



Elvaston Castle

Report on Future Options and Opportunities



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1 INTRODUCTION

The Elvaston Castle site retains many of its 19th century features in their original state preserving to a large extent the context and form of an important family estate of the Victorian era and earlier. Opened by the County Council as a Country Park to provide a buffer to further expansion from the City of Derby and to provide a recreational facility for the local community, dedicated funding for Country Parks have long since disappeared. Whilst a charge is made for car parking access to the site is free and current running costs are considerable. Confronted now with the prospect of very substantial backlog maintenance liabilities the Council is seeking advice with regard to the potential for alternative uses and remunerative development on the site which might provide revenue or capital receipts to offset the outstanding expenditure. The Council anticipates that any opportunities for value creation will be in the context of Enabling Development. The Council is also exploring the potential for grant funding principally from the Heritage Lottery Fund.

The role of King Sturge was to investigate and test various use/development options and to advise the Council on the various opportunities that it might wish to consider. A brief was set out in a document prepared for the purposes of tendering where the commission was described as follows:

“To undertake a robust analysis of the development options for the historic asset to establish its optimum viable uses. This analysis needs to be in accordance with PPS5 and English Heritage’s publication “Enabling Development and the Conservation of Significant Places”. The purpose of carrying out the strategic options appraisal is to establish:

- The likely realistic outline costs for different development options compatible with the asset’s historic significance and fabric.
- The minimum level of Enabling Development necessary to meet the conservation deficit in relation to different development options, taking into account building costs, end values, grant funding, profit levels and so forth, bearing in mind the inherent risks in all development.
- What external grant and loan funding is available to minimise any conservation deficit. It is expected that the successful consultant will have contacted relevant funding bodies to ensure, in principle that this is a project they can support.
- What range of options generates the minimum amount of Enabling Development to secure a substantial future for the historic asset.

The consultant will be expected to advise DCC on potential future management structures for the historic asset:

- that optimise the level of grant and low interest loan funding available to minimise the requirement for enabling development:
- that is commensurate with the historic asset's Country Park status and level of public access; and
- that minimises DCC's exposure to financial risks"

In our tender response we summarised the approach that we would adopt in responding to the brief. This was divided into a number of stages as follows:

- **Fact Finding** – a comprehensive review of the site and all of the circumstances surrounding it. This would include physical characteristics as well an assessment of title and town planning issues and a review of other studies that have previously been undertaken. Specifically the intention was to understand the constraints and opportunities presented.
- **Option Identification** – having regard to the above we would consider the various options for future use on different parts of the estate.
- **Option Testing** – it was our intention to analysis each potentially viable option by assessing first its market context then the expenditure requirement and the anticipated receipt. It would our intention to carry out development appraisals where necessary and to derive a site value associated with each element tested.
- **Enabling Development** – we would provide a review of the English Heritage Guidance contained within "Enabling and Development and the Conservation of Significant Places (and subsequently the further development of Enabling Development Policy under PPS5) and to establish the issues that were relevant to each of the options being tested. We would then seek to apply the principles of Enabling Development by reference to policy compliance and the financial balance between conservation deficit and the value created.
- **Qualitative Assessment** – whilst the merits of one Enabling Development scheme versus another will largely be a matter for town planners and conservation officers it was our intention to provide some form of qualitative assessment of each of the options considered.
- **External Funding Source** – we would investigate the potential for grant funding and other forms of finance available on favourable terms and report back with our findings as to the scope for securing external assistance.
- **Conclusions** – it was our intention then to provide a summary of our conclusions with recommendations as to what might represent the optimum form of Enabling Development or some other method of bridging the conservation gap.

Since the preparation of our tender submission our understanding of the context of our instructions has developed following meetings with both the Council and English Heritage and as a result our views on the most appropriate ways of meeting the County Council's objectives have been refined. Our approach is set out in section 3, Report Format.

2 BACKGROUND

2.1 History

The history of the Elvaston Castle estate is well documented elsewhere and it is not necessary in this current study to provide a detailed commentary on the history of the site and the historical context. In order to put our report into context however it is perhaps appropriate to provide a brief outline of the estate's development leading up to the current circumstances.

Originally owned by Lord Mountjoy the estate came into the hands of the Stanhope family during the first half of the 16th Century. The Stanhopes received the title of Earls of Harrington and the development of much of what we see today commenced during the time of the 3rd Earl Charles Stanhope who inherited the estate in 1779. Although the house had been built around 1633 and altered during the early part of the 18th Century it was the 3rd Earl who commissioned James Wyatt to remodel the house shortly before the latter's unexpected death. The work of James Wyatt was therefore completed by Robert Walker by about 1819 with further alterations carried out by Cottingham between 1839 and 1840.

It was the 4th Earl who was largely responsible for the creation of the grounds in their remarkable form, elements of which are preserved today. Having married a former actress, Maria Foote and fallen out with wider Society he set about creating pleasure grounds for his new wife on the basis that she would be largely confined to the estate. He commissioned William Barron to lay out the gardens which included a number of unusual and in some cases remarkable features. This included the Mon Plaisir Garden (now destroyed), the Italian Garden and the Alhambra Garden which included the Moorish Temple currently the subject of a restoration programme.

The 4th Earl died in 1851 and his brother the 5th Earl cut back significantly on the garden development. By the 1880s much of Barron's evergreen planting was overgrown and in decline. Much of the overall shape of the garden remained however with the avenue approaches to the house and the individual garden elements. The 8th Earl was a keen huntsman and much of the estate development during the late 19th/early 20th century related to hunting and horses with the significant expansion of the kennels.

The Stanhopes finally left Elvaston at the outbreak of World War II with the 11th Earl moving to Ireland.

During the War the estate housed a teacher's training college relocated from the City of Derby and after the war, following a period of decline, the property was first put up for sale in 1964. In 1969 the core of the estate was bought by Derbyshire County Council for the creation of a Country Park which opened the following year and was the first of its kind in the Country.

2.2 Recent Times

Lack of funding has inevitably led to deterioration of the Country Park and in particular a number of the buildings contained within it. This has led to the closure of the main house (with the exception of the part of the ground floor used for the café) and of the museum/exhibition area which never re-opened following the foot and mouth epidemic. Other structures within the grounds have deteriorated and whilst much of the park is well cared for the stresses of public uses within the Country Park has led to damage in some areas particularly in relation to tree roots and surface deterioration.

Concern for the estate has led to a number of actions by the County Council principally in conjunction with English Heritage. A major conservation management plan was produced in June 2006 by Hilary Taylor Landscape Associates Limited and this followed an earlier report in 1999, representing a Restoration and Management plan for Garden and Park. This substantial document provides not only a plan for the future management of the estate but also a comprehensive record of the development of the site.

Subsequently in 2009, Simpson & Brown Architects were commissioned to undertake a comprehensive survey to establish essential repair needs and to provide costings.

Work is currently underway on the restoration of a number of significant estate features including the Moorish Temple and Terrace, the Golden Gates, the Ha-Ha Wall and a part of the Nursery Garden Wall. At the time of our most recent inspection work on these elements was well advanced. It is understood that further repair work is shortly to commence in relation to urgent elements of disrepair within the house including roof works and the south facing bay window.

Particular areas of concern for the immediate future are as follows:

- Further extensive remedial work to the roof of the main house.

- Home Farm, currently abandoned and in a semi-derelict state.
- Springthorpe Cottage for which no viable commercial use apparently exists.
- Elements of the Stable Yard buildings.
- The Kennels.
- The Boathouse.
- The Thatched Cottage (which was recently the subject of extensive fire damage).
- Some of the rock structures associated with the lake.
- Damage to tree roots and other areas of landscape deterioration.

Mindful of the need to find an alternative management arrangement for the site, the Council embarked on a marketing campaign to find an alternative user in 2003. As a result a preferred bidder, Highgate Sanctuary was selected and they developed a scheme for a major hotel, conferencing and leisure complex. The project was the subject of extensive public consultation but no planning application was determined. The Council did not enter into any binding contract with Highgate Sanctuary and alternative solutions for the future of the estate are now being considered.

3 REPORT FORMAT

It is quite apparent that the current management arrangements at Elvaston Castle are not sustainable. The County Council is losing a substantial amount of money on day to day maintenance yet the built elements of the estate in particular, are falling further and further into disrepair. Similarly, whilst the local community are able to enjoy the grounds and money is being spent at present to enhance the experience with the restoration of the Golden Gates, the Ha Ha wall and the Moorish Temple they are no longer able to enjoy the centrepiece of the estate, Elvaston Castle itself.

The purpose of this current exercise is to establish the scope for more commercially orientated uses which will both provide a return in the short term and ensure that on-going revenue expenditure is kept to a minimum without substantial public subsidy. At the same time it is apparent that the Country Park is highly valued within the community and there is a desire to maintain and ideally extend the public access arrangements.

There are additionally various stakeholders to consider not least current tenants some of whom (most noticeably the cricket club) are a significant asset within the local community.

Ultimately therefore our role is to identify and analyse the various options for development or alternative use on the site which could alleviate the financial burden on the Council whilst at the same time preserving public uses.

In order to properly identify the opportunities for the site it has been necessary first for us to fully understand the background to the current circumstances and the physical, legal and town planning characteristics associated with it. Our report therefore first sets out our findings with regard to context before identifying and appraising the various options that we believe could be considered further.

Specifically therefore the format of our report is as follows:

- **The site** – this purely factual section provides a general overview on the estate as a whole before looking at the various elements incorporated within it. For convenience we have considered the site in the same way as is shown on the study area plan which was provided for us at the outset of our instructions.
- **Title** – we will provide a brief summary of the title report that has been provided for us including the tenancy schedule which represents our understanding of the third party interests as well as general restrictions on the freehold title.

- **Town Planning** – we have met with planning and conservation officers at South Derbyshire District Council who have provided us with helpful advice with regard to planning potential. We have therefore outlined the advice received as well as general town planning background by way of relevant local plan policies and national policies and have also provided a summary of the statutory designations that apply to the site.
- **Building and Site Condition** – a comprehensive condition report has been prepared by Simpson & Brown. We have seen a copy of this and whilst there is little point in repeating their findings we will, in order to set our own advice in context, provide a summary of principal issues and also a summary of the outstanding costs of repair which are key to the “Enabling Development” case that we will analyse at a later stage.
- **Viability** – having established the factual background we will then consider the current problem and in general terms the potential solutions.
- **Market Commentary** – we will provide a general market commentary with regard to the three principal use categories that we believe are worth exploring in more detail – offices; residential; and hotel together with a few general comments on other uses.
- **The Conservation Deficit** – in this section we will seek to identify the amount of the “conservation deficit”. This is the financial loss that the Council would incur in the event that it were to fully restore the buildings and the estate and exploit town planning opportunity only to the extent that it conformed with current planning policy. In other words we would be looking to identify the amount of value that would need to be generated from non-conforming development under the Enabling Development principles if the Council is not to lose money on the restoration and a sustainable future for the property is secured.
- **Development Opportunities** – this major section will seek to identify what we will term “parcels of opportunity”. Essentially we will consider each of the site elements that we believe could offer some commercial potential or development opportunity. We will explain what we believe those opportunities might be and then consider in more general terms the potential uses that could be of relevance.
- **Potential Schemes** – we will provide a more detailed analysis of potential development opportunities that, having regard to the criteria set out in PPS5 and the English Heritage Enabling Development Guidance, are considered to be possible options for remunerative development to balance the deficit. For each scheme we have carried out a development appraisal and we will summarise and explain the inputs that we have used.
- **Enabling Development Equation** – this section will bring together the findings as to the current deficit and the value inherent in the opportunity to develop those parts of the site where we believe that Enabling Development could be most appropriate. In essence we will be seeking to balance the equation by identifying remunerative development that is equal in value to the amount of the conservation deficit.
- **Grant Funding** – as an alternative or in addition to Enabling Development there may be scope for obtaining grant funding, most likely from the Heritage Lottery Fund. We have investigated the possibility of grant funding and our preliminary findings will be set out in the final main section.

- **Conclusions** – finally, we will set out a summary of our conclusions and our recommendations for the next steps.

4 THE SITE

4.1 Overview

The Elvaston Estate is situated just to the south west of Derby within the South Derbyshire District. Although access was originally via an avenue leading from the B5010 up to the impressive “Golden Gates” entrance the principal access points now are either from the centre of the village of Elvaston where a driveway runs up to the Golden Gates from the east or alternatively from Borrowash Road where there are currently 3 access points – one beside Drive Lodge leading directly to the house past the Walled Garden; the entrance into the public car park; and the driveway beside Woodside providing access to Bedford Drive at the northern end.

The estate contains many diverse elements although is generally fairly compact. It incorporates to the north of the house terraced gardens leading down to a substantial lake with pleasure ground beyond. There are formal gardens to the south of the house with many interesting features and there are wooded areas as well as cleared avenues leading to the house. The site also includes the cricket ground and various outbuildings many of which are now unused. The Church of St Bartholomew although associated with the estate is excluded from the County Council's ownership.

The main house is generally unused (with the exception of a small part of the ground floor used for a café) as are many of the out-buildings. A part of the upper Stable Yard is used for administrative purposes whilst some of the other stables are used as part of a livery business. The condition of many buildings is poor.

The wider estate is open to the general public as a country park whilst an area including ponds and streams to the west is a nature reserve again open to the public. This latter element is however excluded from the study area for the purposes of this exercise. The boundary of the area to which our work relates is indicated on the site plan at Appendix 1.

The site is relatively flat and part of it lies within the flood plain of the River Derwent which feeds the lake. Although the gardens are a shadow of their former self and much of significance including the Mon Plaisir Garden has been lost the setting for the house is still impressive. Many of the original conifers planted as a part of Barron's landscaping scheme remain and impressive formations have been created from ancient yews. There are also many fascinating built structures within the grounds, perhaps most impressive are the Golden Gates but also of interest are buildings such as the Boat House and Springthorpe Cottage.

4.2 Site elements

We will briefly describe each element of the site based upon the parcels identified on the plan at Annexe 1. We have retained the order as set out on the plan starting from the top of the page:

- **Bedford Drive North** – road access through a padlocked gate beside Woodside connects with Bedford Drive, a private roadway serving the northern end of the site. Either side of the drive the land is lightly wooded and at its westerly end Bedford Drive connects with a further roadway leading to Home Farm.
- **Home Farm and Associated Farm Buildings** – currently disused and in a poor state of repair Home Farm comprises a two storey brick built Victorian farmhouse with pitched and hipped tiled roof with substantial protruding brick chimney stacks. It is currently boarded up and access was not possible. The associated farm buildings are of varying dates although the original buildings which are substantial and are of brick construction under pitched slate roofs would appear to be approximately contemporary with the house. More modern buildings have corrugated asbestos roofs and there are open bay cart stores within the farmyard as well. Adjacent to the farm and included within the study boundary is an arable field currently cropped, although we have subsequently discerned that this is outside of the Council's ownership.
- **Show Ground** – this area is now largely open, flat and grassed.
- **Bedford Drive South** – leading south from the Woodside access this driveway runs approximately parallel to Borrowwash Road within the boundary fence. To the south this land parcel wraps around the caravan site bordering the woodland around the lake and adjacent to the Eastern Avenue.
- **Wooded Area at Western End of Lake** – forming the entrance to the Country Park at its north east corner this area of woodland skirts around the most westerly part of the lake.
- **Wooded Walk to the North of the Lake** – a substantial woodland leading to the water's edge and additionally containing some of Barron's rock structures including the grotto. This artificial mound is largely made from tufa boulders and contains a viewing platform and a series of niches. It is listed Grade II in its own right and considered to have group value within the setting of the Grade II* registered garden.
- **Wooded Area to South West of Lake** – an area of dense woodland on the opposite side of the lake at its northern end.
- **Car park** – a surfaced car park and payment kiosk with access off Borrowwash Road.
- **The Lake** – a long stretch of water artificially created through the damming of the river.
- **The Paddock** – an area of rough grassland delineated by a post and rail timber fence with a substantial solitary oak tree in the middle.

