

HIGH MILL SITE REGENERATION OPTIONS APPRAISAL
AND FEASIBILITY STUDY
SUMMARY DOCUMENT
AUGUST 2017



INTRODUCTION

A team led by Purcell were appointed by Eden District Council in December 2016 to carry out an appraisal of the options for securing the future of High Mill, Alston, and the wider site. A detailed report has been prepared that explains the steps taken during the process and the options that have been explored. This document summarises the main points and conclusions of that report.

CLIENT AND STAKEHOLDERS

The Client for the project is Eden District Council. Historic England have provided match funding to Eden District Council and advice to the Council and the Alston Moor Partnership. The Princes Regeneration Trust (Brick Programme) have also provided advice. Acumen Investigations own the site. Eden District Council are working closely with the Alston Moor Partnership who wish to develop and assess the viability of a locally derived vision for the most significant designated elements of the site with a view to taking these from Eden District Council subject to HLF "Heritage Enterprise" grant and/or other aid to help realise their vision.

Alston Moor Partnership secured funding from the Heritage Lottery Fund and the Architectural Heritage Fund to explore the options for acquiring the site for an enterprise which would provide a sustainable income, secure the future of the historic mill and give an economic injection to the town centre.

PROJECT TEAM

The project team comprises the following:

Architects	Purcell
Heritage Consultants	Purcell
Structural Engineer	Blackett-Ord
Cost Consultants	Cavendish Bloor
Viability Consultants	Keppie Massie
Funding	L&R Consulting
Millwright	Context Engineering

THE BRIEF

The appraisal was to include the following elements:

- Review of existing documentation produced by the owner of High Mill (Acumen Ltd).
- Conservation Statement, to determine levels of heritage significance across the site and to set appropriate policies and principles for repair, conversion and redevelopment.
- Condition Survey
- Millwright advice to determine what is required to repair the existing waterwheel, and water channels, including associated costs and options for the wheel's reuse, power generating potential and/ or public presentation.
- Three outline business plans including layout designs and capital costs for development of the site including the Grade II* mill and other historic elements proposed for retention.



East elevation of the outrigger on the north side of the Mill

THE SITE

HIGH MILL

High Mill is a former 18th century corn mill with associated extensions located to the east of the Market Place in Alston, Cumbria. The original mill building survives and has been subsequently joined with neighbouring buildings to create a larger factory site that was used by Precision Products from 1947 until 2008 when it moved its offices and production centre to a new location. The building is currently vacant and owned by Acumen Investigations.

Alston is situated within the North Pennines Area of Outstanding Natural Beauty and forms a part of the Alston Moor parish which is made up of the market town of Alston, two villages; Nenthead and Garrigill, and other smaller hamlets and farm settlements. Alston lies between 265 and 330 metres above sea level and is said to be the highest market town in England. The River Nent runs to the north of the town and the South Tyne river along the western edge. Front Street runs east west and through the market place becoming the B6277 to the south east which leads out through the Pennine Hills. The centre of the town is formed by the market place and the church and churchyard of St Augustine's. High Mill is situated to the east of the market place where the ground level falls slightly behind the Co-operative food store.

The site is made up of three buildings; The original High Mill building, the Annexe and the Factory. 20th century walkways connect the buildings at around first floor level. The arrangement of the buildings has created narrow routes between them underneath the connecting elements. Despite modern alterations and the connection of the buildings, each retains its own stylistic characteristics.



POTENTIAL FOR CHANGE

Following the assessment of significance, the potential for change across the site was assessed. Change may be desirable to enhance the perception of the significance or contribution to overall heritage value of the wider site, or alternately may be identified as the most suitable areas to allow for major change to accommodate new or varied uses. Allowable change may include substantial alteration and in some cases demolition and replacement, but this must have regard to any adjacent fabric of higher significance and to the wider character and context of the site

High Potential for Change

Areas of the site with a high potential for change include:

- Reconfiguration of the internal open plan factory spaces
- The first floor of the annexe that is a 20th century replacement at a different level to the original
- The internal annexe spaces that retain some original stonework but have been heavily altered
- The linking walkways that are in poor condition
- External ground covering that is out of character with Alston Conservation Area

Moderate Potential for Change

Areas of the site with a moderate potential for change include:

- Original stonework in the annexe building
- Stone fabric reused in the rebuilding of the factory
- Areas of the mill building that would benefit from the reversal of 20th century alterations including toilets and staircase

Low Potential for Change

Areas of the site with a low potential for change include:

- The original mill building and early alterations to it are of high significance including the retained floor levels
- The Smeaton building
- Wheelhouse and mechanism



Factory buildings 10, 11 and 12



North east corner of the Mill



East corner of Annexe building 5

CONSULTATION AND IDEAS

PUBLIC CONSULTATION

Following the appointment of Purcell to carry out the options appraisal, Alston Moor Partnership organised a public consultation to seek the views of local people. The consultation was widely advertised in the local area and conducted over a period of a week during which people were invited to visit the Alston Moor Partnership's office based in a shop unit on Front Street and express their views on a number of potential uses for the site. They were also invited to make their own suggestions for possible uses. The following options were canvassed:

