

Bolsover District Council

Meeting of Council on 4 December 2024

Update on Pleasley Vale Regeneration Project

Report of the Portfolio Holder for Growth

Classification	This report is Public.
Report By	Natalie Etches – Head of Business Growth Dragonfly Management (Bolsover) Limited

PURPOSE/SUMMARY OF REPORT

- To update Members regarding works undertaken to date at Pleasley Vale Business Park.
- To update Members on the proposed scope of works to mitigate the risk of future flood events within the Vale.
- To present the costs obtained through a recent procurement exercise to undertake phase 1 of these works.
- To update Members on urgent works identified through a recent stock condition survey and consider the establishment of a full time building surveyor / contractor administrator to oversee the works.
- To seek Member approval for borrowing to fund these areas of works across the business park.

REPORT DETAILS

1. Background

- 1.1 The Council is fully invested to make the best use of assets within their ownership, and to find viable ways to increase revenue streams. Under the corporate priority for ‘Economy,’ securing investment in Pleasley Vale is recognised. It is an important asset for its historic and cultural importance, the stunning parkland, and its success as an industrial and commercial business park. There is a commitment through this corporate priority to ensure the site can meet the needs of local businesses, encourage inward investment and support growth, whilst preserving and enhancing the natural environment for future generations.
- 1.2 Pleasley Vale Business Park comprises 198 units over the three mill buildings and outlying buildings, including the Dye House, Stable Block, and Mill 3 Courtyard. In 2023/24, it generated £569,000 in income (service charge and rent) with operational liabilities of £460,658 (excluding capital spend), making £145,000 at ‘Outturn’. There is no sinking fund for the site for reinvestment. Although, there has been an amount set-aside within the General Reserve to

undertake some large repairs, for the last few years, see the financial implications section below starting at 3.16.

- 1.3 The site is currently achieving over 80% occupancy and overall, there are good levels of tenant satisfaction, with many tenants having been on site for over 20 years. However, the rent and service charge incomes do not cover the extensive repairs required to maintain the buildings and land.
- 1.4 To address this imbalance and to start to progress the Council's corporate priority for Pleasley Vale, the Business Growth Team within Dragonfly Management (Bolsover) Limited (DMBL) employed a project officer in November 2022 to manage the start of the regeneration project. With an allocated budget to commission reports and surveys to overcome site constraints and inform the principle of development, the objectives of the project were initially to assess the viability and appropriateness of a range of regeneration options.
- 1.5 However, an immediate priority and one of the main constraints of any regeneration option for this site relates to flood risk. A significant area of the site is within flood zone 3b (functional flood plain). A functional flood plain is an area of land where water naturally collects. The geological and geographical formation of the site within a limestone gorge, and the river Meden which flows in a west to east direction, means that in storm events or following heavy rainfall, the site can become prone to flooding. This issue became particularly evident in October 2023, during storm Babet. This extreme weather event caused the river Meden to overflow and flood areas of the site, causing extensive damage to property and land.
- 1.6 During the early stages of the project, a number of funding opportunities were explored for the site to support the improvement works. Unfortunately, interest was limited for the Mill buildings, by reason that they are not afforded statutory Listing from Historic England and are currently in occupation as a Council run business park.
- 1.7 The lack of funding opportunities for the Mills was unfortunate as the site needs significant capital investment. Without investment from external sources the overall condition of the Mill buildings and parkland will continue to decline, negatively impacting on tenant satisfaction / retention. However, discussions with funders have highlighted the importance of the natural environment on sites such as Pleasley Vale and there is interest to fund projects which seek to improve biodiversity and water management and to connect the visiting public with nature and history.
- 1.8 The parkland surrounding the Mill complex contains many areas of ecological importance, including a Site of Special Scientific Interest (SSSI), ancient woodland and wildlife sites. There are also designated bridlepaths and footpaths around the site, with links onto the Meden Trail which bounds the southern boundary, and the Forestry England owned woodland adjoining the northern boundary.
- 1.9 Gardeners Cottage and Coach House are two Grade II Listed Gatehouses which stand at the western entrance to the Business Park. They are vacant

but require significant investment to repair and bring back to a standard ready for occupation. A Schedule of Works was commissioned in June 2023, but required updating as the report and costs within it became outdated.

