

Agenda Item No. 8(h)

DERBYSHIRE COUNTY COUNCIL

CABINET

26 July 2016

Report of the Strategic Director – Economy, Transport and Communities

**ELVASTON CASTLE AND ESTATE – PROPOSED NEXT STEPS  
(HIGHWAYS, TRANSPORT AND INFRASTRUCTURE)**

(1) **Purpose of Report** To update Cabinet on progress with the joint working between the Council, the National Trust and the Elvaston Development Board since the Council's Heritage Lottery Fund bid for the sustainable development of core buildings at Elvaston Castle was rejected in 2015, to advise Cabinet on proposed next steps to move the project forward and to approve the creation of a Single Management Body.

(2) **Information and Analysis**

**2.1 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 essential repairs to the buildings and landscape (estimated at circa £6.4 million in 2011), whilst maintaining public access to an Estate that over 350,000 people visit every year.

Following rejection of a Heritage Lottery Fund (HLF) bid in 2015, for the sustainable development of core buildings at Elvaston Castle, the County Council has been looking at ways to move things forward in the light of HLF's feedback and in recognition of the difficult budgetary conditions the Council is presently experiencing, both with regards to Elvaston specifically and services across the County generally.

On 3 November 2015, Cabinet approved a funding bid to the Derbyshire Challenge Fund (DCF) to support the Council in progressing these actions (Minute No. 378/15 refers). The funding is now providing additional resources to support the revision of its capital investment and business plan in the light of the HLF rejection and, in the interim, the delivery of projects to generate additional income to support the management of the Estate and reduce the Council's current revenue costs.

A number of new initiatives are in progress since the HLF bid rejection and these are summarised as follows:

- **Project Officer Resource**

Part of the approved Challenge funding was to finance the appointment of a Capital Works Project Officer, to be appointed on a task and finish basis for an 18 month period. However, further to difficulties experienced in appointing a suitable candidate, it is considered that this funding could be better utilised to secure a range of specialist and targeted resources as the regeneration process develops e.g. design and civil engineering capacity for the delivery construction projects, research specialists to test the market for commercial opportunities and to develop associated business cases for investment, etc.

- **National Trust Advice**

The DCF bid has also enabled the Council to extend the Council's partnership with the National Trust which is supporting the Council in an advisory capacity for a further 18 months. Advice will be needed on various issues where it is not available from within the Council, including in connection with the creation and operation of the new single management body and the production of a communications plan, the phasing of future asset transfer, visitor attraction advice generally, and further mentoring for site staff.

- **Asset Valuation**

Surveyors have been appointed to value the Development Sites on the estate, the receipts from which would contribute towards any regeneration funding packages. These valuations are now complete and suggest that approximately £2 million would be available to either offset or match fund towards the cost of repairs and other works necessary to facilitate regeneration of the Estate's buildings and landscape. It should be noted, however, that the 'enabling development' component of these receipts could only be used where all other possible sources of funding had been explored and found to be unavailable.

- **Garden Maintenance and Management Plan**

Tender documents have been prepared to commission a Garden Maintenance and Management Plan for the Estate which would better direct the work of the gardeners, support the Council in bidding for external resources and address one of the key concerns outlined by Historic England and the HLF in their assessment of the site.

- **'Quick Win' Initiatives**

A number of low cost 'quick win' initiatives have been identified, as listed below:

### Weddings

The Council is to test the market for weddings. External operators have been invited to tender for organising weddings at Elvaston, with a response deadline of 19 July 2016. To maximise potential take up, the Council has carried out improvements to the access route into the nursery garden and a capital bid has been approved to repair the unstable historic garden walls, the backdrop to the outdoor wedding venue. The castle toilets, currently in very poor condition, are also proposed to be refurbished to ensure that potential wedding income generated by ceremonies in the Gothic Hall is maximised.

### Tea Rooms

The Council has tendered for and appointed a new occupant for the Café within the castle; it is hoped that the new operator will take over in July 2016. The successful bidder demonstrated a clear commitment to the Council's long term objectives for the Estate within the 10 year vision and plan, producing a high quality offer with clear plans for optimising capacity and providing the sort of offer the Council is looking for. The new tenants are planning to upgrade the premises at their own expense and it is hoped that this, combined with the refurbishment of the toilets, will increase customer numbers and thus turnover. The new initiative also offers the prospect of increased rental levels in due course, as rent reviews will now be carried out with the benefit of transparent tenant accounting. A higher quality catering offer should also increase overall footfall in and around the castle stable yard, which could have knock on benefits for the castle gift shop.

