

Silverburn Flax Mill Viability Appraisal



March 2019

1. Background

1.1 Applicant

Fife Employment Access Trust (FEAT), 6-7 Hanover Court, North Street, Glenrothes, Fife, KY7 5SB

1.2 Building name & address

Silverburn Flax Mill, Silverburn Park, Leven, Fife, KY8 5PU

1.3 Building owner and prospects for acquisition

Fife Council currently owns Silverburn Flax Mill. A Collaborative Working Agreement has been signed by Fife Council and FEAT confirming their intention to transfer ownership from Fife Council to FEAT at a mutually agreed point in the project development.

1.3 Summary of heritage significance

The former Silverburn flax mill is a B-listed, classically detailed, red brick industrial building dating from the mid-19th century. The building has been little altered over the years, retaining much of its original industrial construction. It is currently in a derelict condition and is on the Buildings At Risk Register (ref. no. 1796). It is one of few remaining buildings that accommodated flax milling processes and “its relative lack of subsequent alteration gives it considerable significance. Our understanding and appreciation of the flax mill are enhanced by the location within the Silverburn Park, and through close association with the previous landowners. This is reinforced by the existence of a substantial paper archive, the depth of which is still to be fully documented. Likewise the Silverburn Park landscape and other buildings are complemented and given more significance by the dominant physical presence of the Flax Mill.” (Conservation Statement, 2018)

1.4 Summary of FEAT involvement

In 2012, Fife Council marketed Silverburn as a development opportunity as a way of securing its regeneration, while at the same time safeguarding public access and the natural and historic value. This exercise identified FEAT as the preferred bidder and offered us a period of exclusivity to allow us to further develop and refine our proposals. Our business plan has been approved by Fife Council and we are currently operating Silverburn under licence. We will shortly be signing a long lease for the land.

Our vision is to develop Silverburn as a place of quiet enjoyment, conserving the cultural values of the landscape and buildings, supporting the health and wellbeing of the community, and enhancing the habitat and biodiversity of the environment. We will manage the park and buildings in such a way as to ensure that meaningful training, volunteering, work experience and employment opportunities are available for our core client group and the surrounding community. Due to its history, character and central location within the park, the flax mill building has been identified as the ideal hub for the

planned park activities and for income generation: the derelict building will be repaired and adapted for use as a backpacker's hostel, a café and an activity space. This is key to ensuring that the profile of Silverburn is raised and that our proposals for the building and the overall park are sustainable in the long term.

We have made significant progress with our plans for the flax mill and are now at a stage where capital funding can be applied for. We have appointed Fife Historic Buildings Trust (FHBT) to provide construction project management support for the flax mill project, and an Integrated Project Team with representatives from FEAT, Fife Council and FHBT meets regularly to progress the project. A design team has been appointed and has prepared a Conservation Statement for the flax mill building, the plans for the flax mill to RIBA Stage 2, and a Conservation Management Plan for the wider park.

We have commissioned feasibility reports from Hostel Hub for the flax mill hostel operation and have prepared a draft business plan for Silverburn with financial consultancy support from Just Enterprise. We have also commissioned woodland management plans and prepared a maintenance plan for the park. We have consulted with key stakeholders including the National Trust for Scotland, Historic Environment Scotland, Fife Council's planning department, Fife Coast and Countryside Trust (who manage the Fife Coastal Path), local businesses and potential funders. See Supporting Document 12 for a full list of people and organisations who have been consulted.

We have consulted with the local community on an ongoing basis since 2012, and in 2017 we carried out an in depth community consultation exercise with 20 groups and over 500 people of all ages and backgrounds, culminating in a report and action plan for Silverburn Park. This demonstrates local support for the flax mill project and also shows that local people recognise that FEAT has achieved significant improvements to the park environment in recent years which is encouraging more people to use the park. This process also led to a reinvigoration of the "Friends of Silverburn" group, increased membership and activity and their first self-organised event taking place in the Park in July 2018.

We have also successfully delivered a range of smaller projects and activities in Silverburn Park to demonstrate how it can add value to our core charitable aims and to demonstrate the viability of using the park - and once refurbished, the flax mill - in this way.

