

**REPORT TO: ENVIRONMENTAL SERVICES COMMITTEE  
7 AUGUST 2002**

**SUBJECT: GLENLIVET ESTATES DEVELOPMENT**

**BY: DIRECTOR OF ENVIRONMENTAL SERVICES**

**1. Reason for Report**

- 1.1 This Report is to request approval for the Council to be the lead applicant for 3 applications submitted to the Highland's and Islands Special Transitional Objective 1 Programme (HISTP Obj1). The applications are to carry out economic development activities in the Glenlivet area which is within or adjacent to the proposed Cairngorms National Park boundaries.

**2. Background**

- 2.1 The Glenlivet Estate is part of the Crown Estate which is an hereditary possession of the Sovereign "held in the right of the Crown" and is not part of the Sovereign's private Estate. Net revenues generated by the Crown Estate are surrendered to the Exchequer for the ultimate benefit of the taxpayer. The Crown Estates, including the Glenlivet Estate are managed by the Crown Estate Commissioners which is a publicly accountable body formed under the Crown Estate Act 1961.
- 2.2 The Commissioners run the Estate through their land agents Smiths Gore, and have been pursuing an active development strategy within the Estate since it passed into public ownership. This has included facilitating tourism marketing projects for the Estate's tenants, encouraging rural business development, farm diversification and the renovation/reclamation of strategic assets. These assets have encompassed the development of properties suitable for rural craft businesses as well as the renovation of tourism attractions. Up until now, most of these activities have been funded solely by the Commissioners or in partnership with the tenants and other organisations such as Historic Scotland and Scottish Natural Heritage.

- 2.3 The Commissioners are currently working on three areas of development within the Glenlivet Estate. These are:
- a) small business units which will re-utilise the brown field site that formerly housed the Mart in Tomintoul.
  - b) the renovation and development of Drumin Castle as a strategic tourism asset to act as a heritage focal point for an access path network based around the Castle which further extends and adds value to the green tourism facilities on offer in the Speyside area.
  - c) tourism marketing initiatives for the tourism and B&B establishments many of which are on diversified farms, as well as a small heritage museum and craft businesses
- 2.4 The pace and scope of developments within Glenlivet have been dictated by the ability of the Estate to garner sufficient funding to enable these activities to take place, given that the Commissioners are charged with ensuring the financial viability of the Estate. The opportunity to access European funding to facilitate and accelerate these developments have been discussed with the Council's External Funding and Business Development unit for some time, but the imminent creation of the proposed Cairngorms National Park has added impetus to the development of the Estate. The HISTP Obj1 Secretariat have stated that although the proposed developments in Glenlivet are eligible for funding, there is some doubt about whether the Crown Commissioners are eligible as a lead applicant in their own right. This is a technical issue which has arisen because of the way the Crown Estate Act 1961 has described the Commissioner's powers.

### **3 The Proposals**

- 3.1 The proposal is for the Council to facilitate the submission of 3 applications to HISTP Obj1 by acting as lead agents in partnership with the Crown Estate Commissioners. The proposal is in line with the Council's powers under Section 171A of the Local Government (Scotland) Act which allows local authorities to take "such steps as they may from time to time consider appropriate for promoting the economic development of their area". It also complements the Council's commitment to partnership working in the Cairngorms National Park and underlines the Council's intention that the Glenlivet area should be part of the National Park designation.
- 3.2 The proposal will also allow these developments to be expedited and can be carried out at a minimal cost to the Council. Under European Financial Regulations, the Council as lead applicant need only contribute 5% of the project value, with the remainder of the match funding contributed by the Crown Estate Commissioners.
- 3.3 All the implementation activities and any subsequent maintenance works which may arise from the project, will be the responsibility of the Crown Estate Commissioners.
- 3.4 As lead applicant, the Council will be tasked with ensuring that the projects are implemented according to the terms of the applications. The lead applicant will also ensure that claims for expenditure are submitted in good time to meet the claims

process requirements and are verifiable as there is an onus of repayment if any expenditure is inappropriately claimed. As normal in all such cases where European assistance has been received, it will be the lead applicant's responsibility to repay the grant in the first instance and then to pursue the repayment from the end applicant who has received the monies. The provision for the Commissioners to repay any reclaimed monies to the Council (including the Council's 5% contribution) will be the subject of a legally binding agreement to be drawn up before the projects are implemented.