- 1.10 The Stable Block is an outlying building sited in the car park of Mill 3 and was occupied by a tenant on a commercial lease. The building's structure was confirmed as being unsafe following severe winds during Jan / Feb 2024 so the decision was taken to evacuate the tenant into alternative accommodation, and the building was 'shored up' to make it safe whilst further investigations could be completed, including a full structural survey and a pre planning application to ensure consultation with the Planning Conservation Officer. To date the temporary shoring has cost in the region of £20,000 and a bat survey has been completed for the building too.
- 1.11 The site falls within the Pleasley Park and Vale Conservation Area, defined in the Planning (Listed Buildings and Conservation Areas) Act 1990 as 'areas of special architectural or historic interest the character or appearance of which it is desirable to preserve or enhance'. The 'Local Planning Policy: Bolsover District Local Plan (March 2020) Policy SC16: Development Within or Impacting upon Conservation Areas' sets out that development proposals within or impacting upon Conservation Areas will be permitted where they preserve or enhance the character and appearance of the area and its setting. With applications considered in relation to how well the design and location of the proposal has taken account of:
 - 1.11.1 The development characteristics and context of the conservation area, in terms of important buildings and important open spaces
 - 1.11.2 Landscapes, walls, trees, and views into or out of the area
 - 1.11.3 The form, scale, size, and massing of nearby buildings, together with materials of construction

2 Current position

- 2.1 When the river Meden overflowed during storm Babet, it backfilled the millpond in front of Mill 1, causing significant flooding to the ground floor of Mill 1, damaging the property of both the landlord and tenants occupying those areas, and affecting their working patterns. Damage was also caused to the electricity substation, where flood water entered the building, damaging the low voltage (LV) panel beyond repair. Mill 1 was subsequently powered by an external generator until a new LV panel could be installed (post install defects still being rectified as at November 2024). The financial and economic cost to this flood event is still being felt, with business operations of tenants significantly compromised. Within Mill 3, the storm water rose and broke through floor slabs within units, rendering them unsafe and therefore unusable.
- 2.2 The total cost of the insurance claim is in excess of £800,000 and whilst covered by a policy on this occasion, insurance companies are now reluctant to insure the site, with the Council currently self-insuring in an event such as flood, fire, accidental damage, etc. Therefore, it was important for the Business Growth Team to take steps to better understand the river levels, flood mapping, and strategies for water management over future years, which would all be required to satisfy future redevelopment of the site / changes in use etc. It is also important to invest in measures which can mitigate a future flood event and reduce the

Council's exposure to financial liabilities and claims from events which cause such significant damage across the site.

- 2.3 Effectively managing flood risk and protecting the site from future extreme weather events is of paramount importance if the site is to continue operations. It is also important to establish a baseline of flood modelling to inform any future development proposals for the wider site, as any planning application would require detailed flood risk assessments to be undertaken as part of any application.
- 2.4 Beaumont Rivers, an environmental restoration company who specialise in nature recovery and water management techniques, has been appointed to oversee a flood mitigation and water management project. Beaumont Rivers have previously worked with the Leisure Services team following the events of Storm Babet. During these site visits, Beaumont inspected areas of the natural environment, and identified opportunities to mitigate flood risk on site and reinstate some of the original drainage networks.
- 2.5 The full extent of the dam wall (146m) has been cleared by the Council's grounds maintenance team and this has enabled a more detailed assessment of the extent of works required by both Dr Hughes, reservoirs engineer, and Jonny Ackroyd of Beaumont Rivers. A Scope of Works has been agreed, and Beaumont Rivers' will oversee these works. The Scope is included in **Appendix 1**.
- 2.6 Derbyshire Wildlife Trust (DWT) is appointed to produce a Nature Recovery / Blue and Green Infrastructure Masterplan for Pleasley Vale to survey and assess the current condition of the site; identify constraints and opportunities for funding; and collaboration initiatives with communities and education providers. Bringing together data from their desktop study, surveys, workshops and in-house habitat creation, DWT will prepare an ecologically coherent and visionary masterplan, which balances the interactions between existing and potential habitat stocks, and the wider regeneration plans for the mill complex, to achieve a success for wildlife at Pleasley Vale. This work is underway, and is anticipated to be completed early 2025, at which point a further update will be brought to Members.
- 2.7 DWT are also working with the Developments and Contracts Officer and the wider DMBL team to explore opportunities for Biodiversity Net Gain (BNG), assessing the suitability to register Pleasley Vale as a Receptor Site. It is important the work of Beaumont Rivers and DWT are co-ordinated for ecology and bio-diversity purposes along the water course. BNG offers a potential income stream for the Council, and Members will be updated accordingly on the progress of this.
- 2.8 Work is ongoing to oversee the renovation and reuse of the two Gatehouse properties – Gardener's Cottage and Coach House ("the Gatehouses"). The buildings are on the Listed Buildings at Risk register and there is a duty on the owners to ensure they don't fall into a state of further dis-repair. A full scope of works is being prepared by Dragonfly Development Limited for bringing these buildings back in to use as commercial workspace in the short term, to generate income whilst a longer-term use is identified within the development proposals for the whole park.