### Other Castle Function Rooms

Further to completion of repairs to the east range roof, the Council intends to look into letting out the remaining three large rooms on the ground floor of the castle for conferencing, events and wedding receptions (thereby improving on the currently planned offer of using the Gothic Hall just for ceremonies). Revenue earning potential here will also be boosted by the planned improvements to the café and toilets.

### Caravan Site

The Caravan Site is to be commercially marketed later this year with a view to receiving tenant income from 2017. The marketability and potential rental income will be improved further by drainage repairs currently in progress. These are outlined below.

### Car Parking Revenue

Recent changes to the way in which parking income is recovered, including manned collection at busy times, are also demonstrating an increase in revenue in recent months.

These initiatives are intended to get the basics in place to gradually improve the visitor experience, properly capture readily available income opportunities

and grow the offer in general over the first three years of the 'vision' period (i.e. up to 2017) ahead of planned major investment in the longer term future.

In the short term, there are a number of repair works planned to encourage Future Revenue-earning Investment. These are set out below:

#### Coach House and Clock Tower Range Repairs

Following on from the successful project to re-roof the east range of the castle, thus enabling beneficial use of the areas beneath, capital funding has been secured to repair the roof of the Coach House and Clock Tower range buildings to the north and east sides of the Top Stable Yard, to enable them to be commercially developed. On completion it is envisaged that developers will be invited to submit proposals for converting these buildings to sustainable uses compatible with the adopted Future for Elvaston vision document published in 2014, and likely to include retail, office and educational accommodation, which it is hoped will create the first phase of a commercially operated visitor hub.

#### Nursery Garden Wall Repairs

Capital funding has also been approved to repair and make safe the defective nursery garden walls which partially collapsed in November 2015 and which face further collapse until they are fully repaired. The walls, which date from the 18<sup>th</sup> and 19<sup>th</sup> centuries, and are listed structures, will create an appropriate private enclosed area and striking backdrop to create an attractive venue for weddings.

#### Castle Toilets

Refurbishment works to the castle toilets are also proposed. This work, which was approved by the Cabinet Member for Council Services on 11 July 2016, includes new cubicles, sanitary ware and fittings throughout, new drainage and floor construction and new finishes and decoration. The business rationale for this work is the maximisation of revenue potential from weddings, the café and use for conferences and other events within other rooms in the castle.

#### Caravan Site Drain Repairs

Repairs to the defective drains on the vacant Caravan Site were approved by the Cabinet Member – Highways, Transport and Infrastructure on 10 May 2016 (Minute No. 52/16). Work is now in progress and is due to finish mid-July. These repairs will improve the marketability and future income potential from the site.

## **2.2 Elvaston Development Board and the Creation of a Single Management Body (SMB)**

A working protocol with Elvaston Development Board, established in May 2015, has been agreed.

Council officers continue to work collaboratively with the Board and in late 2015, COMA (Community Ownership and Management of Assets programme), funded through Locality funding was secured to support the Development Board to determine what the future form and function of a SMB for the Estate would look like. It has settled on the creation of a Charitable Trust with a trading arm and has worked with County Council officers and third party experts to develop draft Articles of Association and Charitable Objectives to support this. These have now been finalised and it is recommended that these be endorsed and accepted by the Council and that the new Trust is established on this basis. Subject to approval, advertising, recruitment and appointment of Trustees to the new Trust could commence in the autumn 2016, with a view to it becoming operational in the spring of 2017. It is proposed that arrangements for and implementation of this recruitment and appointment process be delegated to the Strategic Director – Economy, Transport and Communities, in liaison with the Cabinet Member – Highways, Transport and Infrastructure.

The National Trust is exploring further potential grant opportunities, on behalf of the Council, to support the new Charitable Trust (subject to Council approval) in its business planning, operational requirements and reviewing and agreeing appropriate lease terms with the Council.

### **2.3 Strategic Next Step Proposals**

Discussions are ongoing with the Development Board about future options for the regeneration of the Estate to deliver the 10 year vision as agreed by Cabinet in May 2014 (Minute No.168/14 refers). Regeneration would require the submission of external funding bids and a level of match funding from the Council. The detail and nature of what projects will be progressed and what funding bids are required has yet to be finalised.