3.5 The proposed projects are as follows:

### 3.5.1 Small Business Units - Tomintoul

The Estate Factors have received enquiries from tenants and other prospective businesses for small business units in Tomintoul, but there are no vacant units available at present which are suitable for small rural business development. The former Tomintoul Mart site which is owned by the Crown Estate, has been identified in the Council's Local Plan as being suitable for commercial/workshop developments.

The proposal is to redevelop the former Mart site with assistance from HISTP Obj1, by building small business units together with the provision of associated services, parking bays, drainage and landscaping. The units will fulfil existing demands and provide capacity for potential businesses wishing to locate in the village as a result of the National Park developments. They will also act as a focus for local enterprises within the area and provide local employment which will contribute to the long term sustainability of this remote Moray community. The development of the units will be funded as follows:

TMC	£ 21,015	( 5% minimum)
Crown Estate Commissioners	£ 222,758	(53% match funding)
HISTP Obj1	<u>£ 176,525</u>	(42% ERDF assistance)
<b>Total Cost</b>	<b>£ 420,298</b>	

### 3.5.2 Drumin Castle - Glenlivet

Drumin Castle is a 14<sup>th</sup> Century historic monument which is linked back to Alexander Stewart, the Wolf of Badenoch. The castle ceased to be occupied by the Stewart family in the 18<sup>th</sup> Century and subsequently fell into disrepair. The Crown Estate has been carrying out extensive renovations in partnership with Historic Scotland to stabilise the Castle remains, re-point the interior and exterior Castle walls and restore the lower level vault. This £280,000 phase of the preservation project is reaching its final stages.

The next phase is to develop Drumin Castle into an important historical and tourism asset with assistance from HISTP Obj1. There is a small rural heritage museum operating from the diversified farm adjacent to the Castle, but the Castle itself is not accessible to the public at present. The proposal will be provide public access to the castle, install visitor interpretation facilities which focus on the Castle's history and

architecture and promote the natural and cultural heritage of the surrounding countryside. The development will enhance and add value to the visitor experience in Speyside. This next stage will be funded as follows:

TMC	£ 5,129	(5% minimum)
Crown Estate Commissioners	£ 46,159	(45% match funding)
HISTP Obj1	<u>£ 51,287</u>	(50% ERDF assistance)
<b>Total Cost</b>	<b>£102,575</b>	

### 3.5.3 Marketing Initiative - Glenlivet and Tomintoul

The Crown Estate currently undertakes a range of marketing activities in Glenlivet with the aim of increasing the numbers of visitors to the area for the benefit of the green tourism businesses in the area. The long term sustainability of the Glenlivet area and its community depend on the promotion and marketing of the Estate and the proposal is to carry out a marketing initiative with assistance from HISTP Obj1. This will encompass the following activities:

- produce a range of promotional literature including flyer leaflets, posters, maps, and visitor guidebooks
- distribute over 70,000 leaflets via a contract distribution company
- organise and support a local marketing group, Tomintoul and Glenlivet Highland Holidays (TGHH) in partnership with local businesses
- manage a website for the Estate and TGHH to promote holiday accommodation in the local area
- develop and encourage outdoor activity events in Glenlivet/Tomintoul
- develop and implement educational services and events in conjunction with the Estate Ranger Service, including direct mail promotion to schools, colleges and universities
- carry out visitor surveys and commissioning student research projects to inform the development of the tourism product in the area.

