

9. DEVELOPMENT OF MILLERS DALE STATION (ES)

1. Purpose of the report

This report is to request approval for a capital project to improve the visitor experience at Millers Dale Station..

This report also sets out our longer term plans and approach to developing the site describing how those plans link to maintenance of the trails network, with a summary of progress to date.

Key Issues

- **The project is an identified corporate priority and contributes to the Business Objective identified in the Commercial Development and Outreach 5 year Strategy – Sustained/sustainable growth in awareness, understanding, support and income.**
- **This work was initiated in response to ARP Minute no 94/14 (3) “*Business cases are prepared by the Trails Manager working to the Integrated Property Board for the refurbishment and re-design of the facilities at Parsley Hay, so allowing for diversified income streams and Millers Dale, so developing this under-utilised site, by 30 June 2015*”. An initial assessment of the opportunities and constraints at each site has led to a focus on Millers Dale Station.**
- **There are two scenarios for funding and scheduling of the first phase of this project but approval is required now, for both scenarios, to enable the work to progress to plan.**
- **External funding from Rural Development Programme for England (RDPE) Growth Programme and Heritage Lottery Fund Our Heritage fund is being sought to maximise the return on this project.**
- **The project will restore important cultural heritage features, enhance the visitor experience and generate new income.**

2. Recommendations(s)

- 1. Approve borrowing of up to £370,000 to contribute to a capital project with a total value of up to £657,000 (Phase 1)**
- 2. In respect of urgent works identified through the site condition survey, to approve substitution of up to £130,000 of the borrowing referred to in Recommendation 1, from either revenue resources or the capital fund, should funds become available as set out in paragraph 32 of this report.**
- 3. That the Authority may, subject to compliance with procurement standing orders, enter into contracts for the delivery of Phase 1**
- 4. Approve development of long term plans for Millers Dale Station (Phase 2)**

How does this contribute to our policies and legal obligations?

3. Legal Obligations

The proposed project contributes to the achievement of both of our Statutory Purposes by conserving and enhancing the cultural heritage interest at Millers Dale Station and providing a better opportunity for understanding and enjoyment of the National Park’s special qualities.

Corporate Strategy

Directional Shift 2 – Connect People to the Place, the Park. Visitor services and outreach activities are key elements of the project.

Directional Shift 3 – Visitor Experiences that Inspire and Move by providing a quality new experience that will generate new income to fund the place.

Directional Shift 4 – Grow Income and Supporters. A priority action identified for 2017/18 was to have approved short and long-term plans for Miller Dale. This report sets out those plans for approval and will help to achieve the Authority's commercial programme income targets.

Cornerstone 1 – Our Assets. Corporately the Authority is focussing on getting the basics right on the visitor infrastructure that it owns and operates and increasing the value and reach of its brand. For many years Millers Dale Station has been an under-used and neglected asset adjacent to one of the most popular Peak District attractions for visitors and residents (the Monsal Trail). Recent photographs of the Authority's assets at Millers Dale Station are included as Appendix 1. A layout plan of the site is included as Appendix 2.

Background Information

4. The Authority's Trails Management Plan (2012-2018) identified a growing revenue deficit in managing and maintaining its 34 miles of multi-user trails and associated infrastructure. In response the Authority commissioned Atkins Consultants to examine the financial viability of the operational and management procedures and draw up concepts for potential future development. The options presented by Atkins Consultants in relation to Millers Dale Station were, "to consider major development with new build and development of historic building/structures to deliver an activity centre/visitor hub. This would include retail, café, small business units, cycle hire, training centre with access to outdoor facilities such as an adventure playground/area, bunk barn and potentially BMX ramps. Essentially this would be a hub site from which various outdoor pursuits could be explored...it would be a place for specialist purchases (niche craft and food), so would attract markets not interested in using the trails."
5. These were intended to be considered as a single proposition, since each could contribute to the overall draw of the site. However, early consultation with planning officers revealed that new build proposals would be unlikely to receive approval, as would proposals that aimed to bring more visitors to the site by road.
6. RMT provided a steer in June and September 2015 (RMT Minute 20b/15) indicating that, "the focus should be on visitor experience, including the industrial/heritage interpretation and with an emphasis on cycling and walking access, but without office accommodation or cycle hire".
7. Further development of the proposal for Millers Dale Station has continued following the redesign of the Commercial Development and Outreach Directorate and continues to be a corporate priority.
8. The following delegated approvals have already been gained in relation to this proposal: Submission of external funding application over £50K in value (RMM in consultation with the Chair of ARP); temporary disposal of property as a concession amounting to between £50k and £100K in value (RMM in consultation with Corporate Property Officer, Chair and Vice Chair of ARP and Asset Management Member Representative).
9. The original buildings at Millers Dale Station have been largely unmaintained for many