- 2.9 The Property Services Team within DMBL are currently identifying all priority repairs for the Mill buildings, to establish an indicative budget for the total cost of repairs. There are some extensive works required to ensure that the buildings can continue to remain operational in the short term to generate a revenue for the council and to prevent the buildings falling into a further state of disrepair. The works which present a risk to life / priority 0 works are the main focus of the team in the short-term.

3 Next Steps

- 3.1 A procurement exercise for the scope of works for phase 1 of the flood mitigation works has been completed, and the budget quotes have been received from the contractors that were invited to tender for the phase 1 works. A decision on who to award the contract will be made at the Council's Executive on 2 December.
- 3.2 The total budget for the works for phase 1 will be £497,000 this includes £5,000 of ecology works required ahead of construction to ensure ecological compliance. DWT will also take a BNG baseline in case the Council want to use it further down the line as part of its wider plans for BNG. This will give options for the future in case the Council ends up with greater net gain than required in future.
- 3.3 The Section 151 Officer has confirmed that there was previously a capital scheme approved from the Transformation Reserve to repair the dam wall. There remains a balance of £94,537 committed to the project which will be incorporated into the schedule of works, see the **Financial Implications section at 3.17**.
- 3.4 Phase 1 of the works are required to bring the condition of the dam wall back up to a standard of repair, and to ensure the Mill 1 pond can capture an increased level of water from the river Meden to slow the flow further downstream into Mill 2 and under the culverts in Mill 3. As the Mill 1 pond does not take its flow off the Meden, it can be used as a catchment for water, unlike previously where the river has run alongside the Mill 1 pond. For future phases of works to the river, there are opportunities to apply for external funding to invest in natural flood management and habitat creation, but we cannot consider this until the immediate works are completed.
- 3.5 A report is to be presented to Executive on 2 December 2024, recommending a contractor be appointed as the Principal Contractor for the insurance works to repair and reinstate after Storm Babet. This was following an external procurement exercise undertaken by Monaghan's on behalf of the District Council and its insurer / loss adjuster. These works are scheduled to commence delivery in December.
- 3.6 However, in addition to the flood mitigation scope of works and the insurance reinstatement scope of works, the site requires a full intrusive structural survey to locate a potential culvert under Mill 3 (hidden culvert) as well as undertake a structural survey for Mill 3's outbuildings, which are seeing visible signs of movement. It could be the two matters are related. It is important for the Council to better understand the structural integrity of these buildings and put a schedule of works together for dealing with urgent structural repairs as well as monitoring future movement and changes.

- 3.7 The Stable Block building is also structurally unstable. Following an initial structural report and temporary shoring of the Stable Block external walls, the Council needs to confirm a preferred option on the future investment in this building in the immediate future due to this structural instability. The Business Estates Manager will need to commission specialist surveyors and architects to consider the design options available, as well as undertake further consultation and engagement with Planning and Conservation Officers for the different options available.
- 3.8 The pre-planning application advice note, attached as **Appendix 2**, sets out considerations for both options (repair and demolition), and Members should note, in particular, the advice “We will be obliged to carry out a number of consultations on the application including consultation with Historic England (as the building is owned by the District Council). If an objection is received from Historic England, we will be required to refer the application to the Secretary of State for a decision,” which could have financial implications for the Council if demolition is the preferred option.
- 3.9 Capita have previously been commissioned by the Facilities Team to prepare a capital programme of works across the site. A review of this report has been conducted by DMBL’s Property Services Team. Whilst the assessment is non-intrusive, there are recommendations from both the Capita report and the more recent Property Services review which were identified as being a priority. These urgent works remain outstanding and include: Roof replacements for Mill 1, Mill 2 (including Mill 2 and Dye House) and Mill Court in Mill 3 Courtyard; replacement of lintels, which have either slipped or cracked; repairing loose and / or crumbling brickwork, replacement of corroded steel lintels; replacement of window frame/s where required; and removal of vegetation growing from the buildings including repairs to damaged stonework and copings.
- 3.10 The roof structures are close to / at the end of their economic life and will need investment to prevent further water ingress and further deterioration of the buildings over the coming years. A full report for the roofs’ structures will need to be prepared by a Structural Surveyor, informing a scope of works for both access to and replacement of the roof structures.
- 3.11 There are a number of defects identified along the drainage network through the site, typical of buildings of that age which have suffered from a lack of maintenance over the years. The Senior Engineer within DMBL instructed a survey to identify where the defects are. A proposal has been prepared to systematically work through the park and carry out repairs on the critical lengths that serve the current facilities. The total cost estimate for all works required is £89,000. The maintenance of the drainage system is important in ensuring the Council is not liable for contamination of the water course along the river Meden.
- 3.12 The fire alarm system across site is beyond its economic life, and some of the component parts are now obsolete. Therefore, a full upgrade is required to replace the current closed-loop system. A fire strategy for the whole site has been commissioned and will be complete December 2024. Subsequently, a detailed specification and costings for the fire alarm upgrade will be obtained through a procurement exercise. It is anticipated the cost of the upgrade will be more than £100,000.