- **Caravan Site** – a level area of grass and some hard surfacing currently let to the Caravan Club and used by touring caravans.
- **Terrace and Lawn Area** - a series of lawns set out in terraces with connecting steps leading from the northern elevation of the house down to the lake.
- **Wooded Walk south east end of lake** – an area of woodland at the eastern end of the lake and additionally containing the former Boat House and Pump House both of which are Grade II listed. The Boat House is a small brick structure with a steeply pitched tiled roof with an opening directly into the lake. The Pump House is constructed in the Estate style of red brick with stone dressings. Although not inspected it is understood that the original Pump remains inside the building. Both of these buildings were probably part of Barron's landscaping scheme.
- **Training Circle and Car Park** – a hard surfaced area used principally for staff parking together with an adjacent area of flat land.
- **Upper Stable Yard** – a stone paved carriage yard enclosed on three sides by the Coach House and associated ranges. The central three bay section contains an open central carriage arch within stone elevations surmounted by a castellated parapet with a rendered clock tower above. Either side and with wings extended westward are brick ranges of Tudor style with stone dressings under slate roofs. These buildings are a part of the Wyatt remodelling and are Grade II listed. Within the Stables Court and dating from the same period is a brick built carriage wash also separately listed Grade II.
- **Elvaston Castle and Courtyard** – an important Grade II* mansion house originally constructed during the early part of the 17th century with later adaptation during the early 18th century. The whole was substantially re-configured by James Wyatt in the early 19th century with further work undertaken by Cottingham. Principally of ashlar construction the earliest bay is of red brick with stone dressings. Roofs are generally shallow pitched slate or tile clad behind a castellated parapet. The southern elevation contains the principal entrance with a recessed central section and shallow projecting wings either side. A castellated gothic style porch provides the central entrance. The eastern elevation which is three storeys in height with steps leading up from the Avenue creating an impression of significant grandeur has a slightly projecting central section again with castellated parapets and ornamental turrets. The other elevations are less interesting with a mixture of styles and cladding including some rendered areas. To the west is a courtyard now containing a café and a modern arcaded shelter which links to the rear of the Coach House.
- **Terrace, Steps, Lawn and Topiary** – a part of the formal gardens.
- **North side of Eastern Avenue** – a strip of woodland forming the northern boundary of the Eastern Avenue.

- **Northern end of Principal Carriageway** – the western end of the driveway running from Drive Lodge on Borrowwash Road.
- **Eastern Avenue** – a strip of clear grass leading from Borrowwash Road directly to the eastern elevation of the house.
- **Topiary Garden** – a grassed area containing lavishly sculpted yews.
- **Parterre Garden** – a formal quadrangular garden shaped by boxed hedges and formerly the site of the Mon Plaisir Garden.
- **South Side of Eastern Avenue** – a tree belt running along the south side of Eastern Avenue.
- **Woodland including Ice House** – an area of undulating landscape with tree planting and some open areas.
- **Mid-Section of Carriageway** – a stretch of driveway.
- **Area to North of Walled Gardens** – largely grassed area fronting the garden walls.
- **Alhambra Garden and Moorish Temple** – containing the unusual Grade II listed pavilion known as the Moorish Temple. The building is rock faced stonework and was undergoing major refurbishment at the time of our inspection. The design is particularly unusual and suggestive only of Moorish influence. The original stained glass was sold off prior to the Council's ownership but other internal detailing is we understand, being restored.
- **Walled Garden and Associated Areas** – a very substantial area of walled garden containing the remains of some lean-to glass houses. Internally the landscape is generally grassed but with some espaliered trees along the wall which is currently being restored. A separate section to the west contains the Old English Gardens.
- **Thatched Cottage and Sunken Garden** – generally a clearing within the woodland containing the site of a substantial thatched cottage. The cottage was significantly damaged by fire recently but originally comprised a brick built structure dating probably from the mid- 20th century with a large overhanging thatched roof incorporating gabled windows at first floor level.
- **Conifer Avenue** – a grassed avenue between substantial conifer plantations.
- **Nut Walk** – a matching area to the western side of the principal carriageway.
- **Southern End of Principal Carriageway** – essentially an avenue leading from the Golden Gates Garden up to the parterre garden.
- **Golden Gates Garden** – a semi-circular area enclosed by a Ha Ha wall and approached through the Golden Gates which are currently being restored. The gates and their attached piers and walls are listed

Grade II. The gates which have their origins in the 18th century were re-erected in the mid 19th century as part of the landscaping project by William Barron. The gates are reputed to have come from Paris and the estate of Napoleon.

- **Golden Gates Green** – an area of lawn either side of the Elvaston driveway to the front of the Golden Gates themselves.
- **Clover Close** – an area of grassland to the east of the south avenue originally the principal entrance to the house.
- **Core Gardens' Terrace** – an area containing trees and clipped yew bushes to the south of the parterre garden.
- **Lower Stable Yard and Museum Buildings** – an extensive range of former stables and farm buildings to the west of Upper Stable Yard. As well as the Stable Courtyard still used for livery, this area also contains more modern stabling and a series of workshop buildings. One of two particularly notable buildings within this area is the former gas house with a double height central section of brickwork with arched door casements and roundels detailed with blue and yellow brick. Pitched slate roofs extend down from the central double height section continuing into the flanking lower levels. This building contains a date stone for 1870. The other significant building is a former lodge known as Springthorpe Cottage. This extremely unusual building is similar in style to The Pump House. Constructed in about 1840 as part of the Barron estate lay-out, it is generally of brick construction with stone detailing. Unusually the flank walls are ogee curved and the gable end has a curved pediment. The studded timber door is set within a trefoil headed casement and window openings are generally lancet within a similar style of casement. There is a lean-to area to the rear.
- **Woodland on Former Gravel Pit** – this largely wooded area surrounds the cricket ground and contains the site of a former cottage.
- **Wooded Rear Access** – a further area of woodland to the north of the kennels.
- **Kennels and Associated Area** – an unusual complex of mainly single storey mid 19th century buildings enclosed within a courtyard. Attached to the adjoining cottage is a circular pavilion area with a slate clad conical roof set on ironwork columns. It is understood that this area forms a part of the letting to the stables operator.
- **Cricket Pitches** – the main cricket pitch which is let to a successful local club contains a pavilion in the north east corner. Latterly an additional area of land has been let to the club for a secondary pitch.
- **Fields used for Equestrian Activities** – flat grassland used for grazing.
- **Fields (Little Oak Flats)** - a further area of grassland.

South Avenue –the former main carriage driveway leading from London Road to the main house. Of significance is the entrance gateway and former lodges. A central gate is flanked by castellated curtain walls each terminating in the remains of a lodge designed as a turret. This gate is Grade II listed.

5 TITLE

5.1 Title Report

We have seen a copy of a title report prepared by the County Secretary. This is apparently undated but we have recently received an update of the tenancy information that it contained.

5.2 Freehold

The County Council acquired the freehold title extending to 387.790 acres from Needler Developments Limited in June 1969. The purchase price was £128,000. The purchase was subject to various reserved rights of way and rights of access.

It was also subject to various tenancies including Home Farm (80.626 acres); Avenue Farm (109.197 acres); Kennels Cottage; 24 Harrington Villas; and Coronation Cottage.

There have subsequently been various sales off as follows:

- Lodge Cottage – 30.09.62.
- The Lodge Borrowwash Road – 23.07.64.
- Woodside – 25.11.64
- Unspecified land to Hoveringham Gravels Limited – 04.12.64. This included rights with regard to various services and access.
- Land adjoining Drive Lodge – 04.07.65.
- Land adjoining Drive Lodge – 18.01.66. (apparently an additional area of 0.076 acres)
- 15-19 Main Road – 25.06.69.
- 58.43 acres – 20.05.80.
- Coronation Cottage – 26.05.81.
- Harrington Villa – 08.05.98.

5.3 Tenancies

There are various extant tenancies as follows:

- Caravan Club Limited – 4 years and then from year to year from the 1 April 1999. The demise extends to 3.16 acres and the rent is £1 per annum plus a profit element. The tenant has a 6 month break option. It is understood however that under the rent formula the County Council is having to subsidise this tenancy and steps are currently being taken to terminate the arrangement.
- Elvaston Cricket Club – a 45 year term from the 25 March 1991 on land extending to 3.3 acres. The tenants have an option to break every fifth year. It is understood that the current rent passing is £775 per annum.
- Anderson & Coe – the lease covering the riding school and 1 Kennels Cottage was for a term of 21 years from the 29 September 1980. It also included the right to use 4 bays of the Dutch barn at Home Farm. We have been informed that the arrangement is “unchanged” and as such we assume that the tenants are holding over.
- German Shepherd Dog Association – a 10 year term from the 1 October 1993 which according to the title report was never completed. We understand however that a rent is nonetheless being paid at £218 per annum and it is currently subject to review.
- 6 years from the 6 May 2009 covering the café/tea rooms. The current rent passing is £4,250 per annum and this is subject to a fixed increase in May 2012 to £4,750 per annum.

In addition to the above there are apparently 3 seasonal grazing licences – Clover Close (£285 and £850) and Oak Flat (£300). There is also an ice cream concession associated with the car park from which an income of £16,250 is apparently obtained.

It is understood that other previous tenancies mentioned in the title report have all now been terminated.

5.4 Wayleaves, Easements and Footpaths

There are various wayleaves, easements (relating to drainage and water courses) and public footpaths/bridle ways although we have no plan indicating their location.

6 TOWN PLANNING

6.1 Planning Policy

The planning authority for the Elvaston Estate is South Derbyshire District Council. The Local Plan was adopted in 1998 and there have been two revised drafts in 2002 and 2003. Following a legal challenge after the inspector's report however the revised policy document was withdrawn and the 1998 Plan remains in effect. A Planning Policy Position Statement was subsequently issued and this indicates what will be used as material consideration in determining planning applications. Any planning applications in respect of the Elvaston Castle estate would normally be considered against a background of the saved policies from the 1998 plan. We have specifically been directed to a number of policies as follows:

- EV1 (which confirms that development will not be permitted outside of settlement boundaries unless it is essential to rural based activity; it is unavoidable in the countryside; and that the character of the countryside will be safeguarded and protected with as little impact as practicable).
- EV9 (relating to the protection of trees and woodlands).
- EV11 (relating to the fact that the development should not disturb SSSIs or nature reserves).
- EV13 (relating to the demolition of listed buildings, their alteration and conversion).
- EV14 (relating to the protection of Scheduled Ancient Monuments and archaeological sites).
- EV15 (dealing with historic parks and gardens).
- T6 (relating to access, the free flow of traffic and s.106 requirements).
- T7 (relating to car parks and ensuring pedestrian safety and convenience).
- RT1 (protecting against disturbance of local amenities, adequacy of car parking, servicing etc and ensuring that development is of an appropriate scale).
- RT5 (dealing with the replacement of existing recreational facilities).
- G1 (the extent of green belt designation).
- G2 (controlling development that would be an urbanising influence).
- G4 (policy against development of an urban character).

We have also been directed to a number of central government policy documents principally Planning Policy Statements 1, 3, 4, 5, 7, 9 and 25 and Planning Policy Guidance 2, 13 and 17 as well as the "Good Practice Guide On Planning For Tourism". Of principal relevance for this particular case is PPS5 – Planning for the

Historic Environment which contains the policy relating to Enabling Development which will be discussed in more detail below at Section 8.

We have also been advised by officers of the local planning authority as to the requirements for accompanying reports in relation to any planning application that is made. As well as the need for an Environmental Impact Assessment the following matters will need to be addressed specifically:

- Impact on listed and unlisted buildings and other historic structures
- Archaeology
- Traffic impact assessment
- Open space position
- Flood risk assessment
- Sustainable solutions for drainage
- Other impact on humans
- Statement of community involvement
- Tree survey/arboricultural implications

6.2 Specific Matters

As a part of our research we met with Tony Burdett, Area Planning Officer and Philip Heath, Conservation Officer from South Derbyshire District Council to discuss options and opportunities at Elvaston.

We first discussed the planning potential of the site in the context of development that would conform with local and national policy and which would not need to be justified as Enabling Development.

No housing allocation exists on DCC's land. An existing allocation for large scale development is at Boulton Moor but the triangle of land between this and the Elvaston estate on the other side of the B5010. is regarded as open space to act as a buffer to any easterly extension of the development. There is a possible extension going through the Local Development Framework consultation process but this is to the west.

Any development at Elvaston Castle for residential or indeed any other use would be considered in the context of the policy framework. Perhaps most significant are the policies relating to green belt. Essentially the re-use

of existing buildings is acceptable so long as this is in compliance with other policies. Specifically it was thought that a hotel use within the house could be acceptable but it was very much a question of scale. Similarly residential re-use of the house would in principle be acceptable and it was thought that a strong case could be made for residential use within the out-buildings based on the sequencing principles set out in PPS4. It was also thought that an office use could be justified. This guidance will be used to establish the scope for acceptable re-use of the heritage assets in estimating the scale of the conservation deficit to be used in our analysis in subsequent sections of this study. Our discussions then turned to various specific parcels of land and individual buildings within the estate which could have potential if justified on the basis that it enabled the viable restoration of the heritage elements. We looked at individual parcels where it was considered that development would be least harmful to the integrity of the heritage core. The comments made by the Council officers will be incorporated into our assessment of identified options at section 10 below.

7 BUILDING AND SITE CONDITION

7.1 Approach

We have reviewed the report prepared by Simpson & Brown dated November 2010 and with minor revisions in December and in March 2011. We have not sought in any way to reassess the scope of the work or the costings but it has been necessary to develop an understanding of the outstanding wants of repair. Our findings are summarised below.

7.2 General

We have reviewed the detail of each of the various reports and considered the data sheets and costings for each element as identified in the report. These are broken down into a high level of detail for each of the buildings and the costs (November 2010) are generally broken down into 3 main headings, urgent, necessary and desirable. The report categories under the first two headings as "essential repairs" as defined in the report.

We have reviewed all the data sheets included in the report as part of this exercise. Our review of the costings and extent of repairs identified would lead us to conclude that the costings have been consistently applied across the range of buildings and structures, however they have assumed the replacement of all services within the Castle that would be required to return the building to its "assumed" use. Generally the costs appear reasonable for the extent of repair identified and we have no reason not to accept the costings as stated. If anything we believe the costings may be slightly below current market rates but this is difficult to assess due to the additional allowances for preliminaries and professional fees which are added at the end of the summaries.

In addition there are a number of built structures excluded from the report due to the fact that these were to be part of a separate commission to undertake essential works to the built fabric or have otherwise been subject to Derbyshire County Council works. These are:

- Golden Gates, Piers and Attached Walls
- Moorish Temple and Terrace
- Pump house
- East Ha-Ha Wall
- Nursery Garden East Wall

We have not included these within our report on the understanding that they have all been repaired to the required standard.

The report concludes the following:

In broad terms, although the main Castle superficially remains in reasonable condition, it is nevertheless on the threshold of serious decline. The roofs in particular are in a poor condition and are at or approaching the end of their useful life; unless extensive remedial work is carried out in the near future, extensive damage is likely to occur.

The remaining buildings or built structures on the estate are in varying condition. Some, like the Home Farm, are in a derelict, semi-collapsed and abandoned state.

Other structures, such as Springthorpe Cottage and London Road Lodge, have no realistic end use but will need to be properly maintained as estate structures. The buildings of the Top and Bottom Stable Yards, the Museum Group and the Kennels, together with the Thatched Cottage and Boathouse are all generally in a functional and workaday condition. Subject to general upgrading and repairs, they could remain fit for their current purpose. However if new or more beneficial uses were to be identified for any of these structures, the quantum and cost of the essential repairwork would probably increase significantly.

7.3 Specific Issues

The summaries provided by Simpson & Brown give an outline of the principal issues associated with each building group. We will very briefly summarise their comments:

7.3.1 Building Group A: Castle Yard

The view is that the main house is in a reasonable state although is “on the cusp” of serious deterioration. The roof is said to be in a “parlous state” and there are issues with the cement rendered facades of the kitchen block. Parapets require significant work including lead cladding to the inner faces and improvement work is required to the guttering and rain water disposal system.

It is stated that part of the South Range is in a very poor state but the North Range has been ignored since it is a modern addition.

7.3.2 Building Group B: Top Stable Yard

The North Range is stated to be in reasonable condition although essential repairs are recommended to roofs and the Eastern End of the parapet whilst some general work is required to brickwork, fenestration and doors. The East Range is similarly stated to be in a reasonable condition although signs of structure movement have been noted. Again general overhaul works are necessary to brick work, stone work, rain water goods and fenestration and some essential repairs work is required to the roof. This pattern of works applies to the remainder of buildings within the Top Stable Yard group.

7.3.3 Building Group C: Bottom Stable Yard

Generally these buildings are stated to be fit for purpose although suffering from lack of maintenance. A general overhaul of roofs, rain water goods, brick work, fenestration and doors is required.