- Museum and Heritage Centre
- Gateway to Alston Moor
- Destination Restaurant
- Business Centre
- Houses and Flats
- Car Parking
- Gym, Spa and Sports Facility
- Indoor Climbing Centre
- Cycle Hub
- Youth Facility
- Micro-brewery



The water wheel

APPROACHES TO DEVELOPMENT

Following the consultation process Purcell set about exploring approaches to the site based on the outcome of the assessment of Significance and capacity for change, the building condition survey and the ideas generated by consultation and discussion.

The merits of various approaches to the development of the site were considered:

Option 1: Keep all the buildings on the site. Repair, refurbish and adapt them for new uses

The benefits and drawbacks of this approach were considered and it was concluded that it was unlikely to result in a design that would be able to meet all the requirements of the brief, whilst maintaining the current character of the site.

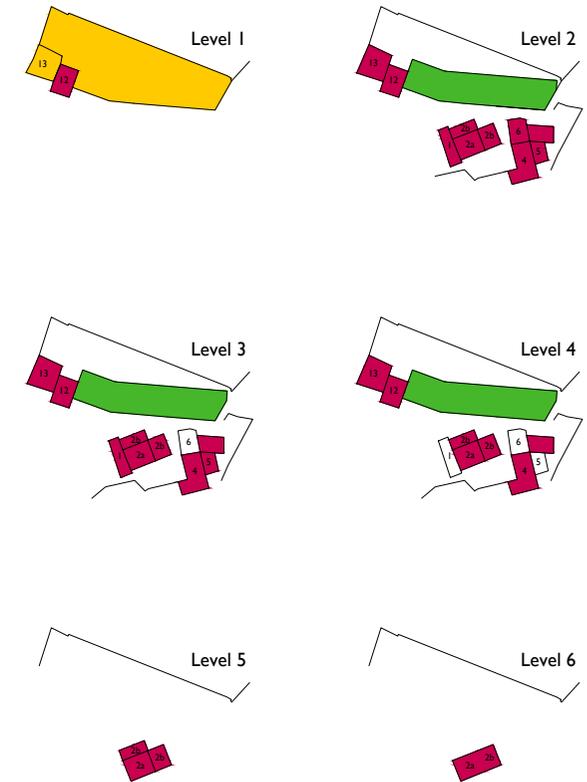
Option 2: Demolish the 20th century Factory Buildings and keep all the 18th and 19th century buildings or remaining parts of those buildings

The limitations of this option, particularly the restrictions it presented to exploring the options for providing car parking resulted in the rejection of this approach.

Option 3: Demolish the 20th century Factory Buildings and the partial remnants of 18th and 19th century buildings at levels 1 and 2

It was concluded that the advantages of the additional flexibility that would be generated by removing the remnants of 18th and 19th century buildings that remain below the 20th factory building would outweigh the harm caused by their loss. Detailed options for developing the site were developed based on this approach.

Option 3



KEY

- Existing 18th and 19th century construction
- Existing 20th century construction
- New construction
- Potential car parking

DEVELOPING THE OPTIONS

A number of options were developed throughout the process. The mix of uses contained within the schemes were based on the ideas and brief developed as a result of the public consultation and discussion with the key project stakeholders. The viability of each option was evaluated by Keppie Massie on the basis of the elemental costs prepared by Cavendish Bloor.

Options A, B, C & D, presented in the full report, were developed in detail. It was concluded that none of the options would provide a viable basis for developing the site. The level of the conservation deficit for all the proposals was too large to have a realistic prospect of attracting the necessary level of grant funding. It was agreed that further options would be developed based on the understanding of the issues gained through the process of developing options A, B, C and D. The new options would be more modest, reducing the amount of proposed new-build development on the factory site and abandoning underground car parking in favour of simple surface parking.

Four further options referenced E, F, G and H were developed. They omitted the elements that were identified as unviable and concentrated on options for the provision of housing and car parking on the Factory site. The number of new-build houses was varied to try to identify whether there was an optimum number that would be economically viable. All the options show a visitor attraction in the Mill with a café to serve this in the Annexe.

Option G was developed to explore the feasibility of introducing holiday let apartments into the upper floors of the Mill instead of offices.

It was noted that all the options had a conservation deficit demonstrating that they would not be viable to develop commercially.

The following 'conservation deficit' was noted for each option:

Option E: £1,281,833 Option F: £856,694

Option G: £566,745 Option H: £911,857

Option E with four new houses had the largest deficit. The lowest deficit was associated with option G due to the potential revenue from the holiday let apartments on the upper floors of the Mill.

