



DERBY CITY COUNCIL

COUNCIL CABINET
20 April 2010

Report of the Strategic Director, Regeneration

ITEM 10

DARLEY ABBEY REGENERATION STRATEGY

SUMMARY

- 1.1 To outline the interim findings of an almost completed study and to seek an indication from the Council about the level of commitment the authority is willing to give to the implementation of the eventual Strategy.
- 1.2 To suggest the process for the Council to adopt this Strategy.
- 1.3 To highlight funding considerations.

RECOMMENDATIONS

- 2.1 Note the importance and current condition of the Darley Abbey Mills and Stables.
- 2.2 Consider the study findings and potential ways forward that would require the Council to adopt the draft final Strategy to achieve the regeneration of this site.
- 2.3 Approve the preparation of a bid for £900,000 capital from the Regeneration Fund towards measures to regenerate the Darley Abbey Mills and Stables - £300k towards a Heritage Grants Fund and up to £600k towards essential repairs of the Stable Block.

REASONS FOR RECOMMENDATION

- 3.1 To enable the study to be completed and a draft Regeneration Strategy to be prepared that both reflect the views of the Council.

SUPPORTING INFORMATION

- 4.1 World Heritage Sites are places of Outstanding Universal Value to all humanity and as such have an international significance. They must have adequate legal and /or contractual and/or traditional protection and management mechanisms to ensure the conservation of the nominated cultural properties or landscapes.

The Government's Minister for Culture, Margaret Hodge, is quoted in January as stating,

"To be designated a World Heritage Site is a real honour and a rare privilege. It can bring social and economic benefits to areas chosen, and it's great for tourism, promoting the profile of our cultural and natural heritage to the world in an eye-catching way."

- 4.2 There are 26 World Heritage Sites (WHS) in the UK including the following more urban localities: Durham Castle and Cathedral; Ironbridge; Westminster Palace and surrounds; parts of Liverpool & Edinburgh City Centres; the City of Bath. Since inscription in 2001, the Derwent Valley Mills (DVM) joins this exalted company, and is the only WHS in the East Midlands.
- 4.3 The attributes that attracted WHS status to the Derwent Valley Mills are twofold. The valley witnessed the birth of the factory system in the UK, when new types of building were erected to house the new technology for spinning cotton developed by Richard Arkwright. For the first time there was large-scale industrial production in a hitherto rural landscape. Secondly, the need to provide housing and other facilities for workers and managers resulted in the creation of an exceptional industrial landscape that has retained its qualities over two centuries.
- 4.4 As such the DVM is recognised as possessing a cultural heritage which is amongst the most priceless and irreplaceable of possessions in this county and indeed the whole world. The loss, through deterioration or disappearance, of any of these most prized possessions constitutes an impoverishment of the heritage of all the peoples in the world.
- 4.5 So the DVM is internationally important, yet this is an under-appreciated asset for Derby. There are two main aspects to the WHS in Derby, the Silk Mill and the Darley Abbey Mills site within Darley village, including the Stable Block and parkland of the former Darley Hall. 2010 finds the Mills and Stables in a generally run down and underutilised condition. Over the past 20-30 years there has clearly been no ambition or common vision for the complex and this has led to a lack of direction and the absence of any significant investment from the public or private sector. Appendix 2 contains some photos of the complex.
- 4.6 The Darley Abbey Mills properties (including over 150,000 sq.ft of floorspace) are all privately owned and include Grade I and II* listed buildings. The City Council owns the Stables Block which is Grade II listed and in a very poor state of repair. Annual maintenance of this property currently costs around £16,000.

- 4.7 Last summer the City Council appointed specialist consultants to review the condition and conservation potential of the site and surrounds, consider options for their regeneration and liaise with partners to create a realistic Strategy capable of phased implementation to achieve a turnaround in the fortunes of the area. This is a very complex body of work and the following sections of the report summarise the key findings.

Study Findings to Date

- 4.8 There have been severe restraints placed upon the efficient operation of the Darley Abbey Mills site and Stables, with problems ranging from poor access and linkages to the wider area; to inadequate car parking; high levels of flood risk; restrictive planning and conservation policies; and, high repair costs. This has led to high vacancy rates (circa 30%), low land values and low investment and rental yields. It is therefore of little surprise that there is a mix of mainly low value uses predominating at the site.
- 4.9 The rental return to landlords is so modest that their investment in maintenance and repairs is consequently inhibited. This has created a downward spiral of dereliction and decay. Many of the buildings are deteriorating fast and there is a very real risk that some would be lost without direct intervention.
- 4.10 The listed properties and their relationship to each other and the wider area must be protected, without which the inscription of WHS status for the whole of the Derwent Valley Mills might be at risk. Furthermore, in the worst case scenario the Council might eventually be obliged to compulsorily purchase the most sensitive buildings so that urgent repairs were undertaken to safeguard their existence and this would prove extremely costly to the authority.
- 4.11 Given the international importance of the buildings and their worsening position, doing nothing is therefore not considered a realistic option for the Council and it is felt this authority should show leadership and intervene before the risk becomes even greater.