7.3.4 Building Group D: Museum Buildings

Stated to be in a "rather poor and neglected state" they are suffering from considerable outstanding wants of repair. The Gas House is stated to be in very poor condition and whilst the Gardener's Cottage is generally in reasonable order the south porch and veranda are in a state of near collapse. The coach shelter and museum shop are not regarded as heritage or financial assets and on that basis no allowance has been made for repair work.

7.3.5 Building Group E: Kennels Buildings Group

The condition within this group is mixed with the North Range in reasonable order although lacking maintenance whilst the West and East Ranges are in a somewhat poorer state. The pens are derelict and said to be beyond sensible economic repair.

7.3.6 Building Group F: Home Farm Buildings Group

The farm house is boarded up and beginning to suffer from vandalism and neglect. Some essential repairs would however secure it and put it into a water tight condition. The farmsteading is stated to be on the "cusp of dereliction" with roofs in a particularly bad state. The courtyard infill building is however in reasonable order although this does not represent a heritage asset and it is said to be desirable that it should be demolished.

7.3.7 Building Group G: Walled Gardens

The perimeter wall of the nursery garden is said to be in poor condition with an area of the east wall collapsed. The Vine House survives only in skeletal form. It is also stated that the north perimeter wall of the Old English Garden is structurally suspect. The glasshouses on the south side of the south perimeter wall are beyond reasonable economic repair.

7.3.7 Building Group H: Other Estate Buildings and Structures

The condition of other structures within the estate is mixed. Substantial repair work is required to the entrance to the Ice House and further investigation internally is necessary. The roof of Springthorpe Cottage is in poor condition although the rest of the building remains sound. The Boat House is in reasonable order although pigeon control is deemed necessary. The West Gate piers and walls are in poor condition whilst the London Road lodges and gates are in a reasonable state although work is recommended on the former interior walls of the lodges.

7.4 Landscape character areas

Various recommendations are made with regard to landscaping works necessary and this principally concerns the area around the lake and the thinning of trees. Some repairs are also required to areas of hard landscaping.

7.5 Indicative costs

The following indicative costs have been prepared by Brundell Woolley and bring out a total indicative cost for the essential repair works of £6,564,515 excluding VAT.

		URGENT WORKS	NECESSARY WORKS	TOTAL
V II BUILDINGS				
A - CASTLE YARD				
A1	Main Castle			
1	ELEVATIONS	7,300.00	139,495.00	
2	ROOFS	144,910.00	223,675.00	
3	INTERIORS:			
	Cellar	1,000.00	8,000.00	
	Ground	500.00	51,480.00	
	Mezzanine	0.00	33,840.00	
	First	9,500.00	74,250.00	

	Second	3,500.00	94,250.00	
4	SERVICES	200.00	725,000.00	
	TOTAL	166,910.00	1,348,990.00	1,516,900.00
A2	South Range			
	TOTAL	24,200.00	181,580.00	205,780.00
B - TOP STABLE YARD				
B1	North Range			
	TOTAL	1,250.00	59,915.00	61,165.00
B2	East Range			
	TOTAL	8,250.00	85,985.00	94,235.00
B3	South Range			
	TOTAL	0.00	24,560.00	24,560.00
B4	Carriage Wash			
	TOTAL	0.00	8,480.00	8,480.00
B5	West Screen Wall			
	TOTAL	0.00	3,615.00	3,615.00
C - BOTTOM STABLE YARD				
C1	North Range			
	TOTAL	900.00	44,240.00	45,140.00
C2	South Range			
	TOTAL	4,950.00	17,110.00	22,060.00
C3	Boundary Walls			
	TOTAL	0.00	0.00	0.00
D - MUSEUM BUILDING GROUP				
D1	Main Buildings			
	TOTAL	14,150.00	80,025.00	94,175.00
D2	Real Tennis Court			
	TOTAL	0.00	15,950.00	15,950.00
D3	Gas House			

	TOTAL	0.00	36,095.00	36,095.00
D4	Gardner's Cottage			
	TOTAL	3,850.00	18,605.00	22,455.00
D5	Garden & Boundary Walls			
	TOTAL	0.00	33,030.00	33,030.00
E - KENNELS BUILDING GROUP				
E1	North Range			
	TOTAL	1,925.00	38,720.00	40,645.00
E2	West Range			
	TOTAL	250.00	12,920.00	13,170.00
E3	East Range			
	TOTAL	200.00	11,510.00	11,710.00
E4	South Garden Wall			
	TOTAL	0.00	14,370.00	14,370.00
E5	Courtyard Structures			
	TOTAL	0.00	0.00	0.00
F - HOME FARM BUILDINGS GROUP				
F1	Farm Steading			
	TOTAL	34,650.00	3,950.00	38,600.00
F2	East Range			
	TOTAL	2,600.00	3,500.00	6,100.00
G - WALLED GARDENS				
G1	Nursery Garden			
	TOTAL	1,200.00	195,235.00	196,435.00
G2	Old English Garden			
	TOTAL	0.00	49,890.00	49,890.00
H - OTHER ESTATE BUILDINGS AND STRUCTURES				
H1	Springthorpe Cottage			
	TOTAL	200.00	22,560.00	22,760.00

H2	West Gate Piers			
	TOTAL	0.00	13,900.00	13,900.00
H3	Icehouse			
	TOTAL	0.00	7,150.00	7,150.00
H4	Thatched Cottage			
	TOTAL	10,550.00	31,900.00	42,450.00
H5	Boat House			
	TOTAL	0.00	4,800.00	4,800.00
H6	London Road Lodges & gates			
	TOTAL	0.00	37,275.00	37,275.00

V II SUBTOTAL

276,035.00

2,370,215.00

2,646,250.00

V III LANDSCAPE

A - THE NORTH PARK

A1	The Showground			
	TOTAL	7,500.00	8,000.00	15,500.00
A2	Car Park			
	TOTAL	2,125.00	7,750.00	9,875.00

B - LAKE & LAKESIDE WALKS

B1	Lakeside Paths, North			
	TOTAL	134,310.00	37,359.00	171,669.00
B2	Lakeside Paths, South East			
	TOTAL	2,500.00	42,105.00	44,605.00
B3	The Lakes & Islands			
	TOTAL	1,363,250.00	39,000.00	1,402,250.00

C - BEDFORD DRIVE

C1	Bedford Drive, South			
	TOTAL	9,000.00	9,000.00	18,000.00
C2	Bedford Drive, East			

	TOTAL	0.00	6,000.00	6,000.00
C3	Bedford Drive, North TOTAL	6,000.00	6,000.00	12,000.00
D - THE NORTH LAWN				
D1	Terraces & Lawn TOTAL	6,000.00	26,285.00	32,285.00
D2	Lakeside Path, South West TOTAL	250.00	2,400.00	2,650.00
E - ELVASTON AVENUE				
E1	East Lawn, Topiary & Steps TOTAL	0.00	0.00	0.00
E2	Elvaston Avenue TOTAL	19,000.00	0.00	19,000.00
E3	Elvaston Avenue, North Wood TOTAL	17,000.00	8,000.00	25,000.00
E4	Elvaston Avenue, South Wood TOTAL	10,000.00	30,000.00	40,000.00
F - SOUTH GARDENS & SOUTH AVENUES				
F1	Mon Plaisir (Parterre) Garden TOTAL	0.00	10,250.00	10,250.00
F2	Italian (Topiary) Garden TOTAL	0.00	750.00	750.00
F4	Mon Plaisir Garden Terrace Wood & Entrance TOTAL	2,500.00	250.00	2,750.00
F5	Small Topiary Garden TOTAL	1,500.00	1,500.00	3,000.00
F6	Alhambra Garden TOTAL	1,500.00	3,000.00	4,500.00
F7	Principal Carriageway, Southern Section TOTAL	8,000.00	6,000.00	14,000.00

F8	Principal Carriageway, Mid Section TOTAL	0.00	24,750.00	24,750.00
F9	Principal Carriageway, North Section TOTAL	0.00	3,000.00	3,000.00
F10	West Conifer Avenue & Woods TOTAL	27,000.00	5,000.00	32,000.00
F11	East Conifer Avenue & Woods TOTAL	25,000.00	4,000.00	29,000.00
F12	The Golden Gates Garden TOTAL	4,000.00	9,600.00	13,600.00
G - EAST GARDEN & NURSERY GARDENS				
G1	Ice House Wood TOTAL	4,000.00	0.00	4,000.00
G2	Sunken Garden & Wood TOTAL	12,000.00	7,500.00	19,500.00
G3	Thatched Cottage & Wood TOTAL	0.00	5,000.00	5,000.00
H - CASTLE COURTYARD, ESTATE BUILDINGS & APPROACH				
H1	Castle Apron TOTAL	0.00	37,150.00	37,150.00
H3	Upper Stable Yard TOTAL	750.00	2,000.00	2,750.00
H4	Castle, South Front TOTAL	0.00	2,500.00	2,500.00
H7	Rear Access Drive & Wood TOTAL	0.00	32,690.00	32,690.00
J - WESTERN DRIVE & WOOD				
J1	Wood Adjacent to Western Drive TOTAL	6,000.00	0.00	6,000.00
J2	Western Drive & Springthorpe Cottage			

	TOTAL	0.00	2,800.00	2,800.00
J3	Paddock & Riding Circle			
	TOTAL	0.00	3,700.00	3,700.00
J4	Staff & Disabled Car Park			
	TOTAL	0.00	500.00	500.00
L - WOODLAND ON FORMER GRAVEL PIT				
L1	Woodland on Former Gravel Pit			
	TOTAL	0.00	5,000.00	5,000.00
S - SOUTH WEST FIELDS				
S4	Little Oak Flatt			
	TOTAL	0.00	6,840.00	6,840.00
Z - SITE INFRASTRUCTURE				
Z	Utilities and Drainage	0.00	50,000.00	50,000.00
	V III SUBTOTAL	1,669,185.00	445,679.00	2,114,864.00
	PROVISIONAL SUMS (HTLA)			
	TOTAL	0.00	30,000.00	30,000.00
	SCAFFOLDING	10,500.00	211,000.00	221,500.00
	PRELIMINARIES (excl scaffolding)			
1	Urgent works @ 12.5%	243,153.00		243,153.00
2	Necessary works @ 11%		309,748.00	309,748.00
	SUBTOTAL	2,198,873.00	3,366,642.00	5,565,515.00
	CONTINGENCIES - excluded	0.00	0.00	0.00
		2,198,873.00	3,366,642.00	5,565,515.00
	TENDER PRICE INFLATION	excluded		

	2,198,873.00	3,366,642.00	5,565,515.00
PROFESSIONAL FEES @ 17.5%	385,000.00	589,000.00	974,000.00
SURVEYS/INVESTIGATIONS	0.00	25,000.00	25,000.00
OVERALL TOTAL	£2,583,873.00	£3,980,642.00	£6,564,515.00

VAT excluded

Preliminaries - it has been assumed that the urgent works and necessary works contracts would not run concurrently. If all works could be completed within a combined programme then significant costs reductions could be achieved

It should be noted that the costs above do not include any contingency which can reasonably be deemed as required as "essential repair" for works of this nature. In this regard we could accept a further 5% addition to the above costs based on similar analysis undertaken on other estates.

In addition the site infrastructure costs as allowed for in the report will not support any future development of the site and the costs allowed would need to be significantly increased should alternative uses be considered.

7.6 Conversion Costs

It is necessary to consider the additional expenditure required over and above the repair costs to convert the appropriate buildings to alternative uses. This is particularly relevant to the main house and other out-buildings suited to residential conversion.

Based upon the detailed review of the above costings we have estimated the costs for conversion of the house to flats and some of the other buildings to dwellings. We have been mindful of the repair costs already identified and in particular the costs allowed for the services replacement.

If a residential conversion was to be undertaken, as well as the sub-division, finishes, bathrooms and kitchens, additional insulation would be required to meet current standards. The main extra costs would be associated with the services elements which could be best allowed by subtraction of the services allowances in the main report and inclusion of a rate of £850-1000/m².

We would also point out that a significant amount would also be required for site utilities for any conversion use. This could easily be electrics, water, and drainage which could be in excess of £1M. This can only be determined by a more detailed review of any final alternative use schemes.

7.7 Conclusion

The costs identified in the report for “essential repairs” total £6,564,515 excluding contingency and VAT. The overall costings allowed could be enhanced by a 5% allowance for contingencies. The levels used are generally reasonable however and relate to the costs for putting the buildings into repair.

The main issues associated with conversion relate to the services provision in addition to the utilities requirements to the site

8 VIABILITY

8.1 The Problem with Heritage Buildings

Historic buildings are generally more expensive to maintain than modern equivalents. Their sympathetic restoration invariably requires the use of traditional materials and traditional building techniques where the economies inherent in mass production and standardised building techniques are not available. Similarly, the nature of some types of construction from past times is such that buildings are prone to deterioration rather more readily. Inadequate damp proof courses, the lack of cavity brick work, un-felted roofs, ill-fitted windows, inadequate foundations etc can all lead to expensive remedial work in order to satisfy modern day standards.

At the same time whilst many owners and occupiers are happy to pay the additional costs in order to enjoy an historic environment others remain fearful of the additional cost requirement and in-built inefficiencies. This has led to a significant decline in demand particularly from commercial occupiers. The market for period office buildings now is very limited and where once nursing home, educational and other institutional occupiers were often the saviours of large country houses that had become impractical as private homes they now require a modern and standardised product. The hotel sector is perhaps the one commercial occupier where there is still demand for a prestigious historic centrepiece but here again this is usually coupled with the need for more standardised bedroom accommodation except for a very small niche market category.

The additional construction costs and additional running costs associated with listed buildings coupled with a reduced demand does therefore lead in many cases to problems over economic viability. Particularly in circumstances where a building has been allowed to deteriorate and where major works are required it is very often the case that the expenditure will outweigh the value inherent in the restored product. There are cases where, through the love of a particular building, owners will fly in the face of commercial reality and restore a building knowing that the expenditure will be greater than the potential return. This will normally only apply in the case of wealthy individuals requiring a specific property for their own occupation and enjoyment. There will be other historic buildings where such "money no object" demand does not exist. For them alternative solutions will have to be found if they are to be restored and given a viable and long lasting future.

8.2 Viability at Elvaston

The circumstances of DCC at Elvaston are similar to those faced by other owners of large country houses with substantial outstanding wants of repair although there is the added dimension of the community benefit that the property offers. It is an important local facility with free public access (excepting the car parking charge)

and not only is the running costs deficit a drain on the public purse but also the pressure brought about by its popularity has in itself led to an acceleration of the deterioration of the site. At a time of public sector budgetary constraint spending some £6.5 million on just restoring Elvaston is unaffordable. In order to justify such expenditure the Council would need to satisfy itself that it has created an equivalent amount of value. Whilst this study is intended to establish the value that could be created following a restoration programme it is almost certain that this expenditure could not be justified if judged purely in a commercial context. Whilst estimated expenditure of approximately £6.5 million could restore the house, ancillary buildings and the grounds there would inevitably be a significant amount of other expenditure required including fees, financing costs, developer's profit and also the cost of converting buildings to their optimum use. This additional expenditure would increase significantly the costs that have been applied to the built element of the estate and it is hard to see that a prospective purchaser in the market would be prepared to pay a price equivalent to the expenditure that has been incurred.

8.3 Potential Solutions

If, in these circumstances historic buildings are to be restored and re-used there are essentially only two general solutions – either someone has to subsidise the development or additional value has to be created to cover the deficit.

a) Subsidy

There are cases where a private purchaser will be prepared, for one reason or another, to expend more on the restoration of a house than they would expect (at least in the short term) to get back. This was arguably the case at nearby Staunton Harold and there are other examples such as Toddington Manor in Gloucestershire. If in the case of Elvaston Castle however the County Council wish to preserve the estate as a country park open to the general public with its attendant lack of privacy it is difficult to envisage a private purchaser being attracted to it.

Any subsidy for the restoration would therefore need to come from public or charitable sources. It is in fact most likely that such a subsidy would be obtained from a grant and the most likely source is the Heritage Lottery Fund. The Heritage Lottery Fund uses money raised through the National Lottery to fund projects aimed at providing a sustainable future for Britain's heritage. We have met with HLF and their comments with regard to Elvaston are set out in a later section of this report.

b) Enabling Development

Enabling Development is an alternative solution where grants or subsidy are not available or do not cover the full extent of the conservation deficit. The principle is that additional value is created by the grant of

planning permission for development that would normally be contrary to policy but is allowable in circumstances where the value that it generates is equivalent to the loss on the heritage restoration. The nature of the Enabling Development can take different forms. It can for example simply be the re-use of the heritage asset itself for a purpose for which planning permission would not normally be available. More commonly however it may be for an extension providing new flexible accommodation at a cheaper cost where a profit and site value can be obtained on the scheme or alternatively new development unattached to the heritage asset. Normally development in the latter category will be located in the least harmful position and can in fact be off site completely if there is the potential for this.