It was noted that although all four options had substantial conservation deficits, the level of deficit was smaller than the previous schemes and it would be realistic to seek grants from the Heritage Lottery Fund or other bodies to finance the work.

The four options did not exhaust the variations for developing the site based on the mix of uses envisaged.

The options for the Mill, Annexe and Factory could be mixed in a variety of combinations to develop the optimum proposal for the site.

There were two options for the Mill:

- Ground and first floor visitor attraction, second, third and fourth floor offices.
- Ground and first floor visitor attraction, second, third and fourth floor holiday let.

There were two options for the Annexe:

- Ground floor workshop, first floor café with glazed link bridge to the Mill and second floor flat.
- Ground floor café and first floor and second floor flats.

There were three options for the Factory:

- Existing buildings at north-west end of site converted to 2 three-bedroom houses, 4 new build three-bedroom houses and 7 surface parking spaces.
- Existing buildings at north-west end of site converted to 2 three-bedroom houses, 2 new build three-bedroom houses and 11 surface parking spaces.
- Existing buildings at north-west end of site converted to 2 three-bedroom houses and 14 surface parking spaces.

Mixing and matching these options would give a total of 12 potential combinations.

A further public consultation was organised to canvass opinion on the revised options. The proposals for the Mill, Annexe and Factory site were displayed separately to make clear that the preferred option could be one of 12 possible combinations of the proposals for each part of the site.

The five alternative proposals for the conservation and repair of the Mill wheel were also presented.

The options were refined following public consultation, a meeting with Eden District Council Planning Department and the project board consisting of Eden District Council, Alston Moor Partnership and Historic England.

OPTIONS FOR THE MILL WHEEL

Based on the condition survey carried out on the Mill wheel Context Engineering suggested five possible options for conserving, repairing or restoring the mill wheel:

REBUILD WHEEL AND MACHINERY TO SMEATON'S ORIGINAL DESIGN

This option is the most expensive but is feasible due to the quality of the surviving drawings and the condition of the building. Difficulties arise in implementing the over-ground launder and other water infrastructure works and long-term maintenance implications.

Budget: £400K-£500K + VAT plus water supply to launder

REBUILD EXISTING WHEEL AND SMEATON'S INTERNAL MACHINERY

Building the interior mill machinery to Smeaton's design is the most ethical solution as there is evidence of its original arrangement. This type of engineering is less reliable than later designs but is suitable for demonstration use grinding flour rather than commercial production of flour. It would be unique to have a mill using lantern-wheel gears. It would be feasible to run Smeaton's mill gear with the smaller diameter wheel.

Budget: £300K-£350K + VAT plus water supply to rising main

REBUILD EXISTING WHEEL AND WATER SUPPLY WITH CONTEMPORANEOUS MACHINERY

New interior machinery based on Victorian designs would be more reliable than Smeaton's gearing. Cast iron components rather than timber are difficult to interpret as no evidence of the design exists.

Budget: £300K - £350K + VAT plus water supply to rising main

REBUILD EXISTING WHEEL WITH PUMPED WATER SUPPLY IN WHEEL BUILDING ONLY

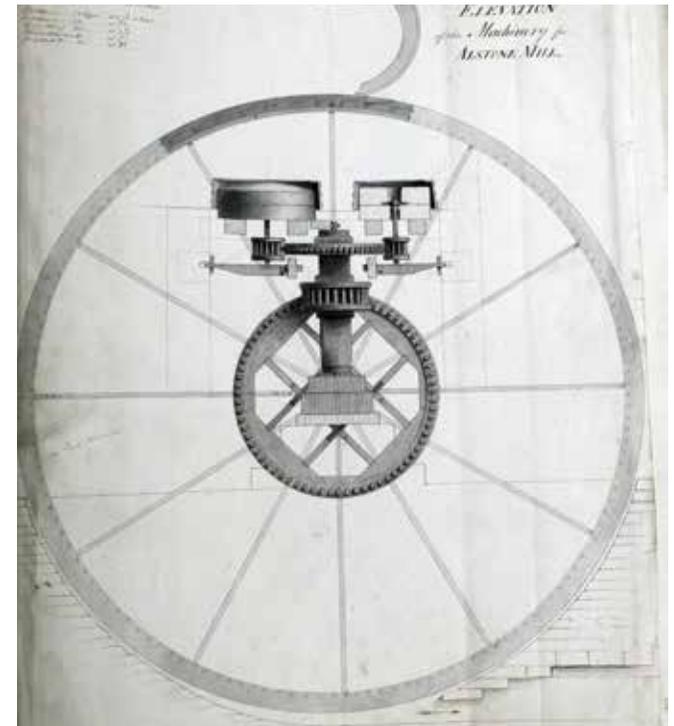
This scheme would involve intermittent running of the wheel on a time delay or PIR-operated system. The wheel, axle and bearings would be restored with a sump installed below wheel level with a pump that raised the water to penstock level to run the wheel. Having the water stored above the wheel works well for frost protection as the system can be easily drained in the winter.