1.5 Risk and why now

In recent decades it has proved increasingly challenging for Fife Council to devote the funds required for the maintenance of the flax mill.

Silverburn Park (including the flax mill) is the subject of a Conservation Agreement with the National Trust for Scotland (NTS), which places limitations on development of the site. The conditions mean that the lands must remain an area for the benefit of the public in general, and the people of Leven in particular. There is a prohibition on the erection of any buildings other than those necessary for that purpose as well as doing anything or developing any land commercially without the consent of NTS.

There is no private for profit sector solution to the flax mill due to the significant conservation deficit, the building's location in an economically deprived area, and the restrictions placed on the park by the Conservation Agreement.

The building is in poor condition, boarded up for health and safety reasons, and is included in the Buildings at Risk Register (Ref No. 1796). The structure will continue to deteriorate further if this project does not go ahead now. There is also a real risk of critical damage from vandalism as there is frequent antisocial behaviour in the park and attempts at forced entry into the building. Arson is now a major risk as in 2017 a timber structure adjacent to the flax mill was set alight and this was followed by a serious arson attack on a nearby building in April 2018. Should this occur then it is almost certain that the building would need to be demolished due to structural safety concerns. If the project does not go ahead now it may soon be too late to save the building.

The flax mill is situated in a prominent location within Silverburn Park and its derelict condition impacts on the amenity of the wider park and hampers our plans for improvements and activities across the park. These will be at risk if the flax mill is not redeveloped now, as without the additional income and activity space that the flax mill will provide, the operations in the park will not be viable in the longer term and FEAT would not be able to continue our investment and activities in the park as planned.

2. Condition

2.1 Summary of condition

Condition surveys indicate that the brickwork is failing in many places with extensive use of damaging cement mortar, there is damage to the roof coverings leading to active water penetration, the guttering has failed, and structural timbers have suffered through prolonged exposure to water causing timber decay and localised failure. Internally the structure is supported in some areas by scaffolding. In 2015 the building was closed due to health and safety concerns. The building remains vulnerable to water ingress and decay.

2.2 Immediate repairs required to make the building safe, wind and watertight

A significant number of repairs are required, at a cost of approximately £1.7 Million.

- Sections of the structure need to be taken down and rebuilt.
- The roof structure needs to be repaired and strengthened and the modern plastic, failed roof covering replaced.
- Floors need to be repaired or replaced at both ground and first floor levels.
- Cement mortar must be removed and the brickwork repointed in lime mortar, with localised indenting of damaged bricks.
- The cast iron rainwater goods need to be refurbished and new rainwater goods installed to increase capacity
- Timber windows and doors need to be repaired
- The services require complete renewal

3. Situation & Planning context

3.1 Situation

Silverburn flax mill is situated in Silverburn Park, a 27 acre woodland park on the Fife Coastal Path, between Leven and Lundin Links in Fife.

Lundin Links is a village of about 2,000 consisting of housing and a few shops. Leven is part of the larger settlement of Levenmouth which has a population of 37,000 and includes the towns of Methil and Buckhaven. Levenmouth is a former coal mining area and is the most deprived area in Fife, with six datazones in the most deprived 5% in Scotland and 23 datazones in the 20% most deprived.

Silverburn Park is on the A915. It is served by buses, with bus stops close to the park entrance. There is car parking within the park next to the flax mill, although the car park is in need of resurfacing and marking. Silverburn is also served by public footpaths and a cycle route from Leven and Lundin Links, which avoid the main road. The Fife Coastal Path runs between Silverburn and the beach, with a footpath giving direct access from Silverburn. An estimated 3.6m visitors a year use some part of the coastal path, although the Levenmouth stretch is currently one of the less popular routes.

On the other side of the A915 is Blacketyaside, a large and successful fruit growing farm with a farm shop and café business. There is a local golf course adjacent to Silverburn Park.

3.2 Planning context

The Levenmouth Area Local Development Plan (2016) supports our proposals for Silverburn and the flax mill in connection with the following strategic goals: access to employment, education and training; health, wellbeing and environment; and area investment and regeneration including attracting short stay tourism. The plan highlights the regeneration of Silverburn and the related activities as a key project that will contribute to achieving these strategic goals.