The approach is now established policy which is contained within PPS5 although much more comprehensive guidance is contained within the English Heritage publication "Enabling Development and the Conservation of Significant Places". The policy contains safeguards on the use of this approach including a requirement that the property should first be offered to the open market (to establish that there is not in fact a potential purchaser in existence who would be prepared to undertake the restoration at a loss) and the need for confirmation that no grant funding is available. This is to cover the two alternative solutions to conservation deficits referred to above. We will examine the Enabling Development policy in more detail below. PPS5 deals with enabling development at policy HE11. This states as follows:

"Local Planning Authorities should assess whether the benefits of an application for Enabling Development to secure the future conservation of a heritage asset outweigh the dis-benefits of departing from the development plan (having regard to the requirements of section 38 (6) of the Planning and Compulsory Purchase Act 2004) or from national policies, taking into account whether:

- *It will materially harm the significance of the heritage asset or its setting.*
- *It will avoid detrimental fragmentation of management of the heritage assets.*
- *It will secure the long term future of the heritage asset and, where applicable, its continued use for a purpose sympathetic to its conservation*
- *It is necessary to resolve problems arising from the inherent needs of the heritage asset, rather than the circumstances of the present owner or the purchase price paid.*
- *There is a source of a funding that might support the heritage assets without the need for Enabling Development.*
- *The level of development is the minimum necessary to secure the future conservation of the heritage assets and of a design and type that minimises harm to other public interest."*

Prior to the publication of PPS5 judgements were made on the basis of the policy contained within the English Heritage Guidance - Enabling Development and the Conservation of Significant Places. The principal difference is that local planning authorities are probably now afforded a greater degree of flexibility in their decision making. Under the original English Heritage policy there was a presumption that Enabling Development would be unacceptable unless seven specific criteria were satisfied. The Planning Policy Statement now merely requires local planning authorities to take into account six similar although marginally different criteria. This does therefore mean that the application of this principle is less rigid and planning authorities do have the option to look at the broader picture rather than being tied down by very specific wording.

The Practice Guide to PPS5 does however refer specifically to the English Heritage Guidance and on this basis we believe that it is appropriate to use the Guidance notes and specifically chapters 1-8 as a basis for assessing the merits of the scheme proposed.

9 THE HOTEL PROPOSAL

9.1 The Scheme

The Council has previously marketed Elvaston Castle as a development opportunity. This resulted in the selection of Highgate Sanctuary as a preferred bidder in 2004. The Highgate Sanctuary proposal involved the creation of an hotel and conference centre together with a new golf course.

Specifically the hotel and conference centre would have provided 169 bedrooms including a number of suites in the main house together with two restaurants, a bar, a health spa and conference facilities with a capacity of 500. In addition the leisure facilities were to include a 27 hole golf course with an associated club house.

The development relied heavily on the creation of a new 4 storey block in the paddock to the rear of the house. The conference and indoor leisure facilities were to be contained at lower ground floor level with a grass roof over the main auditorium between the two bedroom blocks.

It is understood that Highgate Sanctuary were prepared to contribute matched funding for a Heritage Lottery Fund bid to enable the restoration of the historic gardens. The Council were also mindful of the fact that Highgate Sanctuary would in effect relieve the Council of the repair bill for the Castle and other buildings, be responsible for the future maintenance of the buildings and contribute to the upkeep of the grounds.

9.2 Current Views on the Proposals

Extensive public consultation has been carried out on the project and both English Heritage and the local planning authority have had the opportunity to consider it in some detail. It is understood that the public consultation exercise resulted in 229 responses which were against the scheme and 4 which were in favour.

It was always considered that both the hotel development and the golf course would have to be regarded as Enabling Development because of the impact on the setting of the listed building and because of the effect on the registered garden. We understand that the planners' view is that the scale of the proposed new development would be too damaging to the setting of the heritage asset and both English Heritage and the local planning authority would resist an application for the scheme as proposed.

9.3 Viability

Christie & Co were commissioned by English Heritage to undertake an analysis of the viability of the hotel scheme in July 2006. Their assessment was based upon reports prepared by the developer and also Tri Hospitality Consulting. In summary the trading projections showed a stepping up of occupancy from 60.1% in 2009 to 70.2% in 2011 with average room rates increasing over the same period from 72.34% – 79.69%. The room yield suggested increased from £43.48 - £55.94. It was the conclusion of Christie & Co that this was reasonable.

In relation to revenue from the golf course and health club it was anticipated there would be 600 golf members and 600 health club members paying £200 joining fee and £650 per annum membership and £150 joining and £600 per annum membership respectively. It was also anticipated that there would be 8,580 pay and play golf rounds at £31 green fee with a total of 31,000 rounds per annum.

Again Christie & Co thought that this was a reasonable assumption.

In relation to the development costs these were allowed at £124,000 per room which included some £3million for an 18 hole golf course. The latter it was suggested equated to approximately £170,000 per hole.

Overall the developer's view was that the development needed to be on this scale and it was suggested that a conventional country house hotel in isolation would not work because of the public access to the grounds. Christie & Co generally confirmed the developer's view on viability and suggested that the proposals were viable but in effect that they needed to be of the scale proposed.

Whilst it is beyond the scope of this report to undertake a new analysis of the Highgate Sanctuary scheme it is clear that the market has changed since 2006. This period was close to the market peak with considerable optimism and a ready supply of development finance. The golf course market was also riding high with demand levels possibly still out-stripping the supply of golf availability. Circumstances are now different. We will provide a brief review of the hotels market in the next section but generally whilst the hotels market is active the principal problem for new hotels, particularly outside of central London is in relation to development finance. The other principal problem is current over-supply of new golf course opportunities. Perhaps the biggest problem however with the Highgate Sanctuary scheme is the scale of development and its impact on the setting of the listed buildings and the Registered garden, If the new development is considered to be inappropriate and is not achievable in town planning terms though it is debateable whether a smaller hotel scheme based upon a conversion of existing buildings could ever be viable. Country house hotels are being traded and profits are being made. The problem is that the costs of restoration and conversion are such that viability may never be achievable.

10 MARKET COMMENTARY

10.1 The Relevant Market Sectors

In terms of uses most applicable to the future of the site we believe residential or office use to be the optimum financial solution. We will therefore provide a market commentary on these two sectors. Given that there was previous interest in the site as an hotel operation we will also provide some comment on that market although we believe that it is probably unlikely that Elvaston Castle would be suited to this use.

There may be a number of small buildings within the estate for which the only suitable use is as storage or workshop units. We have not provided any detailed commentary on this sector but have where necessary made an assumption as to an appropriate market rent and yield to arrive at a conclusion as to potential value.

10.2 The Office Market

10.2.1 Derby Market Overview

The Derby office market has seen significant growth since the mid 1990's, though this has primarily arisen through the development of out of town business parks around the city centre and main arterial roads, which have combined a greater availability of new space with accessibility.

The majority of take up over recent years has been observed within out of town locations, with much of the existing city centre office accommodation of poor quality and unable to support modern office occupier requirements.

A number of key professionals have relocated to the business park developments surrounding Pride Park and the Wyvern, located to the east of the city at a distance of approximately 5 miles from Elvaston Castle. Such developments have forced competing older office schemes within the city centre to offer significant incentive packages to counteract dwindling demand.

Existing quoting rents for second-hand accommodation within the city centre currently lie within the range of £5.00 - £10.00 ft², with modern out of town developments quoting rents of up to c. £15.00.

10.2.2 Local Market Overview

Elvaston and the surrounding villages do not have an established commercial market.

A certain level of latent demand may however be anticipated to exist within the local market as a result of the absence of office premises. Such demand is likely to arise from individuals looking to establish start-up businesses within proximity to their homes.

Large scale office development within the village is unlikely to be viable due to a lack of significant infrastructure and public transport network provision, which will severely restrict the potential occupier market. An increasing demand from occupiers for sustainable locations is likely to result in preference being shown towards better located options with access to established transport hubs and less reliance on the use of private cars.

10.2.3 Demand

Due to the rural location and lack of established business environment it is unlikely that the subject site would be well placed to attract significant occupiers.

What demand that may exist is most likely to be from small to medium sized businesses with existing bases in the surrounding area who are seeking good quality accommodation at competitive prices. There is of course the possibility of latent demand from an organisation requiring a prestigious corporate headquarters but general demand has now moved away from country house office buildings due to their inefficiencies, high running costs and to an extent, the image that they convey.

Having regard to the nature of the building we would anticipate the property to most likely to suit multiple occupation in the form of serviced offices offering all inclusive packages, and which may allow for greater rents to be achieved per ft². Part of the nearby Staunton Harold is used in this way.

10.2.4 Market Activity / Availability

Much of the recent transactional evidence within the Derbyshire market has been observed within the out of town business park locations surrounding the city centre. Brief details of recent activity within the market are detailed below:

7 Brunel Parkway, Pride Park, Derby, DE24 8HR

Social Play Ltd have taken 1,229 ft² of two storey office accommodation on a two year lease at a stepped rent equating to £13.20 ft² in May 2011.

Unit 4 Riverside Court, Pride Park, Derby, DE24 8JN

10 year lease taken by Parker Hannafin Holdings Ltd on modern offices of 4,441 ft² on a stepped rent equating to £9.00 ft² during April 2011.

Mallard House, Wyvern Business Park, Derby, DE21 6BF

Modern detached offices of 7,000 ft² were taken by an undisclosed tenant in March 2011 at a rent of £13.00 ft².

Unit 7 Heritage Business Centre, Belper, DE56 1SW

Located to the north of Derby in close proximity to the A6 Derby Road, an undisclosed tenant took 1,642 ft² of modern business centre accommodation at a rent of £12.75 ft² during January 2011.

Spire House, Waterside Business Park, Ashbourne, DE6 1DX

Contemporary two storey office unit of 2,022 ft² was taken by an undisclosed tenant in January 2011 at a rent of £13.00 ft². Prominent location at the intersection of the A52 / A515.

Whilst these transactions provide evidence of the general rental tones within the areas surrounding the city centre, the nature of the accommodation is significantly different to Elvaston Castle. Due to the lack of direct comparable property evidence we have therefore reviewed availability and quoting rents within similar style properties, as follows:

Shardlow Hall, Shardlow:

Located 8 miles south east of Derby with good access to the A50 and J.24A of the M1, Shardlow Hall comprises a two storey period building dating to 1684. Providing office accommodation of 7,310 ft² within a traditional cellular layout the space is currently available at a quoting rent of £9.00 ft².

Additional office / workshop accommodation is available within a range of mews and annexe buildings at quoting rents from £5.00 - £7.00 ft².

Mansion Aston Hall, Aston-on-Trent:

The property is situated to the south east of Derby with good transport links to J.24A of the M1 via the A50. Predominantly comprising a private residential estate, current availability at the site includes 2,035 ft² of ground floor office space within the main hall building.

Incorporating extensive period features, the availability is being marketed at a quoting rent of £8.60 ft².

Lockington Hall, Lockington:

The property occupies an edge of village location approximately 0.25 miles from the M1, M42 and A50.

Comprising a Grade II listed hall building the premises have been converted to provide two storey offices of a predominantly cellular layout.

Able to accommodate requirements of 140 – 3,270 ft² current quoting rents at the site are £10.00 ft².

Errisbeg House, Burton upon Trent:

Comprising a detached period office building located in a prominent position adjacent to the A38.

Accommodation has been divided to provide self-contained offices with current availability from 90 – 980 ft².

Flexible terms are available at a rent of £6.00 ft².

Balderton Hall, Newark:

A two storey brick building situated in close proximity to the A1, constructed around 1840 and formerly utilised as a hospital. Subsequently extended in 1950 to provide a net internal area of 8,186 ft². It was extensively refurbished in 2005.

Currently it is partially tenanted and the remaining accommodation extending to 5,620 ft² is available at c. £6.00 ft².

10.2.5 Anticipated Rental Levels

Having regard to transactional evidence and current availability within the local market and the rural period office centre market, we would anticipate rental levels of c. £8.00 - £10.00 ft² should Elvaston Castle be marketed for office use. In arriving at this figure we have assumed the property to be refurbished to a good standard to provide individual office suites.

Period properties are however known to face certain issues in securing tenants, with potential occupiers often expressing concerns surrounding service charge provision (if this is not fixed) and the unknown liabilities for repair costs of items such as roofs, windows and heating systems. The nature of occupier liabilities would therefore need to be established at an early stage.

Should new office provision be developed within the site grounds we would anticipate rental levels of approximately £12.50 ft². This will be greater than within the converted units due to the expectation of provision of more efficient space better suited to the requirements of modern occupiers, with a specification to include raised floors and suspended ceilings incorporating integral lighting and air conditioning units. Such accommodation is more attractive to occupiers due to the ability to make anticipated costs and liabilities more quantifiable.

10.3 The Residential Market

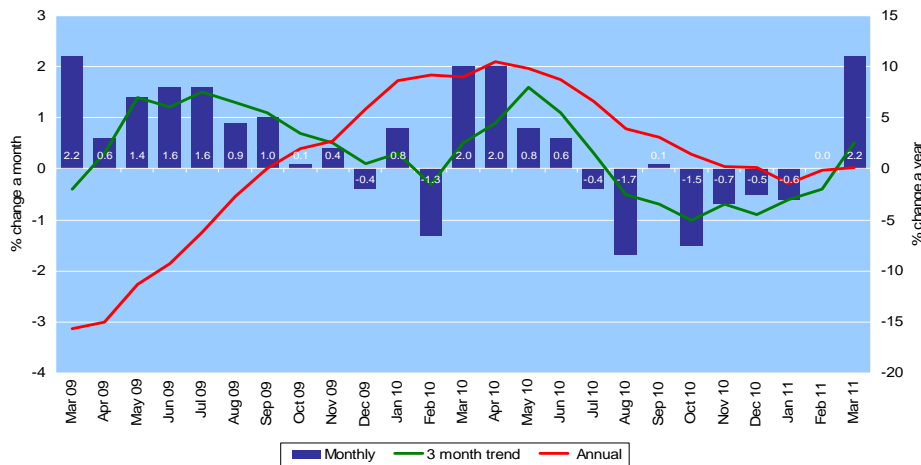
10.3.1 National Trends

The Nationwide Monthly Index increased by 2.2% during March. This was the first monthly increase since September 2010. Although price growth was very strong in March, care should be taken not to interpret this as

the start of a strong upward phase for house prices. (Source: Nationwide Monthly House Price Index non-seasonally-adjusted).

The Nationwide Monthly Index three-month trend in UK house price growth, in our view the most reliable measure of current house price movements, turned positive in March following seven consecutive months in negative territory. The average monthly price change during the three months including March was +0.5% up from -0.4% a month earlier and from a low of -1.0% in October 2010. (Source: Nationwide Monthly House Price Index non-seasonally-adjusted).

UK house price growth, Nationwide Monthly House Price Index (NSA)



Source: Nationwide

Annual house price growth improved to +0.1% in March 2011 up from -0.1% in February and -1.4% in January. The average house price is now 11.5% above the February 2009 trough and 11.4% below the October 2007 peak. (Source: Nationwide Monthly House Price Index non-seasonally-adjusted).

Housing demand has been declining for ten consecutive months with slightly more surveyors reporting a fall rather than a rise in new buyer enquiries compared to the preceding month. The seasonally adjusted balance in March was -6% down from -1% in February. The fact that the balance has not exceeded -20% and has oscillated between -20 and 0% during the past ten months suggests a reasonably stable, albeit gradual weakening, housing demand profile. (Source: RICS Housing Market Survey seasonally-adjusted).

Mortgage lending has been broadly stable since early 2009. The total number of mortgage approvals increased marginally in February and January when compared to December, on a seasonally-adjusted basis, but this should not yet be interpreted as the start of an upward trend. The level of mortgage approvals, at 103,000 a month, is around 65% below the 2006 average and 57% below the average of the ten years 2001-2010. (Source: Bank of England (BoE) mortgage lending data seasonally-adjusted).