years. A decision is needed now to safeguard them from further deterioration and to protect the reputation of the Authority. If funding cannot be approved the site will become increasingly redundant and ultimately derelict.

Proposals

10. Redevelopment and restoration of the site will be undertaken in two phases which are summarised below. Appendix 3 proposes a detailed schedule.
11. **Phase 1 – Development of the booking office and urgent work to conserve the goods shed.**
12. The project will allow the Authority to achieve its two purposes of conserving and enhancing cultural heritage and promoting understanding and enjoyment of the National Park's special qualities in a sustainable way that will help secure the future of Millers Dale Station and the Trails. By developing the visitor experience at Millers Dale income will be generated that will help to offset the cost of maintaining and interpreting the Monsal, High Peak and Tissington Trails, important visitor attractions in their own right, as well as the station itself.
13. The visitor offer at Millers Dale Station consists of a seasonal mobile concession and limited interpretation. The site comprises a former booking office that is structurally sound and water-tight but requires some repair, a goods shed (masonry construction) that has no roof and has become structurally unsound, a pay and display car park with capacity for 80 cars and public toilets. The goods shed had been used for storage but is now unsafe to access and the exterior is surrounded by Heras-style fencing to protect visitors from falling masonry. The booking office has been used as Rangers' office accommodation, mess room and workshop space for the Countryside Maintenance Team. Very little maintenance has been carried out to the buildings, which is evident from the rotten condition of the timber window frames and vegetation growing out of the goods shed walls.
14. Following the reopening of 4 tunnels in 2012 the number of cyclists using the Monsal Trail increased by 600% but to date there has been no corresponding improvement made to the visitor offer, particularly at Millers Dale Station. The majority of tourists start their journey on foot or bike from Hassop Station or Millers Dale Station and travel between those two points, a distance of almost 9km. Market research conducted in 2015 confirmed that the majority of visitors to the site would like better food and beverage provision (80% of respondents), improved heritage interpretation (49%) and visitor information (29%). This research has informed the proposals.
15. The proposed development will utilise existing indoor space providing a more welcoming offer for visitors and extending the season outside the usual busy period of May to October. This will benefit other tourism businesses and the wider rural economy. By providing refreshments, more engaging interpretation and information about places to visit in the local area visitors will be encouraged to stay longer. Restoration and sensitive interpretation of the original station buildings will add a depth of interest to the experience. The provision of a visitor centre/cafe with some retail will increase the spend per head, create 6 jobs (approx.) and will signpost visitors to other local attractions providing benefits to the tourism economy in the National Park. Income generated by the cafe and retail element will contribute directly to the maintenance of the Trails network and infrastructure, which draws around 800 visitors per day on average. Parking facilities will be improved as part of this phase to alleviate on-road parking issues reported by the local community.
16. The Department for Transport-funded [White Peak Loop project](#) is currently underway to link up the Monsal, Tissington and High Peak Trails creating a 60 mile circular route for cyclists. This will increase visitor numbers to Millers Dale Station and the Monsal Trail generating new trade. The development of Millers Dale Station as a visitor experience will help to support the White Peak Loop project by ensuring a suitable welcome for visitors

and adding depth of understanding to the experience. It will enable us to promote the National Park's messages to those visitors, increasing support and understanding.