We have secured support in principle for our proposals from Fife Council's planning department and have consulted with other key stakeholders including Historic Environment Scotland. Representatives of NTS have visited the site and have confirmed their support in principle for the flax mill project, subject to a formal review of the Conservation Statement for the flax mill and the Conservation Management Plan for Silverburn Park. As they provided practical assistance in the development of briefs for these documents and at drafting stage, we are confident of receiving formal approval in due course.

4. Options for use

Silverburn has attracted many proposals for use over the years, but few have demonstrated that the suggested use would meet a demonstrated need, meet the requirements of the Conservation Agreement, retain the important features of the listed flax mill, and also be financially sustainable.

Before FEAT became involved at Silverburn, Fife Council had received a number of formal proposals that they felt unable to support and that would appear not to be in keeping with the terms of the Conservation Agreement, in particular using the park for private housing and (separately) as a

crematorium. Other ideas that were not taken forward because they failed to win enough support from the Council and other stakeholders include:

- Use as a clubhouse for the neighbouring golf courses
- A Centre for Scottish Music
- A retail venue
- Theatre or cinema
- Games hall or play centre

Before marketing Silverburn as a development opportunity in 2012, Fife Council engaged in community consultation and a number of ideas were proposed, including:

- Café/ restaurant
- Bakery
- Microbrewery
- Craft centre/ craft workshops
- Heritage centre/ farm history centre
- Kennels/ dog day care/equestrian centre
- Animal farm/ petting zoo
- Offices/ incubator space for businesses
- Hostel/ camping/ ecopods

As part of FEAT's expression of interest submission we reviewed these to see which might be worth exploring in more detail. Some, like a bakery or microbrewery, were considered inappropriate for the site. Others, like converting the mill completely to offices, seemed unsuitable as while such uses could save the building and generate an income they would not be in keeping with a public park and would likely be incompatible with the Conservation Agreement.

We considered three options in more detail: a visitor and heritage centre and venue for displaying historic farm equipment; an animal attraction; and a hybrid use combining several functions. In all cases the end user would be FEAT, with the building owned by FEAT or held on a long lease from Fife Council. Whatever the end use, the restoration would need to be carried out in line with listed building requirements and to a standard sufficient to satisfy the Conservation Agreement with NTS, and so the baseline cost of any use would be significant.

4.1 Heritage centre/ visitor centre

The idea of a heritage centre was well received by the local community. The estate is well known locally, the family who owned Silverburn were well known as former owners of Tullis Russell paper mill, the flax mill is an imposing building which could lend itself to use as an exhibition space or museum, and the mill was recently used to store items of historic farming equipment. The flax mill was used in the Second World War for 120 Polish servicemen, and there is some interest from the Polish Consulate in commemorating the role of Polish forces in Fife.

This option could involve using the large hall as the main exhibition space, with smaller items and display material in side rooms and some space reserved for staff offices. The external compound could be used for exhibiting larger items.

The pros and cons of this option are set out in Appendix A. In summary, we concluded that the main use of the flax mill as a visitor centre would not be financially sustainable, and that it would be better to incorporate elements of heritage and points of interest alongside other uses.

4.2 Animal farm/ petting zoo

This proposed use was extremely popular in consultations with local people. Silverburn had such a facility for many years, until Fife Council took a policy decision to stop managing animal attractions in the early 2000s, and it is fondly remembered. Consultation produced additional suggestions, including kennels and equestrian use. As this facility would require specialised knowledge, we commissioned the Federation of City Farms and Community Gardens to provide detailed advice.

This option could involve housing animals in pens in the external compound around the flax mill. This could be combined with other uses of the flax mill, so for example one wing could be used for accommodation for smaller animals or kennels and the remaining space used for a café and offices.

The pros and cons of this option are set out in Appendix A. In summary, we concluded that this option would not be viable for an organisation such as FEAT, nor would it be financially sustainable.