- 3.13 Work is also ongoing with Intelligent Drainage Solutions to identify and complete repairs to the culverts, which were identified from culvert surveys completed following Storm Babet. This is to be procured in order to obtain detailed costs to complete this work.
- 3.14 As a prevention measure following investment in a new LV panel, and to protect the business operations of tenants in the event of flooding, it is recommended that flood defence doors be installed to the substation at Mill 1. Detailed specification and costings are being obtained through a procurement exercise.
- 3.15 Within Mill 2, there are 2 tenant businesses. One occupies most of the workspace, including the upper floors. The passenger lift serving the units in Mill 2 has been out of service for over 12 months. Recent investigative works have identified that the lift is irreparable and should be replaced or fully refurbished. The Council's lift contractor has provided a quote for refurbishment of £40,142 and an estimation of £80,000 to £85,000 for replacement. Due to the economic life of the lift, a replacement is recommended. Further investment in the lifts serving the 3 mills is likely required due to the national change from analogue to digital. This will impact the emergency call alarms, so further changes may be required to configure the panels for these changes.
- 3.16 Due to the nature and extent of the urgent works required across the Business Park, a qualified Building Surveyor / Contractors Administrator within DMBL is required to oversee and manage the different contractors and works which will be required across the site. This will be more cost effective to the general fund than commissioning external contractors on a commissioned / day rate.

Financial Implications

- 3.17 As mentioned in paragraph 1.2, Pleasley Vale Business Park does make a positive contribution to the Council's General Fund of over £0.100m. However, as discussed throughout the report, this does not take into account the repair costs for the site.
- 3.18 Various capital schemes have previously been approved for specific repairs at the park, such as fire compartmentation and fire doors, and over the last 3 or 4 years, amounts have been allocated from reserves to fund major work repairs, such as to the lifts, as part of preparing the Medium-Term Financial Plan. From a total allocated since 2020/21 of £0.372m, there remains a balance at the time of writing of £0.334m.
- 3.19 The following table summarises the capital figures from this report and provides possible sources of financing the cost:

Report paragraph reference	Description	Cost £
	<u>Capital Costs</u>	
3.2	Scope of works phase 1	497,000
3.11	Outstanding works	89,000
3.12	Fire alarm system upgrade estimate	100,000
3.15	Lift replacement	85,000
	Total expenditure budget required	771,000
	Available resources:	
3.3	Dam wall remaining allocation	(94,537)
3.18	Balance of General Reserve already allocated	(334,000)
	Total of existing available resources	(428,537)
	Balance to be funded from reserves no longer required on existing projects or borrowing.	(342,463)
	<u>Revenue Costs</u>	
3.16	Building Surveyor Costs using an existing similar post as a proxy - assumed scale 8	£56,426 per annum maximum

- 3.20 The Council has a number of reserves that are allocated for projects to undertake expenditure on both revenue and capital expenditure. Funds from the reserves are allocated over many years and not all the allocated funds are spent for one reason or another. It is the belief of the Section 151 Officer that there may be old allocations for funding which have been approved, that may no longer be required to cover the shortfall in funding of £0.242m. As a precaution against there not being the amount available, it would then be the intention to undertake borrowing to fund any gap.
- 3.21 A further report is expected to be brought to Members in the next few months to give the condition of the site overall and provide information to Members to allow discussion to take place around funding the different options.
- 3.22 The Building Surveyor post would be a general fund cost.