The cost of these activities will be funded as follows:

TMC	£ 1,488	(5% minimum)
Crown Estate Commissioners	£ 13,387	(45% match funding)
HISTP Obj1	<u>£ 14,875</u>	(50% ERDF assistance)
<b>Total Cost</b>	<b>£ 29,750</b>	

## 4. Financial Implications

- 4.1 The total cost of the three proposals is as shown below, although the actual amounts will depend on incurred expenditure:

	TMC	Crown Estate	HISTP Obj1	Total
Small Business Units	21,015	222,758	176,525	420,298
Drumin Castle	5,129	46,159	51,287	102,575
Marketing Initiative	1,488	13,387	14,875	29,750
<b>TOTAL</b>	<b>27,632</b>	<b>282,304</b>	<b>242,687</b>	<b>552,623</b>

- 4.2 As the lead applicant, the Council has to commit 5% of the value of all three projects, up to a maximum of £27,632 in total. It is proposed that this would be met from within the Council's resources as follows:
- £26,144 will come from the Strategic Economic Development (SED) allocation in the Capital Match Funding Budget. This will be used to facilitate the applications for the Small Business Units in Tomintoul and the Drumin Castle visitor developments.
  - £1,488 will be contributed from the External Funding and Business Development Unit's operational budget for promotional activities. This will be used to facilitate the marketing application to promote Glenlivet and Tomintoul as a tourism location.
- 4.3 The Small Business Units and Drumin Castle projects are capital developments which will be implemented over a 3 year period and this will have to be reflected in the Council's financial profiles.

## **5. Staffing Implications**

- 5.1 As part of the partnership arrangement, an officer from the Business Development and External Funding Unit will assist the Crown Estate with the applications to HISTP Obj1. The officer will also be tasked with providing guidance and assistance to the Crown Estate Commissioners on claimant matters. Part of this role will be to ensure that all financial receipts are verifiable and received in good time to meet the requirements of the claims process. Both of these activities are within the normal remit of the Unit's External Funding staff and no extra staffing resources to carry out this activity will be required.
- 5.3 There will however be a requirement for accounting services to be provided by the Council, to satisfy European Programming claims requirements.

## **6. Environmental Implications**

- 6.1 The proposals fully complement the Council's LA 21 policy of developing natural and cultural resources in a sensitive and sustainable manner. They also contribute to the economic viability of rural communities through the development of environmentally friendly tourism initiatives.
- 6.2 The Tomintoul Mart development will be carried out on a brown field site which has been standing empty for a number of years. The redevelopment of the site will have a positive environmental impact on that village as well as contributing to its economic regeneration.

**7. Corporate Plan**

- 7.1 All three proposals fit in with the environmental aims of the Corporate Plan as they contribute to the development of a clean, pleasant and sustainable environment in Moray. The proposals also complement the economic development objectives of the Corporate Plan as they are using a collaborative integrated approach to developing economic opportunities for local tourism businesses.

**8. Consultations**

- 8.1 Margaret Wilson Head of Finance regarding the financial accounting arrangements which will be quantified with the Crown Estate Commissioners prior to project implementation.
- 8.2 Alasdair McEachan Legal Department whose comments regarding the Council's economic development powers under the Local Government (Scotland) etc Act 1994 and financial sureties have been incorporated into this Report.
- 8.3 John Black Head of Estates Services who has welcomed the Crown Estates Commissioner's involvement in the development of the Small Business Units in Tomintoul, as the Moray Property Development Company did not have any plans to carry out any developments in the area.
- 8.2 Andy Wells Glenlivet Estate Ranger on behalf of the Crown Estate Commissioners regarding the role of the Crown Estate in Glenlivet.

**9. Recommendations**

- 9.1 The Committee agree that the Council acts as the lead applicant for 3 proposed applications which will be submitted to HISTP Obj1.**
- 9.2 The Committee approve the 5% contribution which will enable the applications to be submitted. This contribution will amount to a maximum of £27,632 and will be drawn from the Budgets identified in Section 4.2 of this Report.**

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Background Papers: none