4.3 Preferred option: hybrid use, including hostel and café

In assessing possible sources of income generation we worked with Hostel Hub, a consultancy specialising in campsite and hostel accommodation. They advised that the location of Silverburn, on the Fife Coastal Path, lent itself to the creation of accommodation for walkers. This view was echoed by Fife Coast and Countryside Trust, the managers of the coastal path, who are keen to encourage the development of more facilities for walkers and have advised that they would promote Silverburn as a Welcome Port and suggested break point along the path. The proposal was also welcomed by Fife Council, who are actively seeking to encourage more economic activity in the area. This use is a good match with the Conservation Agreement, which specifically refers to “organised camping” as a potential use for the park, and we know that the park has been used this way in the past.

We engaged architects to draw up plans showing how the flax mill could accommodate a hostel, a cafe, offices and meeting/ training space. This demonstrates that the building could accommodate several such uses and also include craft workshops aimed at artists and crafts people and a campsite adjacent to the building. We are currently in the process of developing the campsite, which will help to prepare the ground for a hostel.

We have prepared a draft business plan for this hybrid option, with specialist consultancy support from Hostel Hub and financial consultancy support from Just Enterprise. The business plan includes a detailed Market Appraisal identifying the market and competition in Section 6 of the report, as well as financial projections that demonstrate that this option would create a viable surplus. The draft business plan is

included as a supporting document and a summary of the pros and cons of this option are set out in Appendix A.

One potential competitor to note is the nearby Blacketyside farm, farm shop and café. We do not consider that their café and ours will be in direct competition, because their customers are mainly the older age group and seem to be a stable and loyal group. In addition, Blacketyside is not open on a Sunday. We aim to attract a different clientele based on walkers, campers, and people visiting the park. While there will be some overlap between the two customer bases we think it will not be great, and our aim is to attract people who do not already use Blacketyside rather than compete for their custom. We have consulted with the owners: they are supportive of our proposals and we see opportunities for cooperative working, for example their farm shop will be attractive to people using our campsites.

4.4 Economic development outcomes and outputs (preferred option)

- The redevelopment of the flax mill will bring approximately 1,650 m² of historic floor space back into use for the following business uses: a café (270 m²), a hostel (340 m²), offices (160 m²), 3 meeting/ training rooms (each 50 m²) and 4 craft workshops (each 25m²).
- We consider that the economic development outcomes and outputs will be additional for the local area rather than displacement or deadweight, as there are no similar facilities for tourists, the local community and businesses in Levenmouth.
- We estimate that the project will support approximately 40 FTE jobs during the construction period and 10 FTE jobs once the building is up and running.
- We estimate that 30 volunteers will be involved with the development and delivery of the project, with 4 volunteers once the building is up and running.
- We anticipate welcoming approximately 25,000 visitors each year to Silverburn Park, and a substantial proportion of these will also visit the flax mill.

4.5 Flax mill valuation (preferred option)

A 2015 report from the District Valuer confirms that the value of the property would increase from £5,000 in its current state to £70,000 on completion of the works (see Supporting Document 16). An updated valuation will be commissioned during the development phase to inform the detailed Development Appraisal, however this is not expected to change significantly.

5. Conservation Deficit Calculation (see also detailed calculation in Supporting Document 2)

CAPITAL	VALUES (£)	TOTALS (£)	SUB-TOTALS (£)
Starting value of property	5,000		
Conservation		4,568,128	
New Build		0	
Other Capital Work		128,400	
Equipment		293,598	
Finance		65,000	
SUB-TOTAL			5,055,126
Design Team Fees @ 10.182%			
Development Phase		218,135	
Delivery Phase		327,202	
Construction Project Management Fees (FHBT)			
Development Phase		36,000	
Delivery Phase		107,118	
SUB-TOTAL			688,455
Contingency @ 10%		468,173	
Inflation @ 5%		617,988	
SUB-TOTAL			1,086,160
SUB-TOTAL (CAPITAL COSTS)			6,829,741
Developer's return		80,000	
TOTAL CAPITAL COSTS			6,909,741
Final value of property (after completion of works)	70,000		
Increase in value (final value – starting value)	65,000		
Conservation deficit (total capital costs – increase in value)	6,844,741		
HLF grant request – Development Phase			374,703
HLF grant request – Delivery Phase			3,180,085
SUB-TOTAL			3,554,787
Applicant contribution and fundraised income			4,307,275

NB – Grants shown also cover non-capital costs – e.g. activities / project management

6. Conclusion

The preferred option is the hybrid use, including hostel and café. While it is the most expensive of the three options, the end use is financially sustainable as shown in our draft business plan, and is the best fit with FEAT's core aims and our vision for the park.