4 **Reasons for Recommendation**

- 4.1 The events of Storm Babet caused significant negative financial and operational impact on both the landlord and tenants, which could be prevented to such a large extent if there is a greater water catchment and effective flood water management

plan at times when there are high risk flood warnings to better control the flow of water through the site to prevent such deluge as occurred in Storm Babet. As the Council now self-insures, it is important to limit the damage / effects of a flood event on the buildings / culverts and site infrastructure as much as possible. If not completed, it will further expose the Council to financial liabilities through its reserves which have already been set aside to self-insure the premises.

- 4.2 The works proposed through phase 1 will also enable Leisure Services to increase their scope of services and activities delivered through the Outdoor Activity Centre on the Mill 1 Pond, generating an increased revenue return.
- 4.3 If there is no investment into the proposals as set out in the report, there will be a further decline of the built assets, which will ultimately result in a loss of rent and service charges, further disrepair, an increase in revenue liabilities through maintenance and repair costs, an increased risk of injury, and higher insurance reserves.
- 4.4 This investment into the management of the blue infrastructure could present an opportunity for increased credits for BNG.
- 4.5 There is a need to complete these works to maintain the buildings and prevent further deterioration, ensuring that the investment proposition at the time for the investment is attractive to developers.
- 4.6 Capital investment into the buildings' day-to-day operations across the site will ensure there is a good level of tenant satisfaction, retaining occupancy levels. It is important for the Council to retain its income and occupancy levels to ensure the site's continued operations as a business park. The Business Estates Manager has worked tirelessly over the last 12 months to maintain fractured relationships with tenants as they are growing increasingly frustrated both with the time taken to carry out repairs following storm Babet, and the failing of key infrastructure such as the lifts.

5 Alternative Options and Reasons for Rejection

- 5.1 There is currently £94,537 allocated through reserves for the repairs to the dam wall, which has been allocated as part of the phase 1 works. The Council could opt for no further investment in the flood mitigation works at this time.
- 5.2 The likelihood of a flood event of the same magnitude as Babet is unpredictable as there have already been 3 flood warnings issued this autumn for the river Meden. The Council is now self-insuring and as such would be liable in the event of a future flood event, and therefore this option to do nothing has been discounted due to the high level of risk associated with a future flood event (both high likelihood and high impact).

RECOMMENDATION(S)

1. That members endorse the continued investment in Pleasley Vale Business Park and Conservation Area aligned to the Corporate 'Economy' priority.
2. Members approve the use of reserves to fund the works as presented in the table at 3.19 to a value of £428,537.

3. Members approve that the Section 151 Officer trawl the already approved reserve funded schemes to identify if any are no longer required and can therefore be used to fund the shortfall of £342,463, or failing that, approve the additional borrowing necessary to fund the gap for the additional capital works and surveys as identified within the report, subject to further reports being presented to Executive following appropriate procurement exercises.
4. Members delegate authority to the Chief Executive Officer to establish the post and budget of a Building Surveyor / Contractors Administrator into the Property Services Team of DMBL, to be appointed to manage and oversee the building works and repairs at Pleasley Vale Business Park.

Approved by Councillor John Ritchie Portfolio Holder for Growth

IMPLICATIONS:

Finance and Risk: Yes No

Details: Please see the Financial Implications section at 3.17 – 3.22 within the body of the report.

This is On behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details:

If agreed, there will be procurement activities and contracts requiring preparation and negotiation with involvement from Legal Services.

On behalf of the Solicitor to the Council

Environment:

Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.

Details: the report sets out the work being done to address the risks of flooding within the Vale, and how opportunities to enhance biodiversity and natural flood water management will enhance the environment.

Staffing: Yes No

Details: there are no staffing implications as a result of this report, as works will be overseen by Dragonfly Management (Bolsover) Limited as the lead for managing Pleasley Vale Business Park.

On behalf of the Head of Paid Service

DECISION INFORMATION

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards, or which results in income or expenditure to the Council above the following thresholds:</p> <p>Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i></p>	No

<p>District Wards Significantly Affected</p>	Pleasley
<p>Consultation: Leader / Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input checked="" type="checkbox"/></p>	<p>Details: None</p>

<p>Links to Council Ambition: Customers, Economy, and Environment.</p>
<p>Economy - drive growth, promote the district and be business and visitor friendly.</p> <p>Environment - protect the quality of life for residents and businesses, meet environmental challenges and enhance biodiversity</p>

DOCUMENT INFORMATION	
Appendix No	Title
1	Beaumont Rivers Scope of Works
2	Pre-planning advice note