Budget: £100K - £140K + VAT inclusive of pumped water supply

CONSERVE AND PROP UP EXISTING

This is the least acceptable option with a limited life expectancy.

Budget: £50K - £80K + VAT



Smeaton's drawing of the mill wheel

FINAL OPTIONS

A meeting of the Alston Moor Partnership High Mill Sub-Group indicated that the flexible option for the Mill with the possibility of developing the upper floors for either offices or holiday lets would be acceptable.

The preferred option for the Annexe would be for a craft/artisan space on the ground floor; retail space linked to the Mill at first floor and office and apartments above.

They noted that the factory site should be developed to optimise the car parking provision with the least intervention/cost. They indicated that they would like to consider demolishing all the existing buildings on this part of the site.

Acumen Investigations, the current building owner, indicated that they would be interested in renting the fourth floor of the Mill for office space and other local businesses also expressed an interest in renting space. This confirmed that the option of developing the upper floors as offices appeared to be the most attractive and viable option.

There were further discussions regarding the Annexe. The changed designation of the café to a temporary exhibition/retail area and the intermittent opening model proposed for the visitor attraction reduced the requirement for toilets, freeing up the space for other uses. A proposal was developed for providing basic, short-term holiday let studios that could be attractive for cyclists or walkers.

There was a consensus that the water wheel should be restored to working order and that machinery should be introduced that could be operated by the water wheel. It was noted that the wheel house was next door to a residential property and concerns were raised about the noise and vibration that were likely to be generated by a working wheel. It was agreed that it would probably be acceptable to run the water wheel intermittently to demonstrate the machinery to visitors. The possibility of introducing working scale models as part of the interpretive display was also discussed.



Options 3A with link to the Mill and new steps to the south side of the site

FLOOR LEVEL I

Two Houses on the Factory Site



KEY

- Proposed walls
- Stone walls 1767 original Mill
- Stone walls before 1775
- Stone walls C19
- Modern stone 1970s or 1980s
- Clay brick 1930s–1950
- Concrete brick 1960s or 70s
- Concrete blockwork 1970s–1980s
- Timber stud partitions

FLOOR LEVEL 2

Visitor Attraction in the Mill

Workshop and Holiday Let Studios in the Annexe

Two Houses on the Factory Site



FLOOR LEVEL 3A

Visitor Attraction in the Mill

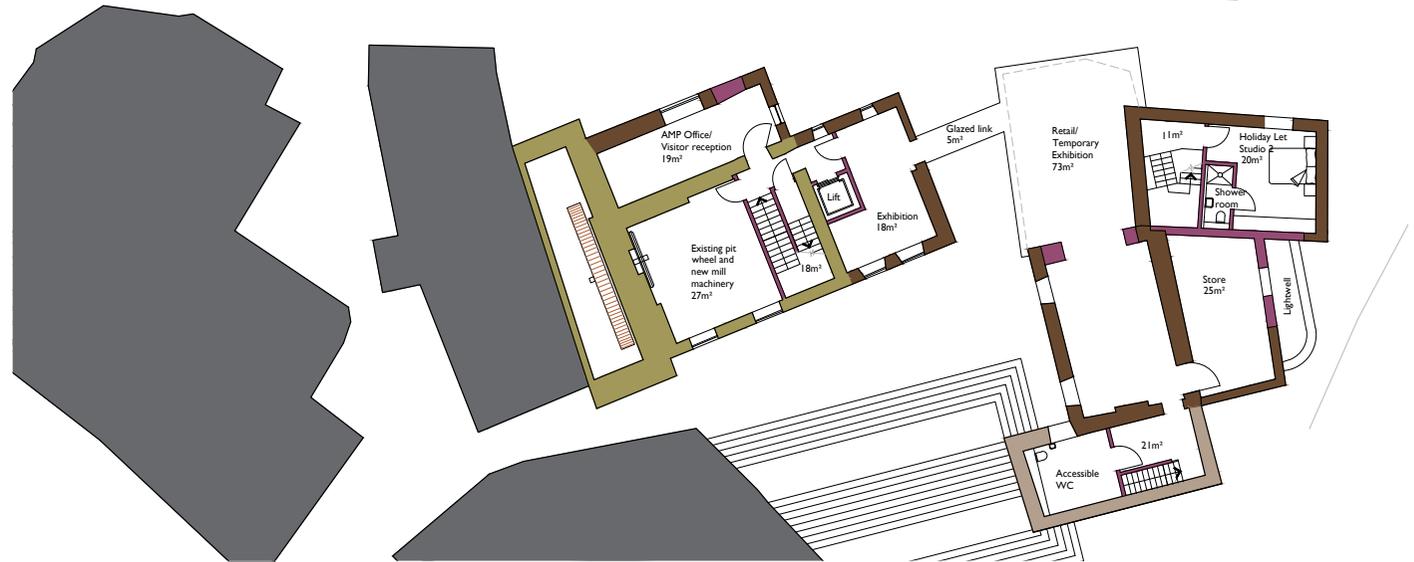
Exhibition and Holiday Let Studios in the Annexe

