

HISTORIC SCOTLAND BOARD MEETING 25-27 JUNE : ORKNEY

MAVISBANK: UPDATE PAPER

PURPOSE

1. Further to the Board's discussion in October, to reach a decision on the enquiry from the Mavisbank Trust as to whether Historic Scotland would be willing in principle to consider providing grant support for its proposed restoration of Mavisbank House.
2. Depending on the Board's view, to agree what other action should be taken if HS is not willing to indicate support for the bid.

Previous discussions

3. The Board previously discussed this at its meeting last October: paper HSB(R) 4/05 refers. An extract from the minutes of the meeting is attached at **Annex A**. The Board requested more work should be done before reaching a view: it was originally intended that this issue be brought back to the Board in December. It has taken a little longer to come back to the Board principally because of difficulties in being able to arrange a suitable time for the visit from David Tomback of English Heritage (see below).
4. As critical background to the discussion below, a statement of significance is attached as **Annex B**, prepared since the Board's last meeting. There has previously only been a statement of significance for the policies, as this was Historic Scotland land. While we have made various statements about the importance of the house, this is the first statement which follows the format for our properties in care.

Response to Mavisbank Trust

5. The Trust has not submitted a formal grant application. It is – exceptionally – asking for an in principle indication of support from HS before deciding whether it would be worthwhile submitting an application to the HLF.
6. The Senior Management Team have looked further at the Trust's proposals and wider issues relating to Mavisbank House. As part of a wider piece of work (see below) we have sought a view from Cyril Sweett Ltd, Quantity Surveyors on the robustness of the Trust's proposals. The Trust has assumed that the total cost of their project would be £10.9 million, of which around £2.5 million would be HS grant and £4.9 million from the HLF. In our surveyors' view, the Trust's calculations take a very optimistic view of the risks associated with the project and need to allow an additional £1million for contingencies. Our surveyors estimate that just under £14.5 million would be a more realistic overall cost, including fees and VAT. The Trust is already assuming that it will be able to raise £2.5million from charitable trusts, commercial sponsorship and a public appeal. Should the project proceed, we expect that any costs over and above the Trust's original estimate would in practice fall to be

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met by ourselves and the HLF, leading to an eventual HS grant requirement of perhaps £4 million plus¹.

7. We know from informal discussion with the HLF that the size of grant sought by the Trust would take this case over the delegated limit for Scotland and it would therefore be in competition with other major UK projects. Any project at this level would be expected to demonstrate significant public benefits. The HLF have welcomed early contact and indicated that they would be happy to be involved, without prejudice, in any further discussions about options for the site.

8. In our view, other options still need to be more thoroughly explored. There is an issue as to whether we should ask the Trust to take the lead in such an exercise, possibly with the assistance of some funding from Historic Scotland. A disadvantage of this approach would be the degree of the Trust's existing attachment to a particular model. Alternatively, HS could take the lead in driving further options analysis and development. A disadvantage of this would be that in any future HLF bid, a Trust-led proposal would be likely to raise fewer difficulties in terms of HLF's normal funding rules than one led by HS. Either way, we think a process involving ourselves, the Trust and the HLF would be sensible.

9. In the light of this further consideration, we believe that the response to the Trust should be that, on the basis of the available information, we do not at the moment feel able to indicate willingness to support this project, because:

- The **total proposed cost to public funds** (HS and the HLF) is very high;
- We are concerned that the Trust's **costings are over-optimistic**: we believe the final costs could be significantly higher than the Trust forecasts;
- We are concerned that the **public benefit** from this specific project would not be sufficient to justify the sums likely to have to be invested;
- Importantly, more work requires to be done to test what **other options** may exist for preserving the building before any decision regarding such a major potential investment can properly be made;
- However, we do not wish to give up on this important building, and are keen to assist the proper exploration of options for the site.
- Subject to the Board's views, either we would like the Trust to undertake some option analysis and development in partnership with ourselves and the HLF, or we intend to take forward further work exploring options for the site, involving the Trust and the HLF.

10. Is the Board content to endorse this response?

¹ Historic Scotland's limit of delegated authority to pay a grant for the repair and maintenance of outstanding historic buildings is £1.25m in any one case.