The number of mortgages approved for house purchase has been broadly the same, at a little under 50,000 a month, for the last fourteen months. The number of mortgages approved for house purchase rose in January and February but at around 47,000 a month this is 48% below the ten year average and 61% below the average in 2006. (Source: Bank of England (BoE) mortgage lending data seasonally-adjusted).

With mortgage approvals still significantly below typical levels both housing demand and restrictive mortgage conditions continue to adversely affect the housing market despite the low base rate.

Although the volume of mortgage business being undertaken is significantly below the levels seen 3-4 years ago, a certain degree of competition has returned to the UK mortgage market. The increase in the total number of mortgage products available has flattened-out in recent months and stands at just over 2,200 in March 2011. The number of mortgage products available is approaching the number available in mid-2007. (Source: Moneyfacts).

Despite falling slightly in March 2011, the number of products available at 80% or higher LTV ratios has increased steadily and significantly since early 2009. The number of 80%+ LTV ratio mortgages available is still less than half the number seen in mid-2007. (Source: Moneyfacts).

Average mortgage interest rates have started to rise in recent months as the prospect of an increase in the base rate in response to higher inflation has impacted the market. The average interest rate on a two year fixed rate mortgage has increased to 4.58% in March 2011 having been 4.37% in December 2010. Five year fixed rates were 5.66% in March 2011 and 5.29% in December 2010. (Source: Moneyfacts).

The amount of property on the market had been on a steady incline between June 2009 and December 2010 but has fallen during the three months to March 2011. On a seasonally-adjusted basis the average number of properties on the market per estate agency office in the UK was 64.6 in March 2011 down from 70.8 in December. (Source: RICS Housing Market Survey seasonally-adjusted).

The number of sales per estate agency office has been in steady decline between late-2009 and March 2011. The average sales per month was below 15 in March and the previous two months, having dropped from around

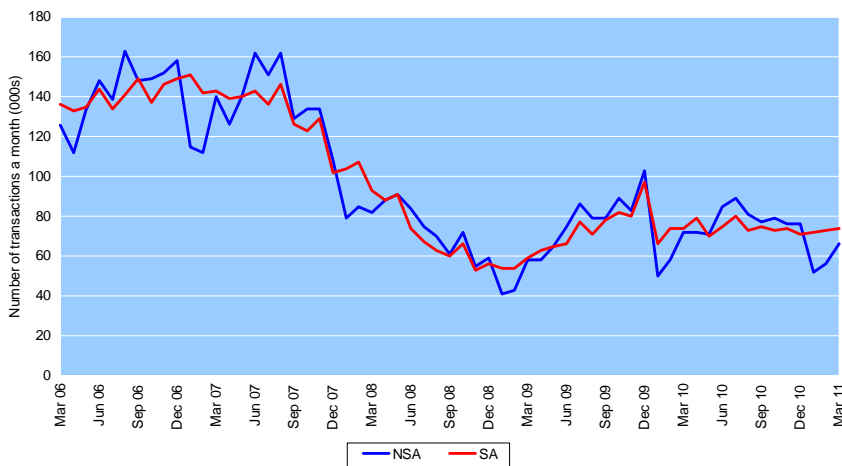
16-17 sales a month in the middle of 2010 and 18-19 a month in late-2009. (Source: RICS Housing Market Survey seasonally-adjusted).

The recent drop in the number of properties on the market has led to an increase in the sales to stock ratio despite a slight fall in sales. The marginally tighter market has led to slightly fewer surveyors reporting price falls as opposed to rises in recent months. (Source: RICS Housing Market Survey seasonally-adjusted).

The number of housing transactions in the UK, on a seasonally-adjusted basis, has been broadly stable in the fourteen months to March 2011. The number of transactions has increased marginally on a seasonally-adjusted basis during the first three months of 2011, but it is too early to conclude that this is the start of a meaningful upward trend. The level of transactions, at 74,000 in March, was the same as a year earlier. (Source: HMRC).

The current twelve month rolling average, at 880,000 a year, is just over half the 1,720,000 level seen at the recent peak in 2007 and is 32% below the average of the past ten years. (Source: HMRC).

UK housing market transactions



Source: HMRC

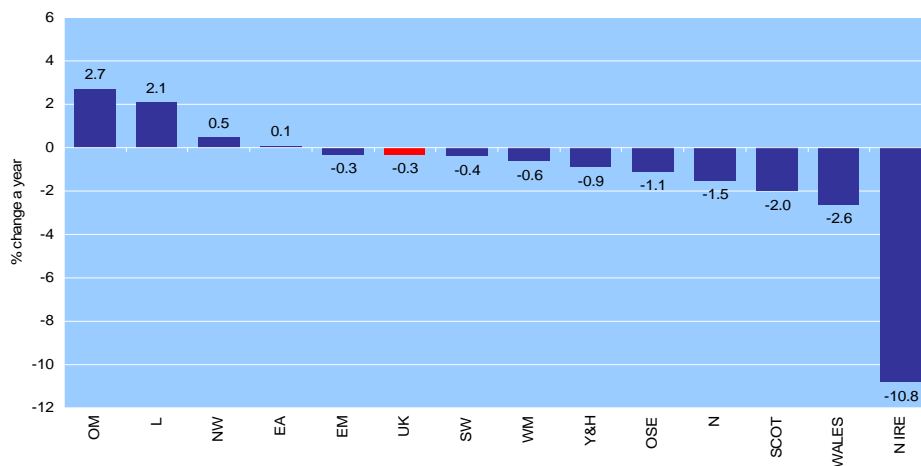
The final two quarters of 2010 witnessed the UK development industry starting fewer new homes. Around 30,500 homes were started in Q2 2010 but this slowed to circa 27,500 by Q4. This recent trend follows a period when the number of new homes started had increased for 18 months having bottomed-out at end-2008. At its peak in early 2007 UK development starts were greater than 50,000 a quarter but this fell to a low of circa 16,000 in Q4 2008. (Source: NHBC. NHBC accounts for circa 80% of all housing starts).

10.3.2 Regional Housing Markets

During the six months Q4 2010 and Q1 2011 house prices fell in every UK region. The only regions to see less than a 2% decline were Yorkshire & Humberside and the North West. However, during Q1 2011 five regions recorded positive price growth; London, Outer-Metropolitan London, Yorkshire & Humberside, the North West and Wales. (Source: Nationwide Quarterly House Price Index non-seasonally-adjusted).

House price growth in the year to Q1 2011 has been quite different between regions. London has seen the highest house price growth while Scotland, Wales and Northern Ireland have seen the largest price falls. The remaining English regions, however, have seen reasonably similar price growth ranging from +0.5% to -1.5%. (Source: Nationwide Quarterly House Price Index non-seasonally-adjusted).

Regional house price changes



Source: Nationwide

10.3.3 The East Midlands Market.

Development within the East Midlands has however shown tentative signs of improvement within the past 12 months, though developers are tending to focus upon smaller, less risky and “oven-ready” sites in equity-rich areas (home owners with the financial means to relocate). Land pricing now appears to have stabilised

following a period of reduced values, though regional pricing in secondary locations has appeared to soften slightly.

Average property prices for the region were recorded at £138,611 during 2010, representing a fall of 0.3% on the preceding 12 months (Nationwide). In comparison to average UK pricing of £162,379 during this period, the East Midlands remains one of the more affordable regions within the country.

10.3.4 Local Market Overview

Elvaston is situated in a semi-rural location approximately 7 miles to the east of Derby city centre, but it does benefit from good connectivity via the A6 and A52 trunk roads. The village is well located for access to J.24 and 25 of the M1 via the A52 / A50.

Residential property within the village predominantly comprises traditional semi-detached and detached family style housing, with little apartment provision. The immediate areas surrounding Elvaston have seen a lack of new build activity from the major house-builders, with such schemes being developed in locations in closer proximity to Derby city centre.

10.3.5 Local Schemes

Having reviewed the new build properties situated within 5 miles of Elvaston Castle we have noted the following schemes, for which quoting prices have been broken down on a square foot basis as detailed below:

Rhapsody, Station Road, Spondon, Derby, DE21 7NE

Strata Homes development to the east of the city centre. Development of 2, 3 and 4 bedroom Georgian style properties.

House Type	Average Quoting Price / ft ²
2 Bed	£141

Euphoria, Prospect Park, Derby, DE23 8NA

Strata Homes development to the south of the city centre. Comprising 2 – 4 bedroom coach house / town house units.

House Type	Average Quoting Price / ft ²
2 Bed	£141
3 Bed	£142
4 Bed	£126

City Point, Derby, DE24 1AB

Barratt Homes development on the outskirts of Derby city centre in proximity to Pride Park. Comprising a range of 4 & 5 bed traditional houses.

House Type	Average Quoting Price / ft ²
4 Bed	£141
5 Bed	£155

City Point, Derby, DE24 8UG

David Wilson Homes scheme located to the eastern outskirts of Derby city centre in proximity to Alvaston Park. Comprising a mix of 4 and 5 bed detached properties.

House Type	Average Quoting Price / ft ²
4 Bed	£186

10.3.6 Local Availability

Recognising that the immediate surroundings of Elvaston Castle probably represent a rather more desirable residential area than others closer to Derby we have looked at individual houses currently on the market in the villages of Elvaston and Thulston. We will list some specific examples below: With second hand property it is not always easy to calculate a Gross Internal Area and hence a sales rate per sq.ft. We have where possible however attempted to arrive at an approximate indication.

- Main Road, Elvaston – an attractive Grade II listed farmhouse with 5 bedrooms adjacent to the Elvaston Castle grounds. The property is on the market through Boxall, Brown & Jones at a price £699,950.
- Woods Meadow, Elvaston – a modern 4 bedroom detached house, currently available through IMS Property Residential at a price of £214,950. It is estimated that this equates to approximately £187 per sq.ft.
- 2 Castle Court, Elvaston – an attractive single storey cottage (probably a stable conversion) comprising 2 bedrooms and currently available through Jonathan Fox at a price of £168,950. This equates to an approximate sales rate of £250 per sq.ft. and probably reflects the small size of the unit.

- The Pinfold, Thulston – a substantial modern 5 bedroom detached house currently available through Hannells with offers being sought in excess of £400,000. It is estimated that at £400,000 the sales rate is approximately £186 per sq.ft.
- The Greenway, Thulston – a modern 4 bedroom detached house also available through Hannells at a price of £239,950 which equates to approximately £205 per sq.ft.
- Woods Meadow, Thulston – a small 3 bedroom detached house with integral garage currently available through Hannells at a price of £179,950.
- Thulston – a 4 bedroom modern detached house currently available at £385,000 through Everington & Ruddle.

We have also looked in a slightly wider area at larger properties or properties in larger plots. Some examples are as follows:

- The Dower House, Shardlow – a 7 bedroom Georgian House currently available at £850,000
- 51 Swarkestone Road, Barrow on Trent – a 5 bedroom house set in a half acre plot currently available at £499,950.
- Sutton Avenue, Chellaston – a 5 bedroom rather unattractive modern house set in a large plot currently available at £420,000.

10.4 Hotels

In 2010 UK hotel investment volume reached around \$2.8billion. This was more than triple the 2009 figure but 84% of the total invested was in London. This included a significant number of single asset transactions including some trophy assets sold at prices below their reinstatement value.

There was also a significant number of administration deals (about 14% of total sales) and these were often sold at more than the outstanding loan.

Looking ahead to the situation this year it appears that trading is remaining stable and that there is a prediction of growth in room yield by the end of the year. The market will also be under-pinned by the attractiveness of the weak pound to overseas investors. The relative success in 2010 of administration sales is likely to encourage banks to act on clearing their balance sheet and it is therefore anticipated that there will be an increase in secondary properties requiring capital expenditure coming on to the market. This could derail continuing market recovery particularly in secondary locations.

Specifically in relation to the hotel development market buyers will largely be restricted to those with limited debt requirement. Developments under way particularly in the regions are concentrated largely in the budget sector. These are easier to fund with a lower risk of default. Generally though with loan to value ratios at around 60% for existing hotel assets development is likely to become even more difficult. In summary the market for hotel developers will in general be limited to "high net worth individuals" and cash rich developers.

11 THE CONSERVATION DEFICIT

11.1 General

In order to assess the conservation deficit we need to establish first the costs associated with the restoration (and where necessary the conversion) but we also need to know the potential value of what will be created following the completion of the scheme. The scheme however has to be based on what would be achievable in town planning terms in compliance with policy.

The point is that the conservation deficit is not the £6,564,515 identified as the total repairs costs. There will in fact be value to the property assets in their restored state and this has to be taken into account. The repairs cost figure however is simply that. It makes no allowance for conversion or fit out required for new uses which will provide the building with a sustainable future. There will be further costs associated with the project therefore before values can be realised

In our analysis therefore we have considered those elements of the estate which could have a remunerative future use. These include the following:

- The Main House
- The Upper Stable Yard
- The Lower Stable Yard (including the Museum Buildings etc)
- Home Farm
- The Kennels.

For each element we have carried out a development appraisal which considers first the potential end value and then deducts from it the cost of repairs, the cost of conversion, the various fees involved, the cost of finance and also an allowance for a developer's profit. The resulting residual figure (shown on the appraisals as Residualised Price) represents the value that has been generated by the restoration and conversion scheme.

In terms of the allowance for the repairs cost for each of these building groups we have simply extracted the figures from the Simpson & Brown report and allowed 17.5% professional fees as advised. We have not attempted to apportion the other lump sum costs such as preliminaries and scaffolding which are added at the end of the Simpson & Brown analysis. These items have been allowed for as a whole at the end of our analysis.

11.2 General Assumptions

We will summarise the specific assumptions that have been made and the results of our analysis in relation to each of the 5 building elements in the next sub-section. There are however a number of general assumptions that have been made which are set out below:

Repairs cost – only the cost of specific repair items and the 17.5% allowance for professional fees have been inserted into our appraisals. Other items of expenditure including preliminaries, scaffolding etc together with all of the repair costs associated with the non-remunerative elements of the site are dealt with as total costs at the end.

Site infrastructure – we have assumed that site infrastructure is adequate to support the conversion works proposed. This will however need more detailed consideration in any future stage of the project.

Community benefit – we have been conscious of the fact that the estate is a Country Park operated for the enjoyment of the general public. We have assumed that this will continue and have not considered wholesale disposal of the site. In terms of the uses proposed under our analysis however it may be that some restrictions have to be imposed on the public use and public access in order for the proposed uses to “work”.

Rights of Access and Services – it is assumed that all appropriate rights of access and the running of services that may be required for the development proposed are available and are unrestricted.

Measurement – we have taken measurements from floor plans provided. In some areas however we only have enlarged ordnance survey extracts to work with. It was not possible therefore in all cases to obtain an accurate assessment of gross or net internal areas and assumptions have had to be made as to an appropriate percentage deduction from the gross internal area. Similarly where conversion to flats is envisaged (principally in the main house) it has been difficult to estimate the sales area that will ultimately be achievable. Until an architect's scheme has been prepared it is impossible to assess this with any degree of accuracy and we have had to make a general allowance for the net gross ratio (65% in relation to the main house).

Future Uses – where we consider that a group of buildings has the potential for a financial receipt we have made an assumption as to the optimum use for which planning permission could be obtained in normal circumstances (i.e. where not justified as Enabling Development). In most cases the assumption is that buildings will be converted to residential use although there are some buildings (generally former workshops, stables and stores) which are inappropriate in their existing form for residential conversion and we have assumed that these would be used as workshops in the future although possibly with a retail element where some form of craft centre is deemed appropriate.

Professional Fees – we believe that an allowance of 17.5% on the cost of repairs is very much a full figure. Whilst we have made allowance for this amount however in relation to the repair costs we have introduced an element of balance through applying only 12% in relation to the conversion costs.

Developer's Profit – we have in general allowed a 20% developer's profit on all cost items related to the remunerative elements of the site. Where we have allowed for both repair costs and conversion costs therefore the developer is given a 20% reward on these items. The difficulty comes with cost items such as preliminaries and scaffolding which has been applied generally and also those repair costs associated with the rest of the estate which will not show a significant value or which will be retained in community use. It is not anticipated that a developer would be undertaking the repair works to the rest of the estate if it is to be used for community purposes. If these works are to be undertaken by the Council themselves it is not therefore appropriate to allow a 20% profit margin.

