

Name of meeting: Cabinet

Date: 13 April 2021

Title of report: Red House Investment Proposal

Purpose of report: To seek approval for investment, reconfiguration, and refurbishment of the former Red House Museum Gomersal, so that the property is suitable for short-term holiday letting, delivering financial viability for the site to remain in public hands, and to sustain community access over a series of managed community open days and weekends.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes – capital expenditure required is above £250k
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u>	Key Decision – Yes Private Appendix – Yes
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name Is it also signed off by the Service Director for Finance? Is it also signed off by the Service Director for Legal Governance and Commissioning?	Rachel Spencer-Henshall - 25.03.2021 Eamonn Croston - 29.03.2021 Julie Muscroft - 30.03.2021
Cabinet member portfolio	Cllr Graham Turner

Electoral wards affected: Liversedge & Gomersal

Ward councillors consulted: Cllrs Hall, Grainger-Mead and Holmes

Public or private: Public with private appendix

Has GDPR been considered? Yes

1. Summary

Formerly operated as a museum until its closure in 2016, the Red House site comprises a large Grade 2* listed manor house with cart shed and barn. The property is considered to be an important heritage asset because of previous owners' links with prominent historical events and individuals, most notably, its association with Charlotte Bronte - who not only stayed here often, but featured the house in her novel Shirley. With falling visitor numbers, the site was financially unsustainable as a community museum and closed in 2016.

While the building has been of interest to Community Asset Transfer groups, previous bids have failed, and the Council subsequently approved the property for disposal in April 2017. Following the presentation of a petition from Red House Heritage Group to the Council's Cabinet at their meeting in September 2019, the Cabinet Member agreed to allow RHHG to submit an Expression of Interest, while at the same time undertaking to explore the council's own financially viable uses for the site.

The Council's Commercial Services team visited the property in November 2019 to explore a proposal which could deliver a financially sustainable model for the site, generating sufficient revenue to cover all operating costs, thereby retaining the asset in public hands and ensuring managed ongoing community access.

This report seeks Cabinet Members' endorsement:

- of the scheme proposal and associated business plan;
- to authorise officers to prepare and submit a suitable planning application;
- to approve the allocation of capital funds to the delivery of this scheme.

2. Information required to take a decision

2.1 Project Proposal

Capitalising on its unique position as a heritage building with exceptional Bronte associations, with the potential to benefit from both domestic and international tourists visiting nearby Haworth and other key Bronte sites, and having regard for the very successful model of financial sustainability for redeveloping and holiday letting heritage buildings established by the Landmark Trust, the following proposal is well-placed to achieve financial sustainability:

- comprehensive refurbishment and some sympathetic remodelling of the main house to become a 5* high-end luxury holiday home for commercial holiday letting, accommodating 10 people within 5 bedrooms – to be let as a single holiday cottage unit (and not individual bedrooms)

- remodelling and refitting of the cart shed to provide 4 individual self-contained holiday apartments, each accommodating 2 people, available to book either individually or in addition to the main house
- the barn is not included in the commercial proposal and remains a community asset
- revenue generated from holiday stays is sufficient to cover the costs of operating the site and to enable a series of planned open days/weekends ensuring community access to the site for planned and curated activities and events.

2.2 The Commercial Proposal

Generally, the house and apartments will be available year-round for short-term holiday stays, marketed and available to book through leading holiday cottage agencies and specialist experience operators, linked to its Bronte appeal.

Red House has broad market appeal. Firstly, it offers Bronte fans a unique and immersive experience beyond any other Bronte activities, in that visitors can actually stay in the house where Charlotte herself stayed, and which she famously wrote about as 'Briarmains' in her novel Shirley. We anticipate this will be a strong market segment for us, which will only build once Covid restrictions are relaxed and international travellers can resume holidays in the UK. Bronte experiences are particularly popular with American, Chinese and Japanese markets, and there is the potential to work closely with the Bronte Parsonage Museum, Welcome to Yorkshire, and specialist overseas tour operators to maximise occupancy.

Secondly, the standard of the proposed refurbishment, its ability to cater for increasingly popular mixed age family groups of up to 10 guests holidaying together, either for leisure or to celebrate special occasions, gives the property general market appeal beyond the specialist Bronte-motivated market.

Thirdly, families hosting weddings at nearby Oakwell Hall often ask about the availability of luxury self-catering options close to Oakwell to accommodate the wedding party and guests. Red House and its cartshed apartments are well-placed to satisfy this demand for something different to a traditional hotel stay. We anticipate bookings from Oakwell Hall wedding guests will boost occupancy in the first year of operation.