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Alternatives to the Trust's proposals

11. If the Board agrees with the line above, we think that the significance of Mavisbank means that Historic Scotland still has an obligation to provide leadership in helping to find a solution for the property in this exceptional case.

12. **Annex C** sets out the range of options presented to the Board at its last meeting, with a note for each explaining where further work has been done to improve understanding of likely costs and other implications. It should be stressed that at this stage, in every case, there remains a need to do more exploration of assumptions, costs and other issues and the figures are at best broadly indicative of the general scale. Changing assumptions could change these figures in either direction.

13. At its last meeting the Board indicated that more work should be done on the option of a “consolidated ruin”. Further consideration suggests that a consolidation at the lower end of the cost scale carries a risk of being a poor investment. The fragility of the fabric of the building means that any option which does not include some form of roofing may fail to provide sufficient long-term protection. We have, therefore, done no further work on this option since October, but would expect to include a more formal appraisal of this option in any fuller option analysis.

14. We have however, updated the cost of consolidation to include a simple flat roof to the main house and pavilions. The forming of an access road and hardstanding, survey and recording works, a steel frame within the buildings to provide lateral bracing and masonry repairs, and pointing would create a “safe ruin”. Our quantity surveyors have undertaken a re-costing of this from first principles, on the assumption that the work would be outsourced and thus attract VAT and management fees. They estimate a total cost in that case of £4.8 million, excluding ongoing annual maintenance costs of the fabric and residual risks such as making good vandalism, storm damage, etc. An estimate of the order of these maintenance costs is currently being prepared. The capital investment might be made over a number of years, though works could not be significantly protracted due to the fragility of the structure, and the high site set up costs.

15. We have also looked further at the wind and watertight “developers’ shell” option. The Chief Inspector arranged for a visit by David Tomback of English Heritage, who has experience in similar cases. Mr Tomback felt that there was strong potential for pursuing an option which reduced the risks inherent in the shell as it currently stands to allow a developer to take it on. He emphasised the need for early market testing and made informal enquiries, which suggested that a shell option might – depending on what work was done – manage to achieve a sale value of around £1 million. We also asked our quantity surveyors to re-cost a shell option addressing the works for consolidation to a stage where the historic fabric was stabilised and windows fitted forming a wind and watertight shell, but with no services, internal or finishes or partitions. Again, provision of a new access road is included. Costs were again prepared from first principles on the assumption of outsourcing the work. They estimate a total gross cost of around £6.7 million, before recouping any sale proceeds. Again, this cost would probably fall into more than one year, though we have not attempted at this stage to model possible spending profiles.

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16. We have updated the cost of simply replacing the existing scaffolding from previous 2004 figures. We estimate this as likely to be around £420,000: it would have a 6 month lead in, because of the complexity of the design work required and in practice work could not now begin on site until next spring. There would be some continuing maintenance costs to provide regular inspections and checks of contact points and fittings. Under current scaffolding legislation full review of the scaffolding would be required every five years. The difficulty with this option as an outcome in its own right remains that it does not prevent the continued deterioration of the fabric and leaves our successors with a worse problem in the future. However, there is a strong case for commissioning scaffolding designs now to prevent risk of collapse.

17. Scaffolding would be required for any option the options above, though for most options this would be access (rather than support) scaffolding. The feasibility of a dual purpose scaffolding is being investigated to see if investment could be offset against other options in future.

18. At its last meeting, the Board recognised that demolition was not a palatable option but emphasised that all the possible options should be explored. We have considered this further. The essential issue here is that as matters stand, we are clear that Historic Scotland would refuse any other organisation permission to demolish Mavisbank, on the basis that alternative options had not been properly explored. We have to apply that logic to ourselves, and for that reason think that demolition cannot be a feasible option unless and until all other possibilities have been exhausted.

19. There would be a variety of ways of getting to any of these outcomes, particularly either the safe ruin or developers' shell options. Work on Mavisbank could potentially be linked to a programme of skills development, using a "training squad" approach; there are significant cost and practical implications in a decision whether to run in-house or outsource project management; the potential for different forms of partnership funding models would need to be explored. The timescale for reducing the risk and stabilising the historic fabric would be crucial in exploring any option which sought to spread the cost over a longer period.