Similarly, because preliminaries and scaffolding are allowed for as lump sum items at the end of the cost analysis we have no way of properly allocating these costs to the five remunerative building groups. All we are able to do is to allocate these costs to the overall project at the end of our analysis. This does not however allow for the proportion that should strictly have a 20% profit allowance attributed to them. Whilst it cannot be accurate we have made an attempt to allow something for profit on these extra costs by simply apportioning the cost of scaffolding and preliminaries to each of these building groups in proportion to the repairs costs attributable to them in relation to the repairs cost as a whole. We have then allowed an extra 20% to these proportional items. Again however this has been carried out at the end of the analysis.

Contingencies – the repairs cost budget makes no specific allowance for contingencies and we have therefore followed this principle. There is however an argument that some form of contingency should be allowed although again it might be an overall allowance at the end if it is deemed appropriate to do this.

Current value - the English Heritage guidance on Enabling Development does indicate that it is permissible to allow in any development appraisal a sum representing the current value of the heritage asset. The point is that whilst the restoration of the estate as a whole is going to produce a negative figure, in reality virtually any freehold property will have some value attaching to it albeit that it may be nominal only. Very often with country houses for example there are associated pieces of land or outbuildings which could be valuable to a purchaser in the market if only for say grazing or storage. That purchaser would pay a price that reflects the

value to him of those elements and whilst other parts of the estate may be potential liabilities in this aspect they will be ignored.

In this instance there is clearly a value attaching to elements of the estate including those building groups that generate a positive residualised price as indicated below. There will also obviously be positive value associated with grazing land and other areas where a rental income is derived. Allowing for these positive value elements would have the effect of increasing the conservation deficit since a hypothetical purchaser of the estate would be required to pay this amount and include it within the development appraisal as an initial cost.

We have not in this instance made any allowance for a positive current value. We do not consider it would be appropriate to do this in circumstances where the property concerned is a community facility and there is no realistic prospect of the whole being sold for third party use. What the County Council is seeking to achieve is an assessment of the overall deficit on the estate restoration and whilst there are inevitably positive value elements we do not consider it is appropriate in this instance to look at these in isolation.

11.3 Specific Assumptions

We have carried out development appraisals on the 5 building groups listed. These appraisals are attached as an appendix to this report. We will however briefly summarise below the assumptions that have been made and used as inputs for each appraisal:

The Main House

Assumed use - flats

Sales area – 15,813 sq.ft.

Sales revenue - 15,813 sq.ft. @ £200 = £3,162,600.

Repair costs - £791,700 (excluding services)

Conversion costs - 24,327 sq.ft. @ £80 = £1,946,160

Professional fees - 17.5% on repairs and 12% on conversion

Construction period – 12 months

Sales period – months 12 – 18

Promotion expenditure - £20,000

We have had to add-in an additional cost in the appraisal of £38,584 which is termed "Finance Balancing Payment". This is to compensate for a peculiarity of the computer programme where it allows for interest to accrue on a negative site value. This is not appropriate in this case and the additional cost has simply been incorporated to balance the credit that has been given.

Upper Stable Yard

Assumed use – generally residential

Sales area – 7,627 sq.ft.

Sales revenue - 7,627 sq.ft @ £200 = £1,525,400

Repair costs - £192,055

Conversion costs - 9,823 sq.ft. @ £80 = £785,840

Professional fees – 17.5% on repairs and 12% on conversion.

Construction period – 6 months

Sales period – months 6-12

Promotion expenditure - £5,000

Lower Stable Yard

Assumed use – the Gas House, Gardener's Cottage and Springthorpe Cottage in residential use and remaining buildings as workshops/craft centre

Sales area – 7,627 sq.ft.

Sales revenue - £585,000 (residential)

£901,560 (workshops)

Repair costs - £277,515

Conversion costs @ £80 and £25 = £568,380*

Professional fees – 17.5% on repairs and 12% on conversion.

Construction period – 9 months

Sales period – months 9-18

* The area figure shown for the Gas House under Construction Costs in the appraisal is 2,836 sq.ft. This in fact relates to all three residential elements including Gardener's Cottage and Springthorpe Cottage as well as the Gas House and has to be shown in this way due to the mechanics of the computer programme which generates the residualised price.

Home Farm

Assumed use – residential for the farmhouse and workshops in the steadings

Sales revenue - £300,000 (Farmhouse)

£255,440 (the Steadings)

Repair costs - £44,700

Conversion costs – 1,378 sq.ft. @ £80 = £110,240

6,386 sq ft @ £25 = £159,650

Professional fees – 17.5% on repairs and 12% on conversion.

Construction period – 6 months

Sales period – months 6-12

The Kennels

Assumed use – north range only as residential

Sales revenue 3 cottages @ £200,000 = £600,000

Repair costs - £40,645

Conversion costs - say 3,000 sq.ft. @ £80 = £240,000

Professional fees – 17.5% on repairs and 12% on conversion.

Construction period – 6 months

Sales period – months 6- 9

In relation to all of the appraisals we have assumed a finance rate of 6.25% and we have assumed that fees would be payable to agents and solicitors at 1.5% and 0.5% respectively. 20% developer's profit has been allowed on all of the cost items listed.

In relation to the workshop units at the Lower Stable Yard and at Home Farm it has been assumed that these would be sold to owner/occupiers. In reality it is more likely that the freehold would be retained by the estate and the accommodation let. It is however necessary to get to a capital value for the purposes of the appraisal and there will be little difference between the price paid by owner/occupiers and the price that would be paid by an investor.

11.4 Result

On the basis of the appraisals using the assumptions above the residualised price for each element is as follows:

The Main House –	(£696,616)
Upper Stable Yard -	£ 98,021
Lower Stable Yard -	£194,579
The Kennels (North Range only) -	£171,443
Home Farm -	£ 85,065
Total	£147,508

11.5 Conservation Deficit Summary

The Simpson & Brown report identified the total repairs liability for the estate. Our own analysis considered those building groups within the estate which could ultimately generate a receipt following restoration and conversion. Where the residualised value of these elements was positive this obviously can be used to off-set against the total repairs bill.

In the summary below therefore we have started with the total repairs cost then deducted the amount of repairs that have already been accounted for in our development appraisals. We have however added back a 20% profit allowance related to a proportion of the scaffolding and preliminaries cost attributable to those building groups where a receipt is ultimately anticipated. It is admitted that the apportionment is somewhat artificial but in the absence of any breakdown in the Simpson & Brown report there is no other way of making such an allowance.

With regard to the building groups where a receipt is obtainable a positive residual figure can be allowed for in the overall analysis. This specifically applies to Upper Stable Yard, Lower Stable Yard, The Kennels and Home

Farm. There is however an overall deficit on the repair and conversion of the main house and the amount of the deficit has to be added back in. In summary therefore the conservation deficit analysis is as follows:

Total repairs costs inc 17.5% professional fees, no contingency	£6,564,515
Less amounts allowed for in remunerative building groups	- £1,582,270
Plus 20% profit allowance on scaffolding and prelims attributable to remunerative building groups	£ 51,137
Plus deficit on main house	£ 696,616
Less surplus on other remunerative building groups:	
Upper Stable Yard	- £ 98,021
Lower Stable Yard	- £ 194,579
Kennels	- £ 171,443
Home Farm	<u>- £ 85,065</u>
TOTAL CONSERVATION DEFICIT (excluding Utilities)	<u>£5,180,890</u>

There are two issues not addressed in this analysis. First, no allowance has been made for the capitalisation of rentals being received from tenants of the estate or revenue derived from the car parking or show ground. If the net revenues were capitalised at say 9% overall this could reduce the conservation deficit by about £833,000. This includes an assumed net income in the order of £50,000 pa from the car parking. Whilst gross revenue averages about £95,000 we have deducted £45,000 for staff costs, management and maintenance. No actual expenditure figures are available. It also includes the figure of £16,250 for the ice cream concession and it must be questionable whether this level of income is sustainable in the long term.

On the other hand no allowance has been made for any costs associated with new utilities provision. If the conversion schemes proposed resulted in a requirement for new utility supplies this would clearly increase the building costs and hence the amount of the conservation deficit.

Our own building surveyor has indicated that the utilities cost could be anything up to £1,000,000 but equally it could transpire that no new services elements are required. Until a scheme is prepared and detailed site investigations undertaken this cannot be quantified and no allowance has therefore been made. It is however something which should perhaps be investigated further before any final decisions are taken as to the quantum of Enabling Development or the amount of grant to be applied for.

12 DEVELOPMENT OPPORTUNITIES

12.1 General Principles

In choosing to identify potential opportunities for Enabling Development it is important that the value of the heritage asset itself is not unduly compromised. It is an important principle of Enabling Development that any harmful effect on the heritage asset itself or its setting is minimised and we have therefore considered only potential development opportunities which in our opinion have limited impact on the historic integrity of the estate. In general this means that we have looked at discreet land parcels well away from the setting of the core buildings. Where we are looking at development related to existing buildings it may be that their use has to be changed. In general however such a change of use would probably receive planning permission in the normal course of events in any case on the basis that the buildings have no economic life in their previous use.

Specifically we have from the parcels identified in section 4 selected those we believe offer the potential for some form of development and in this section will consider each in turn in terms of the constraints and opportunities. The potential varies from one parcel to another but this does therefore present the opportunity to examine a range of options and to allow for different scales of Enabling Development depending upon the size of the conservation deficit.

12.2 Individual Parcels

Home Farm - Clearly there is the potential to bring the farm house itself back into residential use. More significantly however there is the potential to convert or re-construct the associated farm buildings. The 19th century ranges could convert reasonably well albeit with new window and door openings, and could provide attractive small residential units. The more modern buildings could be demolished and the footprint, and possibly additional site area, used for the construction of new dwellings forming a mews or courtyard type scheme. The major problem is road access. At present access is either from the central stables area which necessitates crossing a relatively insubstantial bridge over the lake or via Bedford Drive North where further investigations need to be undertaken with regard to the ability to use the access point off Borrowwash Road. In either case it is anticipated that upgrade work would be required whichever access point was used.

In terms of town planning constraint however this option raised few objections.

The Showground – The showground is a large level area which could lend itself well to large scale standard housing development. The principal town planning concern however is with regard to the loss of a recreational facility and the content of PPG17. Sport England would be a consultee on any development proposals and it was indicated to us that their agenda was more related to exercise than amenity and they would be likely to

object notwithstanding the fact that development was being justified on the grounds that it represented Enabling Development. It is understood that there may also be specific drainage problems as well as the fact that the site is within the zone 1 flood risk area. The fact is however that the income derived from this substantial area of land has declined rapidly in recent years. It is understood that in 2008-09 it was just £1,431. This rose slightly in 2009-10 to £2,165.50 but was back down to £1,342.50 for 2010-11. This compares with figures in 2006-07 of £7,467. In commercial terms therefore this is clearly not a productive asset for the Council and is significantly under-used except for general recreation.

Whilst we have not considered this option further we do believe that it might be appropriate to assess its potential again if it transpires that there is inadequate Enabling Development opportunity elsewhere on the estate.

Caravan Site – Extending to just over three acres with cleared areas set within belts of trees we believe that this site does offer the potential for low density high value housing albeit that it is within the flood plain. The site is commercially used at present with touring caravans providing a significant amount of traffic generation. It is well hidden from the rest of the estate and there was little in the way of town planning objection. We believe therefore that this site is worthy of detailed examination for development.

The Paddock – We initially thought that this site could be considered as the basis for an Enabling Development scheme. It was to be a major part of the hotel development. Discussion with conservation officers however has subsequently indicated that it is considered to be too close to the historic core and would be too damaging to the setting of the listed building.

Car Park and Circle – We have discussed development on this site and the view of conservation officers is that it could be possible to design a new “range” of buildings in a sympathetic style to extend the development core into this area. We believe that it could be possible therefore to incorporate say 6 new mews style units in this area effectively as an extension to the Upper Stable Yard. Given the drop in level down to the car park these could be two storey. It may in fact be possible, subject to a sensitive design solution to create a courtyard arrangement which would effectively double the size of the development and almost double the value inherent in the Enabling Development. For the purposes of our appraisal however we have considered the more conservative option.

The Courtyard – Although immediately adjacent to the main house it is thought that there is scope for new development within the courtyard. The modern open bay carriage stores located on the northern boundary are somewhat incongruous and a mews development designed in a rather more sympathetic style could represent a significant improvement. On that basis therefore we believe that it is appropriate to consider this as an Enabling Development option and allowed for a two storey terraced scheme of 5,000 sq.ft. approximately, double the existing footprint.

Upper Stable Yard – Essentially there is little scope for new development in this area and whilst there will be the opportunity to convert some of the existing buildings to residential use it is thought that planning permission could be granted for this in any case without needing to rely on the Enabling Development justification. We do not therefore see the Upper Stable Yard as providing potential for Enabling Development and it will instead be dealt with in terms of re-use of the heritage asset.

The Walled Garden – Although representing a substantial site area there is a limit to development potential in this area. Any substantial new build would clearly affect the integrity of the Walled Garden as a heritage asset. It has been suggested that it could act as a site for a functions marquee (principally for wedding receptions) but the attractiveness of Elvaston Castle as a wedding venue is very much in the house itself. As a space associated with the house a marquee in the Walled Garden would be too far from the core element and whilst there may be occasions when someone would want to erect a marquee for a specific function the revenue earning potential for the County Council is limited.

There may however be the potential to use the Walled Garden for horticultural purposes either as a growing nursery or alternatively with some limited sales potential. Issues of car parking and access would we believe however limit the retail scope.

Discussions with planning officers have also suggested that there may be scope for say two building plots in the area to the south west of the Walled Garden known as the Old Frame Yard. We have therefore undertaken an appraisal in relation to two new units comprising 1,500 sq.ft. each.

Thatched Cottage – A replacement of the Thatched Cottage that has burnt down would be achievable within the context of planning policy. The site does however lend itself to Enabling Development and could we believe provide scope for at least 3 housing plots in a particularly attractive corner of the estate. It is understood that there are no tree preservation orders covering the surrounding area and there may be potential, at least in a limited way, to eat into the surrounding tree belt.

Lower Stable Yard – The area of the Lower Stable Yard contains a mixture of different building types. There are at least two elements which lend themselves to residential conversion but many of the buildings are unsuitable because of their scale or type. It is envisaged that these could offer some potential for craft workshops or small businesses. This form of development however is likely to be achievable without Enabling Development justification. There is however some scope to demolish more modern structures (essentially the museum building and tractor shed) and replace them with sensitively designed housing. This does therefore again represent a small scale Enabling Development opportunity.

Kennels Cottage – There is little trace remaining of the former Kennels Cottage which was we understand, burnt down some years ago. There is however scope to create a building plot within this area albeit that there would be a need to remove some trees. If necessary and in an attempt to balance the conservation equation

there may be scope for further building plots in this area albeit that the heritage benefits have to be weighed against the loss of trees.

The Kennels – It is understood that there may be scope to create two extra housing units within the Kennels court although the Kennels themselves will remain and have limited development value. It is however assumed that reuse of the north range for housing would be permissible without the need for an Enabling Development justification and on that basis this has been allowed for as a part of the conservation deficit calculation.

South Lodges – The entrance gate to the South Avenue contains the façade only of two former lodge houses. There may be scope to rebuild these although their scale would be extremely small and unless significant extension beyond what was originally there is permitted the attractiveness of them as housing units is limited. We have not therefore analysed this opportunity.

Clover Close – We have given consideration to the possible development of part of the southern section of Clover Close for housing. It has the advantage of being close to the existing modern housing at Thulston although it does not appear that an access can be taken from the village. On that basis access would have to be through the South Lodges Gate then off the South Avenue. The conclusion appears to be that this would be unacceptable and would be damaging to the integrity of the estate. We have not therefore considered this further.

The Fields – Whilst the fields offer the opportunity for a substantial housing development located away from the historic core of the estate it is likely that there would be planning resistance to development in this area due to its openness and visibility from surrounding land. There would also be access issues associated with any development.

We have given some thought to the future of the house itself. In practical terms we believe there are three potential use options – hotel, offices or residential. In terms of the hotel use the house was to act as centrepiece for a major development under the Highgate Sanctuary proposals albeit that the development required a very substantial new extension. Whilst we have discussed the market for hotels, we believe it is unlikely that the house in isolation could function as a small boutique hotel. We have also analysed the office market but again our conclusion is that demand and hence value would be too low to justify a restoration and conversion scheme. On that basis we believe that the optimum use for the house is most likely to be residential. The extensive public access within the grounds probably limits scope for use of the house as a single private residence but conversion to flats would appear to be the most appropriate solution. It is understood however that such a scheme could probably obtain planning permission without the need for Enabling Development justification and our analysis has been included within the conservation deficit calculation.