Finally, we propose to licence a room within Red House for weddings, so that guests staying in the house are able to have a small and intimate ceremony in the house, as part of their stay.

2.3 Community Access

The commercial operation will be suspended on a number of days and weekends throughout the year, to give managed community access to the house and grounds, over a series of planned events and activities, curated by

Museums and Galleries colleagues working with local interest groups. These could include, for example, pop-up museums in the house, themed activities linked to key Bronte or heritage anniversaries, as well as community-focussed outdoor theatre and music within the grounds, which have been popular and well-attended in the past.

No activities linked to this commercial proposal are planned for the barn, which will be retained as a community asset within the wider site. The Council remains committed to working with local elected members and groups to explore appropriate community uses for the barn which complement (rather than compromise or detract from) the use of Red House or the Cart Shed for short-term holiday stays. Officers will also consider the opportunity to address the lack of water and drainage services affecting the provision of toilet and kitchen facilities in the barn, at the same time as redevelopment works are undertaken at the adjacent Cart Shed, so that this work can be costed and planned appropriately.

2.4 Key Objectives

By delivering this project, we aim to:

- generate sufficient commercial income to cover all overheads, and potentially generate an operating surplus, which sustains the building in public hands, and ensures ongoing managed community access
- refurbish a much-loved heritage asset and its grounds to high quality standards
- continue offering community access to the house and gardens over a series of managed and curated events and open days
- firmly establish Red House and Gomersal on the domestic and international Bronte tourist map, creating a valuable tourism asset for the district
- focus local pride in an asset which we have been able to retain in public hands by finding an innovative solution to its use, and which also mitigates anti-social behaviour issues for local residents
- build project integrity with our heritage funding partners, giving greater sway to developing creative solutions for other heritage assets across the district

2.5 Project Costs

The Council has commissioned consultant surveyors Faithful & Gould to undertake a comprehensive condition survey of Red House and the Cart Shed, and to prepare designs and layouts which will inform an outline budget envelope for the scheme.

An annual allocation of £200K p/a is allocated to the One Venue Development capital baseline to fund the development of innovative commercial projects brought forward by council services.

Cabinet Members are asked to endorse the allocation of £600K to fund the project and to approve reprofiling these resources into 2021/22.

A full business plan setting out comprehensive income projections, market comparisons, operating costs, pricing strategies and capital investment is contained in a private appendix to this report.

Implications for the Council

3.1 Working with People

The future of the Red House site has been a contentious issue since its closure in 2016. This proposal offers a solution which not only delivers the financial sustainability required for it to be retained in public ownership, but also on the priorities of local people, being that the house and grounds are protected, invested in and upgraded, and that managed community access is maintained.

We are committed to involving local groups in a programme of managed community access to the site across a series of planned activities and events throughout the year, with the benefit that groups have access to a superbly refurbished site, and bear none of the risks or liabilities associated with being an owner, had they pursued a Community Asset Transfer.

This proposal mirrors the established approach taken by The Landmark Trust to restore and preserve heritage buildings, allowing income generated from overnight stays and associated functions to be recycled back into upkeep and maintenance, ensuring public ownership is viable, and in turn that managed access is still available to the community.

3.2 Working with Partners

The project presents an exciting and novel opportunity for us to work with heritage and tourism partners on what will be a unique proposition – to actually stay in a property which Charlotte Bronte stayed in herself and wrote about.

At the same time, the project is an opportunity for the council to demonstrate its willingness to take an innovative commercial approach to securing the future viability of its heritage assets – an approach which is gathering momentum in the sector and attracting keen interest from statutory heritage partners and funders, and has the potential to build their confidence in investing in future heritage projects in Kirklees.

3.3 Place Based Working

This proposal delivers a landmark innovative commercial strategy for a site which is not only locally significant, but has national and international appeal, due to its links with the Bronte family. We anticipate that bringing the site back into sympathetic and sensitive use may well have a positive impact on the neighbouring Gomersal Public Hall, and stimulate private interest in the commercial attractiveness of redeveloping Gomersal First School opposite.

The project also creates a valuable tourism asset for the Spen Valley, generating visitors, visitor spend for local businesses, and further enhancing the tourism appeal of other assets in the local area, for example Oakwell Hall.

3.4 Climate Change and Air Quality

Design factors which mitigate carbon emissions will be included in the design as appropriate, including electric vehicle charging points.

3.5 Improving outcomes for children

No implications to consider.