17. An initial application to the LEADER fund has received a positive response but also advice that RDPE Growth Programme would be a better option. The criteria for both funding streams are very similar but the Growth Programme can accommodate larger projects. Following this advice an expression of interest has been submitted in relation to the Growth Programme and it is anticipated that this will receive approval to proceed to full application. A potential contribution from Digital Derbyshire to fund improved connectivity at Millers Dale Station is also being sought. Funding from these sources cannot be guaranteed so two funding scenarios are proposed in paragraphs 35-40, below. If external funding is not secured the extent of conservation work that can be carried out to the goods shed will be reduced and a lower level of interpretation will be provided but the aims of improving the visitor experience and generating income will still be achievable.
18. **Phase 2 – Incorporating the whole site, potential partnership development and significant external funding bids.**
19. This phase would be dependent on securing significant external funding (primarily from the Heritage Lottery Fund) to carry out further restoration and development of the original station buildings and of the historic structures associated with the Trails. At Millers Dale Station the proposal would create a more engaging Visitor Information/Interpretation Centre with options of:
 - a) bunk barn accommodation for Outreach groups and public hire
 - b) improved retail facility
 - c) refurbished railway carriage sited on the track to be used as a classroom facility and interpretation space.
20. Partnership potential is currently being explored. Officers are in dialogue with Derbyshire Wildlife Trust and Accessible Derbyshire. Both have expressed an interest in the site and could contribute greater diversity to the visitor offer, improving the prospect of securing external funding and enabling access to more diverse funding streams for this the Authority is ineligible.
21. Further market research, public consultation and business case development is needed to refine the proposal for Phase 2, however, initial conversations with HLF advisors have been encouraging. A significant staff resource will be required to develop a successful bid and to manage the resulting project. The anticipated duration is 5-6 years. The project will focus on the heritage of the trails, their environs and communities, connecting people to diverse Peak District landscapes. Previous consultations relating to the development of the Trails Management Plan have highlight varied visitor connections with the Trails and a need to manage them sustainably while interpreting heritage in exciting ways that capture people's imagination. The visitor experience will be enhanced further to connect people, place and heritage, develop new audiences and enable people to understand, appreciate and enjoy the trails and the wider landscapes they traverse, working with communities to explore the varied stories around the Trails.
22. Three suggested major strands (aligning with HLF priorities) are:
23. Engagement - The Trails are where many people experience the Park (800 per day on average throughout the year). People will be at the centre of project development and delivery. Offering different levels of involvement we will provide learning opportunities and events to deepen connection including volunteering, Peak District Award and a community research project. Heritage stories will be shared with a wide range of communities of place and interest to increase community support and sense of ownership. The Trails' accessibility makes them ideal for first visits for under-represented groups. The project will provide a range of opportunities that connect people with the natural environment, working

with existing visitors and offering opportunities for those who are unable to visit to connect with the National Park. Interpretation and discovery will be key elements of the Authority's outreach work, achieved by events, workshops, wild play, walks/rides, volunteering and skills development to reach existing and new audiences.

24. Capital Investment - Developing Miller's Dale Station as a hub to develop and promote the Project's heritage tales and trails, providing a base for interpretation/engagement and providing some income to support the trails infrastructure. Capital investment is needed to restore railway heritage structures. There are over 100 historic structures on the trails: lime kilns, bridges, viaducts, tunnels, stations, huts, embankments and sidings. Some are listed, many are recognised and appreciated by visitors and vital to the future understanding, appreciation and enjoyment of the trails and their landscapes.
25. Developing Different Ways of Working - Working with communities and partners to develop a sustainable funding future for the trails and their heritage assets, engaging people in looking after them through enhanced levels of ownership, guardianship and giving. Ensuring connectivity with other projects including Play Wild, Peak District Award, Peak District Mosaic, Better Outside and the suite of projects set out in the South West Peak Landscape Partnership. Potential partnerships will be explored including National Railway Museum, Peak Rail, Barrow Hill Roundhouse and local authorities.
26. **Outcomes to be achieved by Phases 1 and 2:**
27. By taking a measured, staged approach as described above the financial risk to the authority is reduced;
28. Phase 1 will address the urgent conservation need at Millers Dale Station, protecting the Authority's reputation as the guardian of this cultural heritage asset
29. Income and useful customer insight will be generated while officers refine plans for Phase 2, including developing larger funding bids, prior to submission for Committee approval.
30. Phase 2 will help to address the wider funding issues on the trails network in relation to the repair of railway structures while making a significant contribution to the fulfilment of the Authority's purposes.