To inform these next step options, the Development Board appointed external consultants to produce a Regeneration Framework Plan. Funding was again obtained (through the National Trust) from COMA to finance an initial study of recommended regeneration options. The scope was necessarily limited by the scale of funding available, but nevertheless, through collaborative working with the Council, the National Trust and the Development Board, the consultants produced a useful and objective report with the following strategic recommendations:

#### **Phased Approach**

A phased approach should be adopted (the study setting this over a suggested 10 year timescale.) A three phase approach was suggested, commencing with the development of a visitor hub and associated infrastructure, the suggested proposals including a new café, retail outlets, an adventure playground, education rooms and interpretation areas, all of which would be run commercially to provide revenue streams and thus ensure their

long term sustainability. This initial phase, which would instigate commercial regeneration of the site, would be followed by investment in the landscape, park and garden to help drive up visitor numbers and diversify the visitor base. Once the landscape phase was complete and access and infrastructure to the estate in place, investment in the third phase, the conversion and refurbishment of the castle itself and the castle courtyard could commence, with uses including a major new function facility in the courtyard and further function spaces within the ground floor of the castle with residential or visitor accommodation on the upper floors.

#### Vehicular Access and Parking

The consultants concluded that it was essential that vehicular access and parking be improved at an early stage, without which any significant commercial development would be unattractive to potential investors. Proposals in the report consequently show a new access road running from a new roundabout on Shardlow Road (the old A6), near to its junction with the new A6 by-pass, up through the site close to the South Avenue and terminating at a new car park on the site of the events field close to the core Estate buildings. The Council recognises that such proposals would require careful consideration, sensitive design, and be subject to planning approval prior to implementation. Extensive local consultation would also need to be undertaken as would be the case for any major development proposed on the Estate. Tentative funding sources are, however, being actively pursued to facilitate these proposals.

#### Future Council Revenue Contribution

The Council will need to continue an on-going revenue contribution whilst phased regeneration is in progress. The consultants calculated that even after the ten year period, revenue funding was still likely to be required, although their figures suggest that a net revenue contribution of around £150,000 per annum would be achievable if all went to plan. Even when transferred to a Single Management Body, running costs would still need to be met until such time as the income generated from the regeneration of the estate is sufficient to cover these costs. This will need to be part of the negotiations with the Development Board and ultimately the Single Management Body as part of any lease agreement. Much more work is needed on this matter over the coming months and will be the subject of future reports to Cabinet.

#### Future Council Capital Investment

The consultants emphasised that delivery of the phased programme would require significant investment from the Council and this would be required to match the investment from potential external funders, especially the HLF, which it is hoped would be the main funding source, albeit from a number of different grant programmes. With the phased approach referred to above, this capital investment would need to be programmed over a number of years, although it would not be required all at once. With approximately £1 million

committed by the Council for site maintenance in 2016, further investment from the Council of around £11 million over 10 years (excluding enabling development proceeds) has been suggested by the consultants to achieve the optimum outcome, potentially bringing in around £15 million from external funders.

#### Master Plan

It is proposed that Council officers now lead on and prepare a detailed costed capital development/regeneration Master Plan for the phased repair, regeneration and enabling works (e.g. new access road, car park, etc.) of the physical infrastructure that may broadly follow the phasing approach. Although the Council would lead on this the work would be collaborative with the Development Board/SMB reviewing the plan regularly so that an agreed proposal is reached on completion. Business cases for the various investments proposed would be needed as part of this. As the Council may not have all the skills and knowledge available in-house to undertake this work, external consultants (similar to those recently appointed for the pilot study) might need to be appointed to carry out some of this work; however, officers will work initially with in-house resources and any gaps identified can be addressed at the appropriate time.

#### Funding Strategy

In conjunction with the Master Plan described above, a Funding Strategy is proposed, detailing how the regeneration framework is financed. Again, this would need involvement of all parties, partly as some of the funding will be sourced by the County Council, and some via the Trust, and because the regeneration framework would span both the time when the Council is in full control of the Estate and when the new Trust has taken on part/all of the Estate. This would need to be led by the Council to start with but, over time, the Development Board/SMB could take over the leading of this function. Again, as the Council may not have all the skills and knowledge available in-house to undertake this work, external consultants might need to be appointed to carry out some of this work; however, officers will work initially with in-house resources. This will include the Council's Regeneration section, which is now working closely with project officers to promote Elvaston as a potential economic growth area, whilst concurrently targeting urgently needed pump-priming type infrastructure funding to properly facilitate onward commercial investment.

#### Development Board/Trust Business Plan

As the Master Plan and Funding Strategy are developed, it has been suggested by COMA and the National Trust that the Development Board starts to develop a business plan for the new Trust itself – that starts from 'year zero' when the Trust is first created (envisaged as 2017). The plan would map out the expenditure and income requirements of the Trust to enable it to develop as an effective and autonomous body. It is suggested that the

Development Board should commence the plan this year and the new Trust would finalise it once created. As the Development Board currently has no external funding support and the Trust, once created, will initially have no dedicated staff, it is noted that other bodies, possibly including the Council, would need to provide adequate resources, yet to be fully identified, necessary to facilitate and support the production of the plan. The Council envisages that the National Trust could work with the Development Board to support this process. As previously mentioned, additional funding streams have been identified by the National Trust that the Development Board could pursue in the coming months to support the Trust's development.