3.6 Other (eg Legal/Financial or Human Resources)

Financial Implications

A full business case sets out the financial implications of this project in the private appendix to this report.

Legal Implications

Faithful & Gould have been appointed as consultant surveyors to the project following a procurement-compliant process, under which they will develop a suitable design to the council's specification, and subsequently the associated tender documentation.

F&G will work with the council to administer the tender process, under which, the construction project will be offered for open competition, in line with the council's Contract Procedure Rules.

A planning application will be submitted to the Local Planning Authority for change of use from Community Museum (D1) to short-term furnished holiday let (sui generis).

4 Consultees and their opinions

The draft proposal has been presented in confidence to key internal and external partners and stakeholders, to gather thoughts and opinions, on a variety of matters, including technical feasibility, likely demand, opportunities for partnership working in the tourism sector, balancing community and commercial interests, and commercial viability.

We have sought views from Welcome to Yorkshire and the Bronte Parsonage Museum on likely market demand for this product, current tourism market trends, and opportunities to link with other key Bronte attractions. Both were supportive of the proposal and commented on the unique product we can develop at this site.

We have had discussions with a leading holiday cottage agency operator regarding potential rental yield and occupancy projections, which are reflected in the business plan forecasts in the private appendix.

There have been extensive discussions with local ward members, who have given valuable insight into the development of the proposal, and who are supportive of a financially sustainable solution for securing this site in public hands, while at the same time continuing to offer managed community access. Local members strongly support the retention of the barn as a community asset and are keen to see this improved as the viability of the commercial project becomes established.

Discussions have also been had with Red House Heritage Group, which formed to petition the council to retain the site or otherwise to allow their group to submit an Expression of Interest in a Community Asset Transfer of the site. Discussions have been productive and useful, in shaping a model which meets the need for financial sustainability, but also reassures local people that managed community access can not only be maintained but also complement the commercial operation.

We have sought the views of funding partners such as Heritage Lottery who are watching with keen interest to see how the project can be delivered, as an innovative solution to securing the financial viability of a heritage asset within the public sector. While the redevelopment of heritage buildings for tourism stays is nothing new to the private sector, and has been operated as a successful business model by the Landmark Trust for some years, we are not aware of any other local authority having taken the same approach to date, with one of their heritage assets.

Finally there have been extensive discussions with other partner council services to ensure that the proposal for the site is appropriate, deliverable and affordable within regulatory constraints.

5 Next steps and timelines

DATE	ACTIVITY
April 2021	Cabinet approval of proposal
June 2021	Planning application submitted
October 2021	Work begins on site
March 2022	Handover and business mobilisation
April 2022	House & Cart Shed open for holiday stays

6 Officer recommendations and reasons

Cabinet Members are asked to:

- 6.1 Endorse the business plan attached in the private appendix, on the understanding that the commercial proposition is designed to cover its operating costs in order to facilitate managed community access, rather than for pure profit.

- 6.2 Approve the allocation of £600K from the One Venue Development capital baseline to fund the project, and reprofile this expenditure into 2021/22 financial year.
- 6.3 Make the frontline building recharge budget, currently funding Red House whilst it is held in the Land Bank, available to the proposed project rather than the project needing to fund these costs through additional rental income.

7 Cabinet Portfolio Holder's recommendations

Cllr Graham Turner is supportive of the proposal and comments as follows: -

I fully support this exciting initiative. This is a ground-breaking idea, and much credit must go to officers who have worked incredibly hard since the original concept to get us to a stage where that can now become a reality.

This project will not only help stimulate the local economy but will ensure that this historic building is retained as a publicly owned building.

We have never tried this type of project before, but I have every confidence that this will be a great success and could lead the way to other exciting commercial ventures that can protect some of our historic assets.

As ever Kirklees is at the forefront of being innovative and being prepared to do something different.

I would like to thank the ward members, and the friends of Red House, who we have worked with, all through this process for their help and support in getting to this point, for sharing our vision of the potential for Red House and its future.

I am sure other Authorities will be keeping a close eye on the progress.

8 Contact Officer

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9 Background Papers and History of Decisions

4 April 2017 - Cabinet Decision to delegate authority to officers to list the property for disposal

14 September 2019 - presentation of petition at Cabinet resulting in Portfolio Holder's undertaking to re-open Expressions of Interest and to also explore the council's own alternative uses for the site.

10 Service Director responsible

Rachel Spencer-Henshall, Director of Corporate Strategy, Commissioning & Public Health

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