derbyshire Challenge Fund bid for £150,000 to support the development of Elvaston Castle Country Park and Estate.

8.2 The extended partnership arrangement with the National Trust as described in the report.

Mike Ashworth
Strategic Director – Economy,
Transport and Environment

Judith Greenhalgh
Strategic Director –
Corporate Resources

**DERBYSHIRE COUNTY COUNCIL
DERBYSHIRE CHALLENGE FUND BID PROPOSAL FORM
2015/2016**

Please complete the below information as fully as possible and return your completed form to Wayne Sutton, Finance Manager Tel: 01629 538 894
wayne.sutton@derbyshire.gov.uk

Department	Economy, Transport and Environment and Corporate Resources
Service Area	Countryside Service/Property Services
Lead Officer	Allison Thomas
Grant Requirement	£150,000 (Cost of grade 12 post + cost of NT input + support costs)
Time Period	18 months
Overview of Bid – please include details of why this funding is required, the benefits that will be produced and the timescales involved (500 words max)	
<p>The County Council has been looking for a number of years for a solution which will provide a sustainable future for Elvaston Castle and Estate, relieve the Council of the significant on-going annual maintenance and running costs of c£900k and resolve the major backlog of capital works to the buildings and landscape (circa £6.4 million), whilst maintaining public access to an Estate that over 350,000 people visit every year.</p> <p>At a time when major budget cuts are having to be made across the Council it is self-evident that with the net running costs and capital backlog of repairs highlighted above, there is a need to reduce the overall deficit, develop new and enhanced sources of sustainable income and bring key heritage buildings into good condition.</p> <p>At its meeting on 20th January 2015, Cabinet approved the submission of a Stage 1 (outline) application to the Heritage Lottery Fund, centred on Elvaston Castle and the buildings surrounding the Castle Courtyard.</p> <p>This submission included match funding from the Council of no less than £607,764 to be found from a capital receipt generated from the regeneration of derelict buildings at Home Farm on the edge of the Estate to residential use.</p> <p>It also noted the intention of the Countryside Service to implement a range of modest revenue generating measures across the wider Estate over the next 2-3 years whilst the HLF application is in train.</p>	

As part of the bid it was anticipated that additional resources in the form of two project officers (one at Grade 12 and one at Grade 10) would be required to support the development of the HLF stage 2 bid and undertake development work, following HLF guidance to:

- Further develop the understanding of the potential market based on the data gathered as part of the audience development work.
- Assess in more detail the projected visitor numbers at the different stages of the project.
- Test and develop accurate income and expenditure projections for the period of the project implementation and the years that follow. This will include a sensitivity analysis and cash flow projections, as well as final analysis of the proposed enabling and other development sites within the Elvaston Estate, required for match funding for the delivery phase.
- Develop a full-scale project business plan in accordance with the relevant HLF guidance.
- Develop a management and maintenance plan, working in liaison with the relevant Countryside and Property Services officers.

The HLF application was submitted in February 2015. The Council received notification from the HLF that the bid was unsuccessful on 9 June 2015 and feedback suggests that whilst the HLF recognises Elvaston Castle as an important Heritage Asset, welcomed the work the Council had undertaken to explore viable solutions for its future sustainability and would welcome a future resubmission of its bid, it felt that before doing so, the Council should undertake further work, as follows to:

- address the high levels of unsecured partnership funding identified in the bid and seek to identify a regeneration partner who would help the Council realise its vision;
- better articulate its plans for future phases of development beyond the initial HLF application to ensure the long term sustainability of the Estate.

In order to support the Council to progress these actions and revise its business plan in the light of the HLF rejection and to, in the interim, begin to deliver projects to generate additional income to support the management of the Estate and reduce the Council's current subsidy, additional Project resources are requested over an 18 month period.

It is proposed that this would be in the form, firstly, of a Capital Works Project Officer, one of the two Project Officers envisaged in the HLF application, to be appointed on a task and finish basis for an 18 month period, reporting on a day to day basis to the current Elvaston Project Manager with the overall Project being led and championed by ETE.

The Project Officer's role would comprise the development of capital-income generating projects, i.e. developing business cases, appointing and working with the appropriate design, delivery and, as and where necessary, appropriate developer and operating teams for each project package.

Secondly, because the support requirement is now different to that envisaged as part of a stage 2 HLF bid resubmission, it is now felt that instead of appointing the second planned project officer, rather resources should be allocated towards an extended partnership arrangement with the National Trust. Whilst there was already provision within the stage 1 bid for the National Trust to provide a 'sounding board' service during the stage 2 development stage of the bid, it is envisaged that a wider range of services is now needed to assist in delivering quality projects offering the highest possible potential for future economic sustainability.

These would include assistance with /advice on the development of a single management body structure with the shadow Development Board, the updating of the business plan, the procurement of developers and operators for projects where appropriate, the production of a garden management plan and providing expert advice on catering, fund-raising, mentoring of DCC staff, etc.