#### **HLF Discussions**

It is proposed that discussions resume with the HLF, further to the 2015 Heritage Grant rejection, to advise what progress has been made to date, to confirm the recommended 10 year phasing proposals and to discuss the possibility of future grant support in implementing these plans.

#### **LGF Funding Opportunities**

The Council's Regeneration section has alerted officers to two funding opportunities from the EU funded Local Growth Fund (LGF). The first relates to the consultants' recommendation that access to the Estate would need improving, proposing the creation of a junction, road, car park and better services infrastructure to stimulate economic development, and the second to the promotion of green infrastructure related to economic regeneration in the area. Initial expressions of interest have been submitted in both cases and these can be followed up with detailed bids as and when formal funding arrangements are confirmed, possibly in the autumn 2016, although exact dates are currently unknown. Competition for these funds, however, is likely to be extremely fierce. Alternative funding options would need to be developed if such bids are unsuccessful.

#### **Further Drainage Remediation Research**

It has been noted that costs for essential site-wide land drainage remediation, including potential dredging of the lake, are high and, as of yet, only estimated in 'broad brush' terms from information currently available in 2009, when the Elvaston Castle Essential Repairs Report was prepared. To inform the master planning process, particularly in terms of potential costs, it is suggested that further research be undertaken to more accurately assess the current regulatory requirements for carrying out these works, in particular, the logistics of disposing of contaminated lake silt. In addition, it is suggested that the Council re-visits the 2009 Hydrological Assessment Report recommendations with a view to identifying phased timescales for carrying out further surveys (necessary to build up a comprehensive picture of the Estate's land drainage system for the first time) and thereafter to producing initial scope and timescale estimates necessary to properly plan the second proposed regeneration phase relating to the landscape, parks and gardens. Such works



would be vital to restore the Castle Gardens to their former glory and enable the Council to further explore income generating opportunities associated with this asset.

Further reports to outline the progress being made on the Elvaston Project will be reported to Cabinet as appropriate.

(3) **Financial Considerations** Financial issues noted in Section 2 above. The recommendations below do not refer specifically to any financial considerations.

(4) **Legal Considerations** The Director of Legal Services has been involved in advising on the Charitable Trust and obtaining external legal advice in connection with the Article of Association and Charitable objectives of the Trust.

(5) **Social Value Considerations** The community will benefit from the securing of a sympathetically operated, sustainable visitor attraction which will include modern catering facilities, places for people of all ages and abilities to walk, relax and exercise, and venues for weddings, concerts, shows and other events. The regeneration will secure the future of a much-needed and cherished greenspace close to major urban areas. The historic buildings will be repaired and converted to facilitate their long-term conservation and the gardens brought back into good heart and restored for future generations to enjoy and understand, with interpretation to tell the stories of the historic Estate. Access on foot to the wider estate will be preserved free of charge. There will be opportunities for local businesses to bid for contracts to support the regeneration of the Estate. Education facilities will be provided to welcome children and younger adults from schools, colleges and the university to study within the park. A new Trust and stakeholder forum group will engage closely with the local community to ensure that all strategic decisions are supported and understood by local people.

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

(6) **Key Decision** No.

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

(8) **Background Papers** None. Officer contact details – Charles Heaney, extension 36288.

**(9) OFFICER'S RECOMMENDATIONS** That Cabinet:

- 9.1 Notes and welcomes the progress made in identifying and implementing measures to maximise the income and commercial opportunities associated with Elvaston Castle and Gardens and its future regeneration to offset the current revenue costs to the Council of managing the Estate since the rejection of the Heritage Lottery Fund bid in 2015.
- 9.2 Approves the creation of a Charitable Trust with a trading arm, the 'Elvaston Castle Gardens Trust' in accordance with the Articles of Association and Charitable Objectives referred to in the report.
- 9.3 Delegates arrangements for the advertising, recruitment and appointment of Trustees to the new Trust to the Strategic Director – Economy, Transport and Communities, in liaison with the Cabinet Member – Highways, Transport and Infrastructure.
- 9.4 Endorses the proposed next steps outlined in the report towards delivering the Vision for the Estate agreed in 2014.
- 9.5 Agrees to receive future reports on progress towards the phased regeneration of Elvaston Castle and Gardens as appropriate.

**Mike Ashworth**  
**Strategic Director – Economy, Transport and Communities**