Two Houses on the Factory Site



KEY

- Proposed walls
- Stone walls 1767 original Mill
- Stone walls before 1775
- Stone walls C19
- Modern stone 1970s or 1980s
- Clay brick 1930s–1950
- Concrete brick 1960s or 70s
- Concrete blockwork 1970s–1980s
- Timber stud partitions



FLOOR LEVEL 3B

Visitor Attraction in the Mill

Workshop/Office and Holiday Let Studios in the Annexe

Two Houses on the Factory Site



KEY

- Proposed walls
- Stone walls 1767 original Mill
- Stone walls before 1775
- Stone walls C19
- Modern stone 1970s or 1980s
- Clay brick 1930s–1950
- Concrete brick 1960s or 70s
- Concrete blockwork 1970s–1980s
- Timber stud partitions

FLOOR LEVEL 3C

Visitor Attraction in the Mill

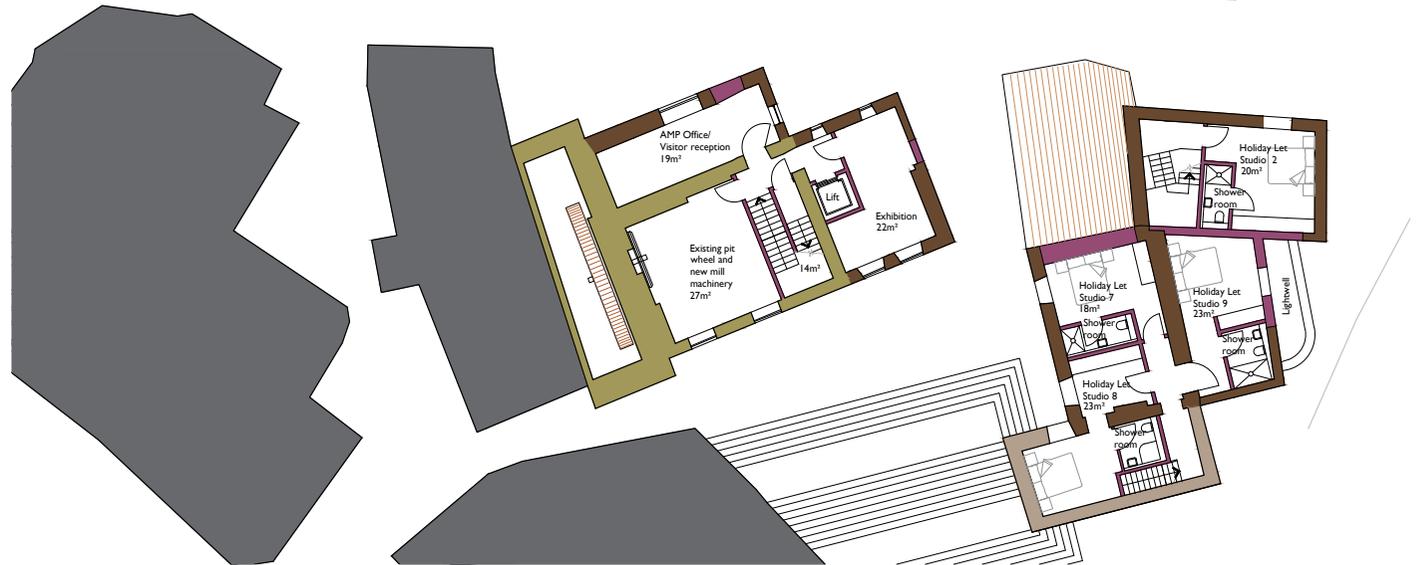
Holiday Let Studios in the Annexe

Two Houses on the Factory Site



KEY

- Proposed walls
- Stone walls 1767 original Mill
- Stone walls before 1775
- Stone walls C19
- Modern stone 1970s or 1980s
- Clay brick 1930s–1950
- Concrete brick 1960s or 70s
- Concrete blockwork 1970s–1980s
- Timber stud partitions