Vision

- 4.12 If the aim is to transform Darley Abbey Mills and Stables without conferring high risk to the public sector, our consultants have suggested that a new environment must be created that delivers certainty and confidence to encourage investment by owners and businesses. The public sector can best support this by developing a clear vision and robust policy framework, as well as pump priming investment in key areas over the next 10 years or so.

- 4.13 Our vision is:

Transforming Darley Abbey Mills and Stables into a vibrant and high quality destination for business, leisure, tourism and cultural activity, making it a flagship project for the working conservation of the WHS and the rejuvenation of Derby as a City of Culture.

- 4.14 Achieving this vision will deliver significant conservation and economic benefits for Derby and the rest of the WHS. The creation of a clearly defined destination would compliment rather than challenge the ongoing regeneration of the City Centre and would also help realise the 'Blue Corridor' through Derby.
- 4.15 There are however major constraints that need to be addressed. These include: reducing the flood risk; improving vehicle and pedestrian access to and throughout the site; creating a more flexible planning policy regime perhaps backed by financial incentives; improving the public realm and signage; undertaking repairs to buildings etc. The initial budget cost estimates are shown in paragraphs 4.17 to 4.22 below. It is not considered realistic or justifiable especially in the current financial climate for the public sector to embark upon a programme of interventions aimed at tackling these issues head on through direct works allied to large scale acquisition and land assembly.

Recommended Strategy / Approach

- 4.16 It is felt that the more costly elements of the regeneration strategy will only have a chance of success once the vision has been adopted by all the key stakeholders and a positive environment for investment has been created, evidenced by the gradual take up of vacant space and new, higher value uses taking hold.

4.17 Recommendation One:

The approach recommended for the City Council over the next 2-3 years will therefore principally involve:

- bringing the draft final Regeneration Strategy to the Council for adoption – it is proposed that this would take place soon after the final consultation event, currently planned for mid-May
- working closely alongside existing property owners at the Mills complex by encouraging re-use of property and changes to the mix of tenant businesses together with a programme of repair and conservation works for the most important buildings.

The essential repairs for key Mill buildings are estimated at around £1.8m. It is felt that the Council can best support this by establishing a Heritage Grants Fund of £300,000 alongside carefully developing appropriate new planning policies for inclusion within the Core Strategy, perhaps followed by the production of a Supplementary Planning Document and Design Guidance for the Mills complex. Officers have also submitted an Expression of Interest to secure additional ERDF investment to match against this Council investment.

This Heritage Grants Fund allocation, if approved in principle, would require the submission of a Business Case. This would provide details of the proposed end use for properties, including an outline of the financial deal involving the potential disposal of the Stable Block.

4.18 Recommendation Two:

At the same time it is recommended that the Council should invest in the Stable block to bring this property up to a standard capable of being let or sold. The essential repair works for the Stables have been estimated at costing up to £600,000. A development value of around £300,000, after these works have been completed, has been estimated. It is conceivable that a private developer/end user might be able to undertake these essential works for less than this sum and/or that a Building Preservation Trust could secure grant support to off-set these costs.

Officers have undertaken a very swift market testing exercise to determine potential interest in the Stables. The conclusion from this exercise is that there definitely is developer interest in the project and it is worthwhile progressing these enquiries to the next stage. A full marketing campaign may bring out further enquiries, potentially occupier led, although there would have to be a framework in place for delivering useable buildings.

4.19 Recommendation Three:

These important steps by the Council would most likely facilitate a gradual change of the mix of uses at the Mills and an increase in the take up of vacant space at both the Mills and the Stables. This would be led by private sector although some of the potential new uses set out in the Regeneration Strategy may require additional public sector assistance to become viable. It is recommended that the Council should initiate a partnership (in the form of a Management Group) with the principal Mill owners. Initial discussions with owners at the Mills complex reveal a willingness to collaborate in this manner. This partnership would have a remit to cement the vision and wider Strategy in the operational plans of all parties and to oversee the gradual transformation of the site by seeking external funding opportunities and coordinating marketing activities. If an opportunity to acquire property became available and external funding was available, then this would be subject to a further report to the Council. In principle, emda appear to support this opportunistic approach to acquisition.

4.20 Recommendation Four:

Once the new planning regime and the most essential repair works to key buildings are underway, in partnership with property owners, it is considered essential for a higher level of grant funding to be secured. This could potentially be achieved through a Townscape Heritage Scheme from the Heritage Lottery Fund. As part of the review of the Regeneration Division it has been suggested appointing a part-time project manager who would work up such a bid(s) and liaise with the property owners, funders, and other stakeholders and secure the funding and oversee the actual improvement works.