Given the track record of our organisations working together, the NT's proven expertise in this area, its ability to call on a wide range of consultancy services, and its continuing offer to provide these services at cost price, it is felt that it provides the ideal resource to respond to the project's ongoing needs in parallel with the appointment of an internal project officer.

Is funding being sought from any other organisation or body for this piece of work?	Yes/No
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If yes, please give details of this additional funding stream and where funds are pending or confirmed.

NB. Ultimately the work will culminate in a resubmission of an HLF bid but in the meantime work to secure regeneration/funding partners will be undertaken.

Organisation	Amount £	Pending or Confirmed

FINANCIAL BUSINESS CASE

For bids Please supply the below information?

Please detail the areas in which the Challenge Fund Grant will be spent.		
	2015/16	2016/17
Salary	£23,720	£48,507
Running Costs	£2,590	£5,180
Other costs – expert advice, National Trust etc.	£23,333	£46,666
Total Revenue Expenditure	£49,643	£100,353
Capital Expenditure	To be determined on the basis of business cases prepared	To be determined on the basis of business cases prepared
Additional Information – please detail below any other additional information you wish to be taken into account e.g. are there any on-going cost implications		

Will the Challenge Fund Grant be used for Capital purposes?

If Yes, what proportion of the Challenge Fund Grant will be used for capital purposes?
Not directly, however, the project officer would be expected to develop capital-income generating projects, i.e. developing business cases, appointing and working with the appropriate design, delivery and, as and where necessary, appropriate developer and operating teams for each project package.

Other Resource Implications

Please give details of the impact the Challenge Fund Grant will have on	
Property usage	Minimal – to accommodate one additional Project Officer
IT usage	The Project Officer would need to have access to relevant IT systems appropriate to the role.
Other departments	The Project Officer would be required to liaise with appropriate legal, financial staff and senior managers in both ETE and Property Services

ORGANISATIONAL BENEFITS

How does your Challenge Fund bid contribute to the following?	
Departmental Service Plans	<p>17 June 2014 Cabinet approved a 10 year Vision and Plan for Elvaston Castle and Estate, following extensive stakeholder engagement.</p> <p>Within the ETE Service Plan there is a key objective to work with Property Services, Preservation Trusts, English Heritage and developers to secure long-term sustainable uses for key historic buildings.</p>
Council Plan Pledges	<p>The Project supports a number of Council Plan pledges but most significantly it contributes to:</p> <p>A Derbyshire that works- the Project aims to:</p> <ul style="list-style-type: none"> • Improve and grow the visitor offer and experience including better community engagement to benefit the wider visitor economy in the area • Renovate key floor space within the castle for learning, functions, community use and events • Convert parts of the castle and associated buildings to residential, retail and office use, creating jobs and homes. <p>A Safer Derbyshire- the Project aims to support sustainable and green communities by:</p> <ul style="list-style-type: none"> • Maintaining public access to the gardens, parkland and house, the garden free at the point of entry on foot.

	<ul style="list-style-type: none"> • Protecting, conserving and where possible enhancing the historic landscape and biodiversity of the Estate for future generations. <p>A Healthy Derbyshire – the Project aims to:</p> <ul style="list-style-type: none"> • Provide opportunities for walking, cycling and access to the Countryside which has positive health and well-being impacts • Offer opportunities for volunteering in practical conservation work to improve local environmental quality.
Service Transformation	<p>At its meeting on 4 November 2014 Cabinet approved the creation of an advisory Elvaston Castle Development Board to:</p> <ul style="list-style-type: none"> • Provide input and advice to the Council in the early delivery and implementation of the 10 year vision. • Act as advocate for a proposed new Single Management Body (SMB) for the Castle and Estate and to work towards the creation of this SMB, perhaps a Charitable Trust, that takes responsibility for the Estate in the medium term. <p>This will transform the way in which the Castle and Estate will be managed in the future and its relationship with the County Council which will retain the freehold to the Estate.</p>
Risk Register	Aims to reduce the significant revenue burden of the Elvaston Estate to the County Council.
External Performance Review	A Development Board has been created to advise the County Council as it moves from wholly managing and maintaining the Estate to the creation of a Single Management Body which will take responsibility for day to day management of the Estate in due

	course. National Trust – 26 March 2013 Cabinet approved a programme of joint working between the Council and the National Trust to work towards finding a sustainable way forward.
Internal Performance Review	Cabinet Member – Council Services Project Board – Legal, Property, ETE, Development Board rep. Steering Group – Practitioners from Legal, Property, ETE

BENEFITS TO LOCAL PEOPLE

Please provide details of the anticipated improvement/benefits to local people/communities and communities of interest, including protection of frontline services.

Bid Approval	
Departmental Strategic Director	Economy, Transport and Environment Corporate Resources
Date of Approval	25 September 2015
CMT	Yes
Date of Approval	30 September 2015
Leader/Deputy Leader	
Date of Approval	