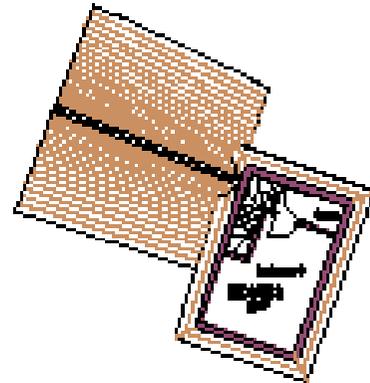


FLOOR LEVEL 4

Offices in the Mill

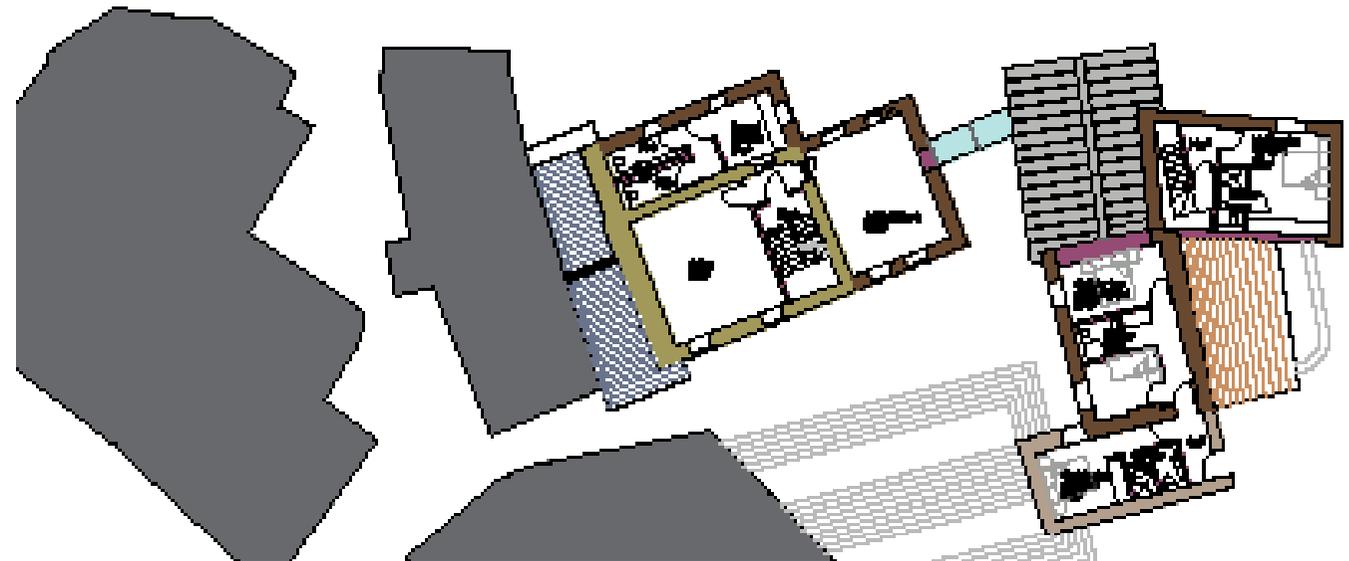
Holiday Let Studios in the Annexe

Two Houses on the Factory Site



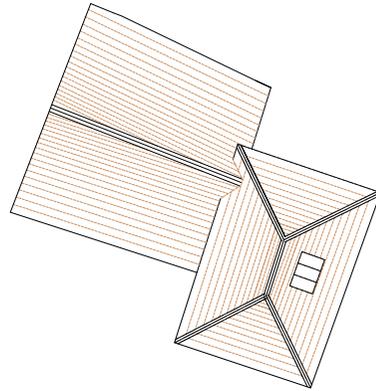
KEY

- Proposed walls
- Stone walls 1767 origi
- Stone walls before 17
- Stone walls C19
- Modern stone 1970s
- Clay brick 1930s–195
- Concrete brick 1960s
- Concrete blockwork
- Timber stud partition