Other issues

20. **Affordability** is a major consideration. Funding for the historic environment is managed by HS as a rolling programme of grant awards. Each year the programme accommodates a number of on-going annual commitments to a variety of organisations, as well as a proportion of the grants awarded to individual repair projects, usually being undertaken over a number of years. The scope to make awards is governed by the period over which the grant is payable, the level of funds already committed over that period - both set against the projected budget available together with an allowance for a safe level of over commitment to manage slippage and enable a full spend to be achieved. The table at **Annex D** sets out the planned programme of current and future business as at 20 June 2006 (excluding grants to owners of ancient monuments). This programme is subject to monthly review.

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21. HS believes that, on the basis of the further work that it has done on the Trust's estimated cost of its proposals for the restoration of Mavisbank, that the eventual level of the HS grant requirement could perhaps be as much as £4 million plus (paragraph 6). This would increase the potential total over-commitment shown in Annex D at June 2006 to almost £10 million, or 18.75% of the current project budget over the period to 2010-2011. It should be noted that 90% of the current projected budget is already committed in respect of awards already made and projects accepted. Furthermore, there is pressure to increase the annual allocations to the 4 existing City Heritage Trusts as well as for a second round of awards to local authorities from the new Historic Environment Regeneration Fund. All these factors indicate that current resources are insufficient to fund the repair of Mavisbank.

22. There would be the option of seeking from Scottish Ministers either a general increase in the agency's allocation for grants, or seeking additional ring-fenced funding for the restoration of Mavisbank. Neither option is considered to be realistic given the pressures on the Executive's main priority budgets.

23. We have also held discussions with **Midlothian Council**. This side of the 2007 elections, at least, it appears unlikely that the Council would see Mavisbank as a priority. The Council is considering a plan to create a trail of some sort linking the historic properties along the Esk, and might fund a ranger to help look after the landscape at Mavisbank. But they would not take on management of any part of the site or contribute significantly to conservation/restoration work. Equally, however, as planning authority it appears that they would have an open mind over any development which would facilitate preservation of the house and landscape.

24. **Ownership** of the main house remains to be resolved. The paper considered by the Board last October set out the position. Since then, it is understood that some progress has been made by the firm of genealogists contracted to establish the existence, or otherwise, of the 3 owners, but they are not yet in a position to provide HS with their findings. Further work in the US has been instructed.

25. **Access** to the site also requires to be resolved if work on any scale, and later any form of public use or access is required. Current access rights lie with HS as owners of the Policies and are restricted to our staff using the south drive which is an unadopted road shared by a number of residences. Use for construction traffic would be problematic. A new road from the north may be possible and estimated costs for this are included in the options above.

Next steps

26. We are keen to see some real progress on resolving the position at Mavisbank.

27. We would therefore now like to proceed urgently to a more structured option appraisal of alternatives to the Trust's proposals. On the basis of the analysis above, we think that it makes sense to put most effort into developing in more detail the "safe ruin" and "developers' shell" options, as being prima facie to the options most likely to produce a good outcome for the site. We need to decide (see paragraph 8 above) whether we lead this exercise or else encourage the Trust to do more on this.

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28. The Board may wish to comment on the range of factors/risks against which options should be tested. Some of the more obvious include: short term affordability to HS; availability of other private or public funds; sustainability of solution; public benefits; public safety; access to suitable project management skills; legal constraints; political considerations; reputational issues; presentational issues. We would intend to report on the conclusions of that to a Board meeting later this year.

29. We also intend to proceed now with investigating new scaffolding designs, leaving options open for now on what further form of work this scaffolding would be supporting. We will need to make an early decision on whether a dual use design is practicable. If not, we may need to commission two separate designs - one for support and an alternative for access - if it remains uncertain what option is likely to be pursued for the site. Either way, design work will need to be commissioned soon to allow the essential overhaul of the support scaffolding to be programmed.

CONCLUSION

30. The Board is invited:

- a. To agree the line to the Mavisbank Trust at paragraph 9 above;
- b. To agree that we pursue urgently a fuller option appraisal (paragraph 27);
- c. To consider whether Historic Scotland should lead that exercise or seek to achieve it through the Trust (paragraph 8 and 27);
- d. To offer any comments it wishes on the options so far identified (Annex C) and the issues which any option appraisal should take into account (para 28);
- e. To note that we intend meantime to commission new scaffolding designs (para 29).