Are there any corporate implications members should be concerned about?

Financial:

31. The capital strategy identifies a potential £600,000 investment in the site, financed by borrowing.
32. Feasibility plans and costings have been prepared for both Phase 1 and Phase 2 of the project. Phase 1 will require a **maximum** capital expenditure by the Authority of £370,000, depending on the outcome of external funding applications. This investment will enable urgent works to be carried out on the goods shed to make it safe; restoration/development of the booking office and improvements to the car park. Funding will comprise capital financed by borrowing up to a maximum of £370,000, with Members being asked to approve substitution of £130,000 from either: a) 2017/18 revenue resources in May 2018 (subject to Member approval) or b) from the capital fund subject to available capital receipts in a revised Capital Strategy and CFO approval.
33. A successful application to the Growth Fund will enable the scope of works to include re-roofing the goods shed to better protect this important cultural heritage feature and facilitating Phase 2 plus a greater level of investment in interpretation.
34. Officers have made a separate approach to HLF with regard to the *Our Heritage* funding

stream. HLF is interested in supporting the development of an interpretation app based on Millers Dale and the Monsal Trail as a trial project for wider digital interpretation in the Peak District. An application to this source will be submitted, dependent on Growth Fund support. An element of Growth Fund support will be used as match funding for the Our Heritage project. Together these sources of funding will enable significant improvements to the interpretation of the trail and surrounding area without negative visual impact.

35. **Phase 1 - breakdown of costs (including contingency)**

36. Scenario 1 - Essential works in the event of failure to secure ERDF funding.

Item	Cost (£)
Capital works to booking office and sewerage system	220,000
Work to goods shed - as per condition survey	120,000
Installation of fibre cable	9,600
Fibre connection fee	672
Improvements to car park	3,600
Total (capital borrowing)	353,872

37. Scenario 2 - Increased scale project as a result of ERDF funding (40%) and HLF Our Heritage funding (40% - applicable to interpretation element only)

Item	Cost (£)	Grant contribution (%)	Grant contribution (£)
Capital works to booking office	222,000	40	88,800
Capital works to goods shed – inc. re-roof	360,000	40	144,000
Interpretation	60,545	80	48,436
Installation of fibre cable	9,600	40	3,840
Fibre connection fee	672	40	268
Improvement to car park	3,600	40	1,440
Total	656,417		286,784
Capital borrowing	369,632		

38. The Growth Fund may contribute up to 80% of eligible costs but this is considered to be unlikely and therefore not included as a scenario. Should the level of funding exceed expectations, the element of capital borrowing will be reduced accordingly.

39. The table below shows projected annual income and expenditure in relation to Phase 1 of the project.

INCOME/EXPENDITURE	CURRENT	PROJECTED
COSTS		
Borrowing costs p.a on £370,000 capital borrowing over 25 yr	0	21,360
Revenue costs	8,728	8,728
Cost of sales (retail)	0	9,000
TOTAL COST	8,728	39,088
INCOME		
Car Park	38,411	46,093
Café (concession)	15,000	30,000
Retail	0	15,000
TOTAL INCOME	53,411	91,093
SURPLUS p.a. (total income less costs)	44,683	52,005