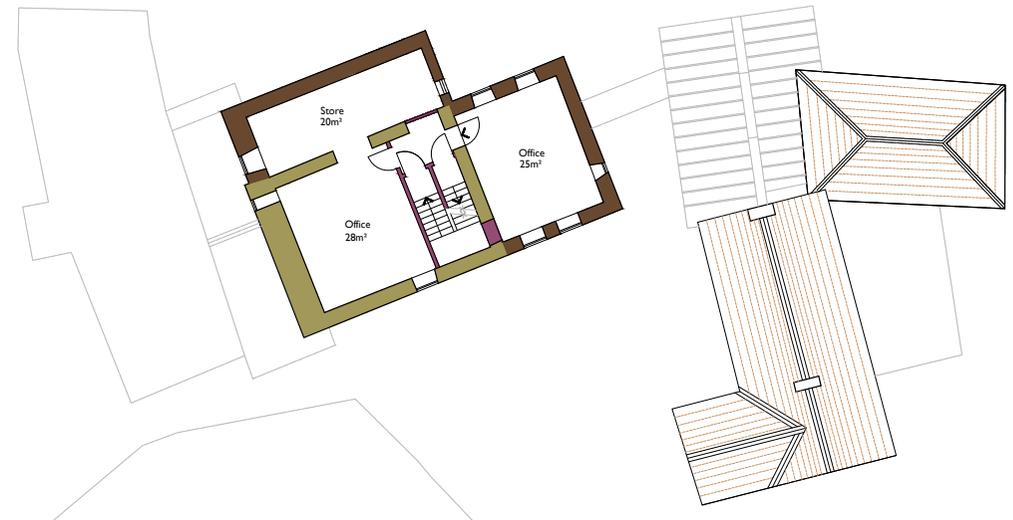
FLOOR LEVEL 5

Offices in the Mill



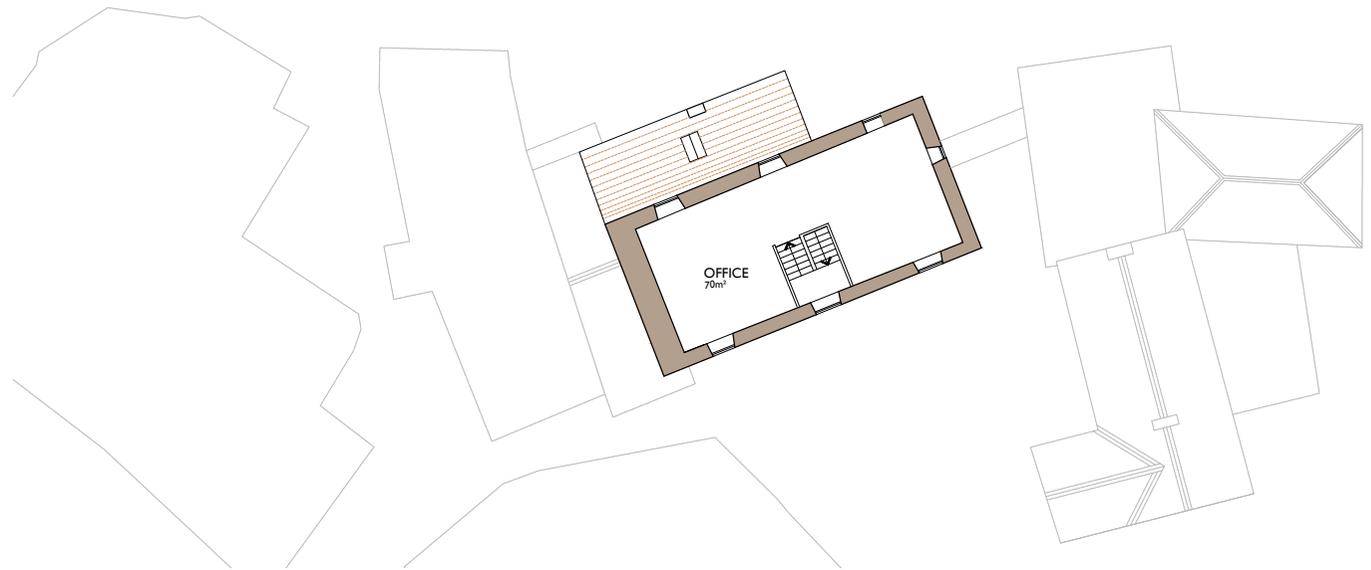
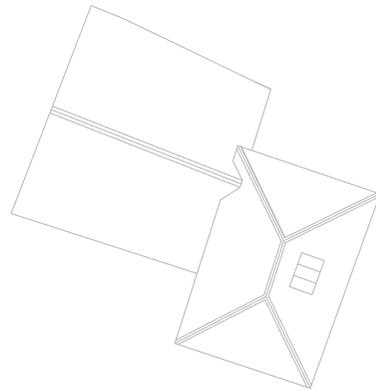
KEY

- Proposed walls
- Stone walls 1767 original Mill
- Stone walls before 1775
- Stone walls C19
- Modern stone 1970s or 1980s
- Clay brick 1930s–1950
- Concrete brick 1960s or 70s
- Concrete blockwork 1970s–1980s
- Timber stud partitions



FLOOR LEVEL 6

Offices in the Mill



KEY

-  Proposed walls
-  Stone walls 1767 original Mill
-  Stone walls before 1775
-  Stone walls C19
-  Modern stone 1970s or 1980s
-  Clay brick 1930s–1950
-  Concrete brick 1960s or 70s
-  Concrete blockwork 1970s–1980s
-  Timber stud partitions

VIABILITY ASSESSMENTS OPTIONS 3A, 3B AND 3C

All of the options include the same uses on levels 1,2,4,5, but differ on the third floor. They also explore the viability of holiday let studios within the proposed development.

Detailed cost plans for each option are available in the full report.

Option 3A provides a mixed-use scheme comprising of residential units, craft / bike Workshop, visitor attraction, retail, offices and holiday let studios.

Option 3B differs from 3A on level 3 (first floor) where workshop/ office accommodation is provided instead of a retail/ exhibition area in the existing building and a new extension.

Option 3C provides 3 holiday let studios on the first floor instead of retail/exhibition space.

The conservation deficit has been calculated by subtracting the net development value from the total project cost. The deficit for each of the options is as follows:

Option 3A: £2,293,557

Option 3B: £1,996,877

Option 3C: £1,962,535

Outline business plans are available in the full report including: Income forecasts, expenditure forecasts, net position and risk considerations.

