

**HISTORIC SCOTLAND BOARD, 13 DECEMBER 2007**

**MAVISBANK UPDATE**

**Purpose**

1. To update the Board on continuing work and emerging options.

**Background**

2. The Board had substantive discussions of Mavisbank in October 2005 and June 2006 (previous papers attached). Following the latter, we commissioned DTZ Pieda to undertake a formal options appraisal, the results of which we circulated to the Board in August 2007.
3. We are now using the report as a basis for developing a preferred option. That work involves:
  - identifying the best way of resolving ownership of the House;
  - identifying potential developer interest; and
  - identifying affordable HS expenditure profiles.

Ownership

4. We have been exploring 2 options with solicitors and with the Crown Office. One involves compulsory purchase; the other involves a court declaration that the property is ownerless and therefore falls to the Crown. We do not yet have definitive advice. Both options have some risk of legal challenge attached; so the decision may be finely balanced and may require us to take Counsel's opinion. However, we would expect any problems to be surmountable.

Developer interest

5. DTZ Pieda took informal soundings from the market but we have not formally tested the market on the basis of a development proposal. The Inspectorate is currently considering some specific ideas. The aim is to see whether these can be turned into a viable proposition for discussion with the local authority and with any interested developers.

Expenditure profiles

6. The DTZ Pieda costings are attached. They range from £1m to £12m in terms of net costs to HS. One of the reasons for testing the market further is to judge the realism of the costs more precisely. In the meantime, we have developed a more precise figure for minimalist intervention at our own hand – consolidating the ruin over about 15 years using our own workforce would probably cost between £4m and £5m.

**Discussion**

7. Progress on Mavisbank has been understandably slow as a result of the difficulties (uncertain ownership; high restoration costs; limited public sector and market interest; and – until recently – uncertain Spending Review settlements).

8. Some of those uncertainties are now resolved or close to resolution. We should be able to take a decision on ownership reasonably early in the New Year. We also know that we do not have a generally enhanced HS budget. So any Mavisbank expenditure from the public purse is likely to have to come from the existing PiC and grants budgets. We also know that we will have to commit funding sometime soon to renew the scaffolding – unless we are to abandon the building in favour of demolition. For all these reasons, we should not delay key decisions beyond the first few months of next year.

9. Our thinking is that such decisions can be taken sequentially – but we need to start the process, in order to create some certainty about our intentions and thereby begin to unlock potential developer or wider public sector interest. The sequence is probably as follows:

- early 2008: a decision on whether to proceed or abandon the project (demolition);
- early 2008: if not abandonment, then a decision to take ownership during 2008/09;
- early 2008: a decision on affordability, available HS resources and timescales;
- late 2008: a market-informed decision on which option to pursue.

10. The nature of the final decision will, of course, only become clear as we test the market on the basis of specific proposals. It could range from minimalist intervention (in the hope that the market improves over the next 10-15 years) to developer-led restoration in a much shorter timescale.

## **Conclusion**

11. We need to create greater certainty about our intentions in order to move the debate on and inform our final decisions. SMT has not yet taken a final view on any of this; but our feeling is that we need to resolve ownership and earmark some money as soon as possible next year. This will create a more positive climate for discussions with potential developers and the local authority.

12. We will return to the Board with specific proposals next year. In the meantime, I invite the Board

- to note progress; and
- to indicate what further information they would like to see before next year's substantive discussions.

Donald Carmichael  
Policy Director

5 December 2007

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## MAVISBANK UPDATE

## SUMMARY OF OPTIONS

1. DTZ Pbeda identified the following options. The net costs reflect assumptions about market value and associated receipts from a variety of different disposal routes and end-uses.

Option	Total cost	HS net cost
Sale of villa and grounds	-	-
Stabilisation	£1m	£1m
Consolidated ruin & country park	£8m	£8m
Developer shell & country park	£10m	£10m
Restoration & country park	£15m	£12m
Restoration, new build & country park	£20m	£12m

2. A further option not identified is an “in-house” version of the consolidated ruin and country park, using the HS workforce over a protracted period: e.g., £4m - £5m spread over 15 years. Variations on this theme are being costed (e.g., 6, 8 & 10 years). There would also be an opportunity cost, in terms of other HS projects foregone.

3. The reasoning deployed by DTZ in support of these (high-cost/ low-return) figures is essentially driven by the small size and ruinous state of the building; the lack of commercially viable end-uses; and the limitations imposed by the local housing market and planning environment.