40. Explanatory notes:
41. Increased car parking capacity of 20% should lead to corresponding increase in income;
42. The visitor centre/café/retail element will operate as a concession but with requirements to promote the PDNPA brand by stocking PDNPA products and leaflets and providing a service to visitors in addition to commercial activities. These requirements will be clearly defined as part of the concession tender process. Concession income at Castleton Visitor Centre is £40,000 p.a. where the annual footfall is 9% higher than the annual footfall on the Monsal Trail. The offer is quite different as there is little or no competition at Millers Dale Station by comparison, however, the spend per head for trail users is likely to be lower, consisting of lighter meals and drinks. An estimate of £30,000 (25% less than Castleton concession) should be achievable. For benchmarking purposes, the annual fee for concession licences for basic kiosks with no indoor seating at Parsley Hay and Tissington car park in 2016 were £16,000 and £11,000 respectively.
43. Potential retail income is difficult to predict. Consultants advised that 15% of trail users would spend an average of £4.00 per head but this was based on extending the existing building to accommodate a larger shop. The figure of £6000 net is considered to be achievable given the limited space for retail in the proposed shared visitor centre and café space. Net profit is estimated at 40% of the gross income.
44. **Phase 2 costs and potential funding mix**
45. At this stage all costs are indicative but would be anticipated to include medium and lower priority repairs to the trails structures as well as further restoration of the goods shed to bring it back into use, potentially as classroom space and accommodation.
46. The HLF Heritage Fund can contribute up to 90% of project costs but a more conservative 60% contribution has been anticipated in the illustration below. Additional external funding or donations would be required to make Phase 2 viable within the overall £600K borrowing limit set in the current capital strategy. Any capital borrowing associated with Phase 2 would be repaid from revenue generated by the proposals. Therefore, financial sustainability would inform development of any proposal.

Item	£	HLF Grant contribution (%)	HLF Grant contribution (£)
Development phase	125,000	60	75,000
Capital investment including conservation of structures and interpretation	994,150	60	596,490
Engagement officer	125,000	60	75,000
Engagement activities	75,000	60	45,000
Promotion and marketing	100,000	60	60,000
Programme of activities	150,000	60	90,000
Project manager	190,000	60	114,000
Total	1,759,150		1,055,490
Cost to Authority	703,660		
External funding other sources inc. partners	373,660		
Capital borrowing	330,000		

Risk Management:

47. The following risks and mitigation measures have been identified in relation to Phase 1:
- Advice from the Development Control Service has been sought and has helped to shape this proposal, however, it is subject to planning consent
 - Anticipated levels of income are not achieved – Budget monitoring will be put in place to ensure that action is taken to address any shortfall and the Trails Reserve will be utilised in the first year of trading, if required. Should the income projections prove unachievable, alternative options for the site will be evaluated, including disposal.
 - The substitution of revenue funds or capital funds, as described in Recommendation 2, will reduce the annual borrowing charge.
 - Negative response from local businesses with regard to competition – There is a small number of businesses in the immediate area that may perceive the development of Millers Dale Station as a potential threat. However, the business model is based on new business from existing visitors to the trail rather than drawing visitors from other attractions in the area. A communications plan will be prepared to address any potential negativity.

Sustainability:

48. The core aim of this project has always been to contribute to the sustainability of the trails network as a whole. Phase 1 has been shown to be financially sustainable, based on the projections included in this report and the potential increase in visitors as a result of development of the White Peak Loop and Peak Resort is likely to ensure sustainability into the future. Further research is required with regard to the financial sustainability of Phase 2 before these proposals are presented to ARP Committee.
49. With regard to environmental sustainability, work is currently underway into the feasibility of utilising solar tiles and biomass heating system as part of the proposed development.

Equality:

50. N/A

51. **Background papers (not previously published)**

None

52. **Appendices**

Appendix 1 - Photographs of the site showing current condition

Appendix 2 - Plan of proposed layout and elevations of booking office.

Appendix 3 - Draft schedule of proposal

Report Author, Job Title and Publication Date

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