12.3 Specific Assumptions

In relation to the development appraisal undertaken for the possible Enabling Development schemes we have made a number of general assumptions as follows:

- We have used an average sales rate equating to between £200 - £215 per sq.ft. A more precise figure cannot be determined until a scheme has been prepared but the premium £215 rate has been used for the more exceptional sites and the general range is in line with the value of better quality properties in the immediate area.
- We have assumed a new build cost of £100 per sq.ft. (inclusive of preliminaries and contingencies) although this has been increased slightly in relation to the caravan site in case there is a need for any specific flood alleviation measures.
- Where appropriate the unit size or general development size is based upon the footprint of any buildings that are being replaced albeit that allowance has been made for two storey development.
- We have in general allowed standard assumptions of a 6.5% finance rate; 1.5% sales fee and 0.5% legal fee; 12% professional fees on new build; and a 20% developer's profit.
- It is assumed that planning permission and all other necessary consents have been obtained for the development proposed.
- It is assumed that there are no legal constraints which would prevent the development as proposed.
- It is assumed that there is unrestricted access to the various sites (although this is an issue which needs further consideration in relation to the proposed development at Home Farm) and it is also assumed that all necessary utilities are available to the sites.
- It is assumed that there are no physical constraints of which we would not be aware (such as ground conditions, contamination, etc.).
- We have assumed that these developments are undertaken individually. In the event that all schemes were carried out at the same time there may be an issue of "market flooding" which could impact on the rate of sale in particular.

Specific assumptions as to size are as follows:

The caravan park site - 15 units @ 2,250 sq.ft.

Car park site -	6 units @ 750 sq.ft. (although consideration may be given to doubling this number).
The Courtyard -	A total of 5,000 sq.ft.
The Walled Garden -	2 units @ 1,500 sq.ft.
The Thatched Cottage site -	3 units @ 2,000 sq.ft.
Lower Stable Yard -	A total of 3,150 sq.ft.
Home Farm -	4,408 sq.ft. of conversion space within the steadings and 4,000 sq.ft. of new build.

On the basis of the above our appraisals indicate residual land value as follows:

The caravan park site -	£1,365,547
The car park site -	£181,817
The Courtyard -	£202,019
The Walled Garden -	£132,262
The Thatched Cottage site -	£248,033
Lower Stable Yard -	£138,875
Home Farm -	£430,778

Specifically in the case of Home Farm it is important to point out that the conversion of the steadings to residential not only generates a land value but also removes a small element of loss within the conservation deficit. Whilst Home Farm as a whole under the conservation deficit calculation generated a site value of £85,065 this profit was all generated from the restoration of the Farm House. The steadings in isolation showed a loss in the order of £45,000 which can be added back in the assessment if Home Farm is used as Enabling Development to balance the conservation deficit.

There is also we believe scope to reconstruct a house on the site of Kennels Cottage and whilst we have not undertaken a development appraisal for this it is perhaps appropriate to allow a plot value of say £75,000.

12.4 Development Appraisal Conclusion

If all of the Enabling Development proposed above was to be undertaken then based on the assumptions made, this could reduce the conservation deficit by £2,819,331. We have already pointed out however that if all of the projects were undertaken together there may be some overall reduction in value simply due to the substantial availability of housing at any one time. It is also necessary to add back the value of rents and revenues currently being obtained from the site and this could further reduce the conservation deficit by say £833,000.

We have suggested that the eastern half of the Walled Garden could be used commercially. We do not believe that it is necessarily appropriate for any significant garden centre development (car parking, traffic etc) but there may be some value that could be obtained from selling or renting out the land for horticultural growing. We would not however anticipate that this would amount to more than about £5,000 per annum.

On the basis of the above our overall conclusion is that there would still be a conservation deficit between £1.5 million (if there is no requirement for new utilities provision) and £2.5 million (if the maximum utilities expenditure is required). A more radical view could be taken with regard to the Enabling Development approach with consideration given to much more significant projects or off-site development but some funding gap is likely to remain and this will have to be filled by some form of grant or public subsidy.

12.5 Marketing

It will be appreciated that the English Heritage guidance on Enabling Development states that it is generally necessary to market the property first prior to adopting the Enabling Development approach. There is we believe a reasonable prospect that if offered to the market as a whole the Elvaston Castle estate could generate interest. The difficulty here is that we are assuming the property will continue as a community asset with free public access. In these circumstances it would be inappropriate (unless the Council was prepared to change its policy on Country Parks) to offer the whole to the market. There is an argument that individual parts could be marketed but we believe that this fragmentation would be detrimental to the integrity of the whole of the heritage asset and the Council may decide that in this instance it is not appropriate to offer Elvaston Castle to the market prior to proceeding with the Enabling Development route.

13 NON-COMMERCIAL/LEISURE USES

13.1 The Opportunities

We have so far in this report concentrated to a large extent on the potential for remunerative development opportunities. This has been with a view to off-setting the conservation deficit that is inherent in the restoration of the Elvaston Castle estate. We believe that there is scope to sell the property and realise a capital receipt if it were to be disposed of unrestricted and as a whole. We have however assumed that the Park would remain open as a community facility with continuing public access to most areas.

It is however worth considering scope for community related uses in other parts of the estate principally the main house itself. These uses may not be commercial in nature but given that the optimum financial solution for the main house would appear to be conversion to apartments which are still not technically viable, it is certainly worth considering the opportunity for a community use. If grant funding becomes available with the community use then this option may begin to look attractive.

In terms of specific uses there are any number of options and many permutations for use mix. Much would depend upon the strength of demand from local interest groups and also the availability of funding for capital works and on-going revenue streams. The options do however probably fall into three principal categories:

- Educational
- Arts/Cultural (including museum/exhibition and active performance arts)
- Social/recreational

13.2 An Educational Use

An educational use within the main house and to an extent within the grounds has been encouraged by the Heritage Lottery Fund and would therefore appear to have a realistic prospect of achieving grant funding.

Given the history of Elvaston it would seem most appropriate that any educational use should be related to horticulture. Ideas have been suggested related to training in park management and the walled garden area would appear to lend itself particularly well to horticultural training. This would also provide a potential solution for the future of the house which could be used for a combination of teaching, administration and perhaps student residential uses.

We were directed to the Temple Trust and we have held discussions with Suzanna Fleming who knew Elvaston and was interested in its future. It had been thought that the Temple Trust were looking to house a library and study centre related to historic gardens but it is understood that discussions are now well advanced with a view to an alternative location closer to London.

We have also spoken to Derby College and to Capel Manor College a specialist horticultural training institution. The existing Capel Manor campus in Enfield is very similar in style and in the type of courses offered to those envisaged for Elvaston. The core of their site is an important country house and the gardens are used for horticultural training. Their view was that there could well be a demand for these type of courses in the north of England. Their own strategy is to be the provider for London and the M25 area and they would not themselves be interested in Elvaston. They did however suggest Derby College. We have mentioned the opportunity and at the time of writing are awaiting a follow up.

13.3 Arts/Cultural Uses

There are a wide range of uses that could locate quite adequately into the Elvaston estate. This includes exhibition areas, specialist museum, musical and theatre performances and general cultural development.

One of the principal difficulties however is with regard to the main house itself and its physical structure. Whilst it has high quality interiors these do present rather inflexible space which for many arts related uses is a constraint. There are also in fact limited large open areas. What the house does provide however is interesting rooms which for certain functions could be attractive. The use of the internal space will depend very much on the demand profile. It may be appropriate as a part of a next steps consultation exercise to undertake surveys with local arts groups to establish what use they could make of the house.

The principal problem however is funding. Arts Council grants have dropped significantly and with local authority budget cut-backs it would be very difficult to secure on-going funding for new arts related projects.

The County Council's Libraries and Museum service has we understand expressed an interest in being involved in any arts related project at Elvaston but it is anticipated that any presence or function would be a subsidiary one and it would be necessary to look elsewhere for a lead body.

Whilst arts and cultural uses reliant on public funding may at the present time struggle to utilise the accommodation at Elvaston there could well be scope for more commercial arts related events. The grounds of Elvaston could lend themselves to open air concerts. Many country house venues are used in this way and the English Heritage picnic concerts for example are a major attraction. Other country houses that have developed this area of business include Castle Howard, Warwick Castle and Hatfield House through specialist event companies such as MA Concerts or in the case of the Elton John concert at Hatfield House, Magic Radio.

13.4 Social/Recreational Uses

Although the Elvaston Castle estate is well used as a country park it does appear to be very under-used in terms of events and leisure activities other than walking and general countryside recreation. There is undoubtedly considerable potential to expand the uses of the park not just to enhance the community benefit but also to generate revenue.

The showground is particularly under-used yet it is a substantial area of flat open land which could be used for many more events. It is understood that there is an issue relating to drainage and this does need to be investigated in more detail. Assuming that it was economically possible to overcome the problem this area could be used for example, for regular car boot sales, rallies, etc.

Perhaps more importantly however the core of the estate and in particular the area around the lake could be used to much greater effect as a setting for events and leisure uses. Whilst it would be important not to adversely affect the setting of the listed buildings and the historic gardens other major estates make very much greater use of their assets. This includes Christmas markets, country fairs, vintage vehicle rallies, themed weekends etc.

Whilst it would be inappropriate to develop on the scale of Wicksteed Park, Alton Towers or say a Centre Parcs-type operation, there would potentially be scope for a sensitively designed activities area perhaps making use of the woodlands and the lake. There may also be scope to compliment such a facility with holiday lets accommodation either utilising some of the converted out buildings or with new buildings.

The fact is that the estate does offer a considerable amount of unexploited potential and we would suggest that a study could be commissioned from specialist leisure/tourism consultants to assess the potential and to advise on the most appropriate form of use.

Recreational and leisure uses may also be relevant in the context of the main house. Whether the principal use is residential, educational or arts related the principal ground floor rooms could be used as a part of a mixed use function. It is known that there is considerable demand for the property as a wedding venue and presumably also as a venue for other forms of entertaining. We have undertaken some research into the cost of wedding venue hire in the East Midlands generally and attached overleaf are brief details with indicative costs for other country houses in the East Midlands used in this way. The principal difficulty again with Elvaston is the lack of large rooms to accommodate sit down catering on anything other than a modest scale but a related marquee (if sensitively sited close to the house) could overcome this problem.

Apart from weddings however there is scope for small scale conference and private dining functions.

Recreational and leisure uses such as this would probably require the involvement of a management or joint venture partner particularly to include the operation of any fixed leisure facilities or catering. It may also require the use of a joint venture partner to undertake the initial capital works and if such an operation were to be considered seriously a test marketing exercise would be necessary to establish market appetite.

Derbyshire and Nottinghamshire Wedding Venues

Nottinghamshire

1. **Colwick Hall** - £7,500



2. **Thrumpton Hall** - £4,370 - £5,970



Derbyshire

1. **Ringwood Hall** - £2,295 - £4,900



2. **Bolsover Castle** – Max. £3,400



3. **Kedleston Hall** - £2,000



4. **Tissington Hall** - £5,700 - £6,900



5. **Baslow Hall** - £2,375



Leicestershire

1. **Staunton Harold Hall** - £4,200
(reception only) - £4,900 (civil ceremony and reception)



14 GRANT FUNDING

14.1 Sources of Funding

It is apparent that whilst the Elvaston Castle estate remains as a country park with free public access full restoration and ensuring a long term future will inevitable result in a conservation deficit. Even with a degree of Enabling Development only a part of this conservation deficit will be off-set, leaving the remainder to be dealt with either by some philanthropic gesture or through public subsidy. The scope for public subsidy is now very much reduced. Both central and local government spending is severely restricted and most charitable bodies will provide only very limited grants which will have limited impact on a project of the scale of the restoration of Elvaston.

English Heritage have contributed to the restoration effort in the past and are happy to contribute officers' time to it in the future. From discussion however it would seem unlikely that there will be any further grant money available.

The Architectural Heritage Fund and the Prince's Regeneration Trust provide support and limited funding for specialist professional studies but are not in a position to offer any substantial contribution. There is also the availability of cheap loans for charitable bodies undertaking restoration work either through specialist banking facilities or loan from for example the Architectural Heritage Fund. The terms are not however that favourable and there does need to be some form of commercial element to the future use in order to pay back the money borrowed. If the Council were to undertake the work there may be scope for Prudential borrowing at a significantly reduced rate of interest but whether the Council would undertake the work itself in the absence of other sources of funding is debateable.

Undoubtedly the best potential source of funding from a non-commercial use would be through the Heritage Lottery Fund.

14.2 The Heritage Lottery Fund

The Heritage Lottery fund is one of the providers of grants from money achieved through the National Lottery. Its aims are generally as follows:

- To conserve the UK's diverse heritage for present and future generations to experience and enjoy;

- To help more people, and a wider range of people, to take an active part in and make decisions about, their heritage;
- To help people to learn about their own and other people's heritage.

Their priority is to fund not-for-profit organisations where the public benefit is greater than private gain. Essentially any project funded must either conserve something of heritage value or help people to take an active part in understanding matters related to our heritage.

Grants are considered in the context of three bands. Applications for grants under £1million are considered by a regional committee. Applications for grants between £1 million and £5 million are dealt with at board level where there are six meetings as year. There are no specific deadlines in relation to grants up to £5 million but for grants over £5 million the process is a competitive one. The application is in two stages but preceded by a simple pre-application inquiry form. For the first stage application form however the emphasis is on understanding the benefits to the community as well as how the project will be developed. In effect the first round application if successful, results in an in-principle approval subject to a considerable amount of detailed project development leading to the second application round.

We have met with Emma Sayer, Jeremy Fenn and Lesley Owen-Jones from the regional office and their view was that the restoration of the park could fit within their Parks for People Programme. They made clear their view that the restoration of the Castle and remediation work to the lake and drainage were key to facilitating the restoration of the park and suggested a two-phased approach with a Heritage Grant application for these initial works followed by a later Parks for People Programme grant application for the park as above. To be successful the scheme must deliver five outcomes:

- Increase the range of audiences;
- Conserve and improve the heritage value;
- Increase the range of volunteers involved;
- Improve skills and knowledge through learning and training;
- Improve management and maintenance.

In discussion with HLF officers the educational theme was emphasised. They also emphasised the need for the involvement of the local community and partner organisations. It became apparent that a considerable amount of work that would be necessary for a grant application had already been done and that there was also

a considerable amount of community involvement and community interest. A detailed understanding had been established in relation to the outstanding wants of repair and the costs involved. A comprehensive conservation management plan had been prepared which also provides a proper understanding of the heritage value of the Elvaston estate. What needed to be developed was an option analysis and from that a business plan.

In terms of community involvement there is already extensive working with community groups such as the Wildlife Trust. As proposals for the site develop closer relations with local community involvement groups should be encouraged.

15 FUTURE MANAGEMENT OWNERSHIP

15.1 The Current Arrangement

At present the County Council provide the Elvaston Castle estate purely for the benefit of the local community at a substantial annual net loss. The County Council are a publicly funded authority and as such it arguable that spending money on providing recreational facilities for the benefit of its Council Tax-payers is a perfectly reasonable way of allocating its budget.

The Council is however now faced with a diminishing budget and it has to prioritise its spending. At the same time the Council is responsible for an important listed building and an equally important registered garden. To restore both to a satisfactory state of repair will cost in the order of £6.5 million which is currently unaffordable.

The Council is therefore faced with heritage responsibility which it cannot afford and a funding environment in which it has to decide whether the retention of pure community facilities is a priority. At the same time the localism agenda is encouraging local communities to take responsibility for their own services and their own assets. Against this background it is necessary to consider the most appropriate management and ownership arrangements for the Elvaston Castle estate.

15.2 Ownership Options

There are a number of options in relation to the future ownership/management of the estate. In general however these can be categorised as follows:

- 1) Continued Council ownership (but on a more profitable footing).
- 2) Private ownership (although this may require the loss of public access).
- 3) Ownership by an established charity/not-for-profit organisation (e.g. The National Trust)
- 4) Ownership/management by a new community Trust/building preservation group.
- 5) A combination of different ownership/management regimes.

In relation to option 1) the issues have already been discussed above and essentially any decision will come down to a combination of priorities and the availability of a satisfactory alternative arrangement.