CAPITAL FUNDING – HLF HERITAGE ENTERPRISE

It is clear that without a substantial HE grant, there is no prospect of the scheme progressing. Therefore, the project has to be organised in such a way that it meets HLF HE criteria.

HLF HE will fund up to 90% of the conservation deficit for the project.

OTHER CAPITAL FUNDING SOURCES

There are a range of potential other funding sources for a project of this nature. L&R's limited role has not allowed a comprehensive assessment of all potential sources – plugging keywords into one of the well-regarded heritage funding databases - <http://www.heritagefundingdirectoryuk.org/> - run by the Heritage Alliance and

the Architectural Heritage Fund (the latter having granted aided this study) indicates some 137 sources that could be relevant. In practice, however, detailed eligibility criteria, scale of funders funds, competition for funds etc. would be likely to narrow this down to a target list of "potentially significant funders" of may be a dozen at most.



Options 3A elevated view from the east

PROJECT APPRAISAL – HERITAGE ENTERPRISE

The key appraisal assumptions are that:

- EDC acquires the site
- EDC act as developer
- EDC can fully reclaim VAT on development costs and associated fees
- For the purposes of appraisal, no allowance is included for property acquisition
- In the Aparthotel option, the net income by Y3 is used as a rental equivalent value
- That the gallery space is rented out
- EDC receives a developer's profit of up to 15% of costs
- EDC holds the investment and grants a long lease to AMP on full repairing and insuring terms

EDC funds the loan costs of the development, being the sum of total development costs less HLF HE grant and less any other grants received.

In the worst case, where no grants other than HLF HE grant is obtained, EDC would need to meet a funding gap of £1,345,869 for the option with the holiday let studios. The funding gap for the option with the offices would be slightly less because separate bathrooms and compact kitchens would not be required. Assuming the houses on the factory site could each be sold for £170,000 giving a total capital receipt of £340,000 this would reduce the funding gap to approximately £1,005,869.

These figures also assume that HLF HE grant is awarded at the maximum 90% of conservation deficit level. If the advice is to seek a lower % grant on the basis that this would better maximise the chances of obtaining a grant, the funding gap figures will be greater.

The operating income and expenditure appraisal suggests that the option with offices in the Annexe cannot support borrowing costs out of earned income. The holiday let apartment option indicates

a surplus of £10,669 in year 3 rising to £20,708 in year 5, if 60% occupancy can be consistently achieved. Projected income in year 3 could support borrowing in the region of £200,000 based on an APR of 3% over a 30-year period. If projected revenues in year 5 were realised, borrowing in the region of £400,000 could be supported.

RISK ASSESSMENT

From the perspective of the financial appraisal aspect of this study, the key risks to progressing the project are considered to be:

- Not being able to secure the acquisition of the property at an affordable price
- Delay to progressing the scheme leading to further building deterioration and construction cost inflation
- EDC needing to shoulder the risk of acting as developer
- EDC not being able to fully recover VAT costs
- EDC needing to meet AMP's operating losses until such time as these are eliminated
- Disposal value of the residential element being less than total costs of development (including borrowing costs)
- HLF HE application being refused
- HLF guidance being to seek a lower % of the conservation deficit than the maximum permitted
- No or less than anticipated other third party capital/project development grants being secured
- Overcoming any reluctance on the part of AMP in taking on a full external and internal repairing lease
- Lower than forecast rent and/or studio apartment and visitor attraction net income, leading to AMP being unable to achieve the forecast surplus potentially resulting in the risk of foreclosure of the lease, which would in these circumstances then revert to EDC
- Higher than forecast direct operating costs

- Levels of recouped service charges being lower than costs of providing these services/ meeting these costs due to higher than target levels of voids
- General ambience and outlook being adversely affected by the activities of adjacent properties outside the control of the project – such as the bins enclosure of the Cooperative Stores, the extract fans and service accesses of the pub, hotel and the rear of the former nightclub
- Occupational and revenue uncertainty reflecting the unpredictable nature of the local property market

There is, of course, potential for some upside in terms of the operating model and presumably EDC would seek a surplus shares agreement with AMP to enable it to share in any such surplus net income in a way that reasonably reflected the risks taken by both parties.

CONCLUSIONS

This is a complex scheme with multiple benefits but a series of equally complex risks to be overcome. It appears that the mix of offices and holiday let studios could, in certain circumstances, be viable, but additional sources of grant funding would be required to allow the project to be realised without a substantial financial commitment from Eden Borough Council.

The grade II* listed status of the Mill puts it in the top 10% of buildings of special historic interest. This level of importance should improve the prospects of obtaining financial support from other organisations to supplement an HLF HE grant. Exploring other potential sources of funding should be the key priority in the next period to ascertain whether it will be possible to identify a viable mix of funding to realise the project