4.21 **Recommendation Five:**

Additional medium to long-term interventions under the leadership of the Council will then need to be considered after detailed negotiations with funding agencies and the private sector. These may include (together with associated early indicative costs):

1. Creation of a high quality public realm around the buildings (£0.5 – 2m)
2. Rationalised and improved car parking (up to £1m)
3. Improved pedestrian and cycle links with wider area and City Centre (£TBC)
4. Improved public access between and to the Mills and Stables, possibly including a privately operated seasonal River Bus (£TBC)
5. Replacement / upgrading the Darley Abbey bridge (£0.4 – 1m)
6. Upgrading of Haslam's Lane to an adoptable standard (£900k)
7. Improved flood defence works delivered as part of the Blue Corridor Masterplan (£1-2m)
8. Installation of renewable energy technologies (TBC – poss private sector).

4.22 Outcomes that could be achieved through these regeneration proposals include:

- Creation of a vibrant mixed business, specialist retail & leisure destination
- Tourism expenditure
- Increased investment alongside the conservation of this part of the WHS
- ~230 – 300 new jobs created and safeguard ~280 jobs
- £14-16m additional GVA p.a.
- Transform southern end of WHS
- Save key part of region's (and nation's) heritage.

Conclusions

- 4.23 It is proposed that the strategy as defined above will set out a clear vision for the future of the area and prioritise a programme of public sector investment. This approach will overcome the constraints currently faced and create a positive environment for long-term investment from the private sector. It will go on to facilitate the conversion of buildings, bringing new and sustainable uses to this important enclave of the city. Darley Abbey Mills and indeed the World Heritage Site will then gradually become an asset to the city that realises potential and attracts people, visits and additional investment.

- 4.24 All of the above will be delivered by a partnership between the City Council and site owners; hopefully with support and input from English Heritage, the Heritage Lottery Fund, emda and the Environment Agency. Although early stage consultation meetings have taken place with most of these agencies and the main property owners, it is too early to say whether they will definitely commit to this Regeneration Strategy and the suggested approach. However, the plight of this tremendously important part of the WHS lies in our hands and doing nothing is simply not an option that can be recommended to the Council because the cost and inherent responsibilities on this authority's shoulders will perpetually escalate.
- 4.25 In agreeing to the preparation of a bid for this project to the Council's Regeneration Fund, Members are requested to note that there are wider discussions in hand with other property owners, developers and partners to generate indicative uses for the Regeneration Fund. Detailed proposals for the operation of the Fund can then be prepared.
- 4.26 The guidance given by Members following consideration of this report will help determine the next stage of work by our consultants. The draft final Strategy will be available for further public consultation on Saturday 15th May. Following this, a report will be given to Members about the outcome of this activity with firm recommendations for the next steps.

OTHER OPTIONS CONSIDERED

- 5.1 'Doing Nothing' is not currently an option, because of the opportunities presented by World Heritage status and the recent announcement of the Council's new Regeneration Fund. To do nothing at this stage could result in the deterioration of some extremely valuable buildings in a very significant conservation area.

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Background papers:	None
List of appendices:	Appendix 1 – Implications; Appendix 2 – Background Information

IMPLICATIONS

Financial

- 1.1 A bid for £900,000 will be prepared for consideration against the Regeneration Fund. It is understood that the recent capital prioritisation process has scored this project second overall in the rankings of projects to seek funding from the 2010/11 capital programme.
- 1.2 It is proposed that a bid for £600k of the Regeneration Fund across the 2010/11 to 11/12 budget be prepared. It is anticipated that there may be some future capital receipt if the Stables was subsequently sold and this would probably be realised in 2011/12 or 12/13 and would then further the Regeneration Fund budget. The amount realised from the disposal of the Stable Block would be subject to market forces and cannot be guaranteed.
- 1.3 It is proposed that a bid for £300k towards the establishment of a Heritage Grant Fund should also be considered from the Regeneration Fund. It is anticipated that the grants would be awarded over a 3-4 year period starting in 2010/11.
- 1.4 Officers will work in partnership alongside property owners and external agencies in efforts to identify and draw down additional external funding to support the implementation of other improvements in the Darley Abbey Mills complex (as set out in para. 7.6).

Legal

- 2.1 None at this stage.

Personnel

- 3.1 A new 0.6 FTE post is proposed to drive forward the implementation of this Strategy (see para. 7.5). This post forms part of the overall changes within the Regeneration Division Review that was approved by Cabinet on 16 March.

Equalities Impact

- 4.1 An Equalities Impact Assessment will eventually be required once the Regeneration Strategy has formally been agreed and a Supplementary Planning Document has been prepared.

Corporate objectives and priorities for change

- 5.1 This study has been commissioned following a recommendation made by the Planning and Transportation Commission. The production and implementation of a Regeneration Strategy for Darley Abbey (Mills and Stables) would contribute to the following Corporate objectives:
 - To help create a climate for investment
 - To put in place a strategic planning framework and effective and sustainable infrastructure delivery plans to achieve the ambitions of the sustainable communities strategy
 - To develop Leisure, Culture and Sport into a sustainable, high quality 21st Century offer.