In relation to private ownership options it will be necessary to dispose of the parts of the estate if an Enabling Development approach is to be pursued. It may be that the Council would wish to exercise a degree of control through granting a long leasehold interest rather than disposing of the freehold but essentially parts would transfer to the private sector. This does however only affect peripheral elements of the estate. The core which is the house and most of the surrounding gardens are left as a liability. Whether a private or corporate occupier could be found for this element is debatable but a continuation of the existing public access arrangement would make disposal extremely difficult. Ultimately if there are no satisfactory alternative arrangements the Council may in fact be forced to come to a decision as to whether it can afford to maintain support for this free public facility although the alternative question will inevitably be whether politically it can afford not to.

Whether an established charity would be prepared to take on the Elvaston Castle estate is unknown but if they were they would no doubt come forward at the point where it became widely known that the Council were looking to divest itself of its responsibilities. Realistically though there are very few established charities of the scale necessary in this particular interest sector. Apart from the National Trust (who we understand are currently considering the site) it would probably only be of interest to someone such as the Royal Horticultural Society who operate public gardens such as Harlow Carr, Hyde Hall and Wisley.

If the Council does wish to divest itself of its responsibilities for Elvaston Castle however the most likely route is by way of the establishment of a dedicated Trust. Such a body could operate in conjunction with other ownerships/management regimes within the Estate and there are a number of ways in which the Trust could be constituted and title matters dealt with. We will consider in a little more detail options 4 and 5 above.

15.3 Establishing a Community Trust

In January this year English Heritage published their guidance on the transfer of local authority heritage assets. This document "Pillars of the Community" was a response to emerging local authority asset management plans which contain strategies involving the release of property assets to the private/community sector. This document makes the very obvious though critical statement in its introductory section that "a vital step for any project that involves a historic asset is to understand *what its value is* and *to whom* it is important". It considers this to be an essential step in determining what to do with the property. It also states in relation to the transfer of a heritage property to a Trust that "ultimately the success..... will depend upon being able to generate more value from the assets than in the past, while containing the costs within the resources that can be raised". In other words it is necessary in English Heritage's view to properly understand the value of the property before considering the issues associated with the transfer and it is important to realise that the

objective is to enhance the value derived from it within the constraints of the capital and revenue available. It does however provide a considerable amount of guidance on the approach that should be adopted by the local authority and also the factors that should be taken into account by the recipient Trust.

Local authorities are under a duty from s.123 of the Local Government Act 1972 to obtain "best consideration" reasonably obtainable for the transfer of its assets. A DoE circular in 2003 did however permit the transfer of assets at an under-value of up to £2 million if it was for economic, social or environmental reasons. Above £2 million, Secretary of State's specific consent is required. This does give local authorities some considerable leeway in their ability to dispose of assets to community Trusts at an affordable price. In this instance however the considerable liability attaching to the core estate does give rise to an argument that there is little if any value attaching to this element. There is an issue over whether a requirement to maintain free public access would constitute a voluntary restriction imposed by the Council in which case adjustments would have to be made to the financial analysis for this. The issue is whether the Council is under a legal obligation to maintain the site as a country park or whether it does have the ability to withdraw this status. Legal advice should be taken on this point before any transfer is considered.

Once a decision has been taken to pursue a transfer it will be necessary to develop an appropriate strategy having regard to the Council's objectives and also knowledge (which would have been previously ascertained) of the nature and specific interests of any recipient community group. There are a significant number of existing interested parties in relation to Elvaston and it will be necessary to undertake a consultation exercise to establish both their priorities and their ability/willingness to participate in the formation of a Trust. It is essential that all different interest groups have one central common objective – conservation of the estate, and that differences are substantially resolved.

In their guidance English Heritage offer a series of checklists as pre-cursors to any transfer. It is essential that all of the facts are understood by both transferor or transferee. In this instance a considerable amount of preparatory work has already been done. Specifically the Council already have the following:

- Condition survey/liabilities assessment
- Conservation management plan
- Development opportunities assessment
- Local planning authority consultation in relation to constraints and opportunities
- An examination of potential new uses

Further work of a rather more specific nature will be required including a more detailed options appraisal and feasibility studies in relation to preferred uses. It will also be necessary to develop a risk register and an assessment of running costs related to the proposed use or uses and an assessment of day-to-day expenditure. Most importantly however decisions will have to be taken with regard to the extent of responsibility to be passed to the Trust.

The risk assessment will need to be undertaken from both the Council's perspective and from the Trust's perspective and the Council will need to give early attention to the inclusion of a fall-back position in the event that the Trust are unable to fulfill its obligations at any stage. The extent of responsibilities passed to the Trust will depend to a very large extent upon the availability of skills and experience within the Trustees and alternative options will be discussed in the next sub-section.

The extent to which the Trust would need finance and funding would depend on the responsibilities that are given to it and also on the nature of the uses to which the estate is ultimately put. If for example responsibility for initial building works is retained by the Council then the Trust may only need revenue funding consistent with any liabilities displayed in its business case. If however a building preservation Trust is established to undertake the restoration works then clearly capital grants or loan finance will have to be made available to it.

In general however initial capital expenditure will have to be provided from a combination of receipts from remunerative development opportunities and grant funding. It may be necessary to phase any programme of works to fit in with any receipts programme and it may in fact be necessary to seek to derive a return from an early phase in order to progress to the next phase.

In terms of revenue funding for the Trust when established, this can be derived from a number of sources including profitable revenue earning functions such as car parking, concessions, rents received from tenants using the accommodation, specific events, weddings and other functions. It may still be necessary to provide the Trust with some form of endowment however to top up its annual income and this could be provided in the form of say cottages for holiday letting.

One further approach that is used from time to time is community investment. Under this arrangement locally interested parties buy a share in the project. This provides immediate working capital and helps to maintain the interest of the participants. This approach is however perhaps more applicable to smaller scale projects such as community pubs and community shops.

Whatever approach is adopted however with regard to funding the Trust it will be essential that this is based upon a clear business plan which considers the long term viability of the Trust and its operation.

15.4 Management/Ownership Combinations

Clearly there are a lot of permutations in terms of the future management of the estate and depending upon the capabilities of the recipient Trust it may be deemed inappropriate to handover full responsibility at the outset. We will briefly outline a number of options which do not involve an immediate hand-over of responsibility:

15.4.1 Remunerative Development Opportunities

Whilst the Trust could be given responsibility for disposing of remunerative assets and utilising the receipts to fund the restoration project it is more likely that the Council will wish to undertake the planning application process and the disposal itself allocating the receipts to the restoration. Whilst this does mean that the Council has to commit resources to the work, it is experienced in disposing of development opportunities and the exercise could no doubt be undertaken more efficiently. There are also obviously inherent safeguards in this approach.

15.4.2 Transfer after Restoration

Similarly if there are concerns about the capabilities of the Trust to undertake such a major project, consideration will have to be given to the possibility of the Council undertaking the initial works themselves before transferring the assets. It would mean the Council not just securing receipts from Enabling Development but also seeking grant funding and carrying out the restoration project itself. This may to a large extent defeat the object of a transfer but again the argument is that the Council have the skills and experience of capital projects and are better able to deal with development risk than a newly formed Trust. The Council also potentially has access to cheaper development finance,

15.4.3 Partial/Phased Release to the Trust

Depending upon the particular interests of the Trust it may be deemed more appropriate for the Council to retain a part of the site and transfer the residue. The Council could for example retain the main house, undertake the Enabling Development and just transfer the public park. Alternatively it could do the reverse and transfer the house.

Similarly, it may be deemed appropriate to undertake a phased release either through giving the Trust an ever-increasing share of the estate as it proved itself capable of taking on the responsibilities or alternatively, giving it an enhanced title to the property. Initially for example it could be given just a building licence or an agreement to lease conditional upon the completion of works and the satisfactory establishment of the ongoing occupational arrangements. This would then convert to a lease of sufficient length to enable the Trust to raise finance if necessary and ultimately perhaps the transfer of the freehold. There are cases in which the freehold or a long leasehold is transferred initially to the district or parish council with a sub-lease being granted to the Trust. This simply provides added safeguards.

15.4.4 Joint Venture

It may be possible for the Council to establish some form of joint venture with the Trust in the early stages of its establishment. The Council would benefit from the voluntary inputs of the community partner but would be able to provide the skills and experience and possibly a cheaper source of finance. This would however involve a complex legal structure and there would be considerable potential for disagreement on strategy. The Council would also be retaining liabilities and committing resources to the property.

It is not possible at this stage to identify a preferred approach. Much would depend upon the skills and experience of the Trustees, the future uses proposed and possibly on the conditions attaching to any grant. Ultimately however there will be a balancing of risk against resource commitment.

16 NEXT STEPS

This report has explored in some detail the opportunities that exist for converting parts of the historic asset to different viable uses as well as identifying opportunities for enabling development. Our assessment has confirmed that there is unlikely to be a single solution and we recommend that options should be tested both incrementally and in combination one with another. For this reason this report has also addressed opportunities for community orientated uses.

We have assumed that the estate remains as a public park with free access and we have also assumed that the freehold of the historic asset will not in the future be offered to the open market as a whole.

We have identified Enabling Development opportunities that are relatively discreet and which should not be particularly contentious. These Enabling Development opportunities could clearly off-set a significant part of the conservation deficit. There is however still a need for public subsidy if the restoration work is to be undertaken in full. The first task is therefore to test the extent and limitations of the opportunities for a commercial solution.

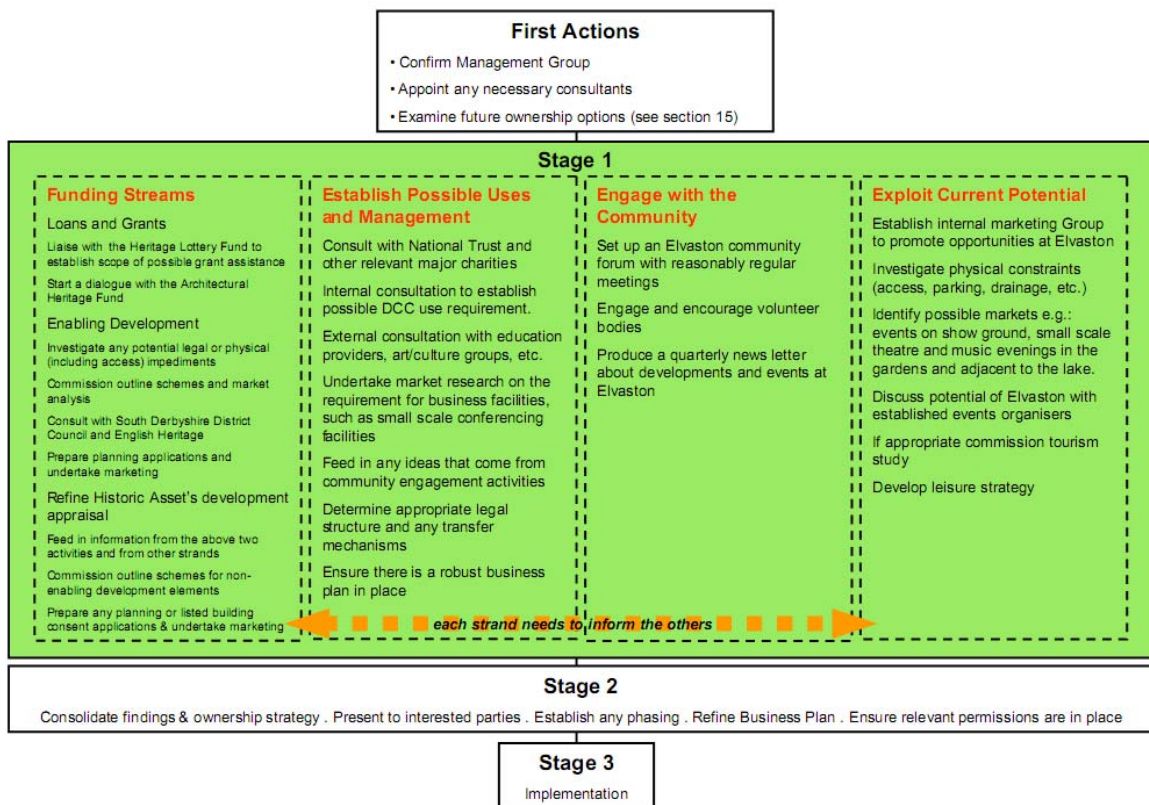
As well as examining the development opportunities that could assist in achieving a restoration of the estate we have also considered the need to identify the mix of sustainable uses that will provide it with a long term future. A comprehensive management regime and maintenance programme will be necessary for the historic estate. Any works or activities identified will need to be funded either by way of endowment; income created from the estate; and/or derived from other sources.

We believe that it is financially viable to convert the outbuildings and thereby provide them with a sustainable future. The most difficult element is the house itself where the most obvious solution is residential conversion and whilst this would provide a long term future it is not in isolation financially viable. Similarly, it may not be the most suitable or the most beneficial use as residential is likely to restrict both public access and public subsidy to the Castle. Whilst there may be the potential for a developer-led solution, it is considered appropriate to give full consideration to the opportunity for some form of community facility particularly if this enhances the prospects of securing Heritage Lottery Fund assistance for an integrated approach to the restoration of the historic estate.

In order to evaluate the suitability of these different approaches the options for the involvement of an existing or new trust should be explored either separately or in conjunction with options for a commercial scheme.

The feasibility of the options for the estate needs to be resolved in greater detail to adequately inform these key decisions. It will be necessary for the Council to implement a progressive strategy with decisions taken based upon the outcome of more detailed consideration. A summary of the next steps to be developed over the next six months is provided. We believe that there are a number of stages and a number of areas that need development. The attached chart provides an indicative outline of the steps that need to be undertaken concentrating on four work areas that need to be pursued further – Funding Streams; Uses and Management; Community Engagement; and Exploiting Current Potential. On the basis that these fact finding exercises lead to a conclusion that it is necessary to consider transferring a leasehold interest of the estate to another body(s) then Stage 2 needs to include work to ensure that all legal procedures are followed and that the chosen body is properly and legally constituted.

Ultimately there will be an implementation stage which can only really be properly considered once Stage 1 is resolved.



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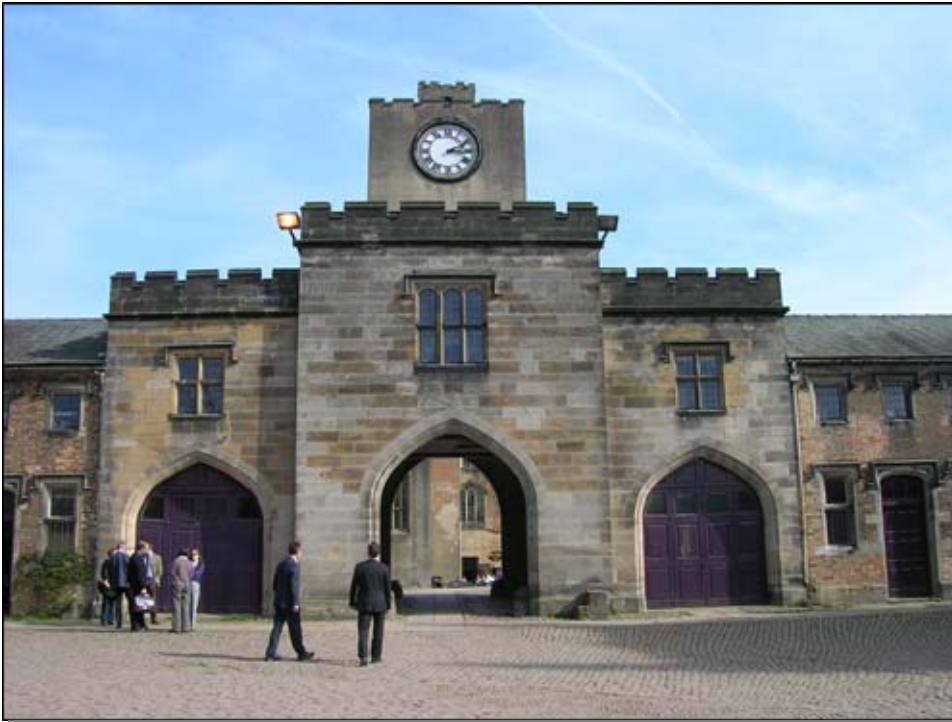
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APPENDIX 1 – PHOTOGRAPHS

HOUSE AND GARDEN



UPPER STABLE YARD



LOWER STABLE YARD



HOME FARM



THE SHOWGROUND



THE KENNELS



CARAVAN PARK



CAR PARK BELOW STABLE YARD



COURTYARD



THE WALLED GARDEN



THATCHED COTTAGE (before the fire)



APPENDIX 2 – SITE PLAN (attached)

APPENDIX 3 – DEVELOPMENT APPRAISALS (attached)