This option is strongly supported by Fife Council and other local stakeholders such as the Levenmouth Tourist Association. They recognise that it will bring additional economic activity to an area which has been depressed for many years, and which contains significant pockets of hardship and disadvantage. There is currently an undersupply of facilities for visitors in Levenmouth, and Fife Council's economic development team recognise the potential value of our project in attracting new visitors, creating employment, and helping to stimulate the level of economic activity by providing new facilities which will generate spending that would not otherwise occur in this area.

We anticipate that the project will be a good fit with a range of funders. Since our previous application to HLF in 2018, we have taken on board the constructive advice from staff and decision makers. The Architectural Heritage Fund is very supportive of the project and has provided funding for the early stage project development. We have received a first round pass for a Historic Environment Scotland Repair Grant. Significant match funding has been secured from Fife Council, with the expectation of further match funding to follow. Initial discussions with other potential funders such as Regeneration Capital Grant Fund and BIG Lottery Fund have also demonstrated that the project is likely to be a good fit with their criteria. Initial advice on Crowdfunding suggests that this would also be a suitable fundraising route.

The costs and funding are summarised in Appendix B.

7. Action Plan

The action plan required to safeguard the building and the strategy for taking forward the preferred use is summarised in Appendix C (separate spreadsheet).

Fife Council has reached the end of the road in terms of finding a solution for Silverburn, and if this project does not proceed then FEAT's involvement in the park will not be sustainable. The park environment will continue to decline and, given its derelict condition, the flax mill risks being lost for good.

APPENDICES

Appendix A: Summary options for use

	Heritage centre/visitor centre	Animal farm/petting zoo	Preferred option: Hybrid use including hostel and café
Potential Use	<ul style="list-style-type: none"> • Visitor attraction for locals and tourists • Display of old farm machinery • Commemoration of Polish WW2 connection 	<ul style="list-style-type: none"> • Animal attraction for locals • May be possible to combine with boarding kennels or equestrian use 	<ul style="list-style-type: none"> • Hostel for walkers and cyclists on coastal path and tourists • Café for people visiting park, attending events, staying in hostel • Offices for FEAT and possibly others • Craft workshops for rent and demonstrations • Training/meeting rooms for multiple uses including FEAT activities
Works and interventions	<ul style="list-style-type: none"> • Restore envelope of building • Possibly retain a fairly basic finish inside • Lower fitting out costs than preferred option • No need for upper floor 	<ul style="list-style-type: none"> • Restore envelope of building • Possibly retain a fairly basic finish inside • Lower fitting out costs than preferred option • No need for upper floor 	<ul style="list-style-type: none"> • Restore envelope of building • Convert upper floor • Fit out for planned uses
Project cost	Approximately £5.7m	Approximately £5.7m	Approximately £7m
Pros and cons	<ul style="list-style-type: none"> • Potential to attract more and different people to visit Silverburn • Museum/ heritage centre would be within scope of NTS Conservation Agreement • Possibly attractive to funders • Potential for some local socio-economic benefits 	<ul style="list-style-type: none"> • Strong local memory of similar use at this location • Clear demand for this shown in public consultation meetings • Consistent with Conservation Agreement • Site is suitable for this use • Likely to attract repeat visitors • Likely to be a destination venue 	<ul style="list-style-type: none"> • Identified lack of hostel accommodation in this area and shortage of other suitable backpacker accommodation • Café would serve multiple users of the park and nearby area • Coastal path users need access to food, drink, toilets • Park setting is conducive to use

	Heritage centre/visitor centre	Animal farm/petting zoo	Preferred option: Hybrid use including hostel and café
	<ul style="list-style-type: none"> • Potential for FEAT’s client group to become involved • Provide space for Polish WWII heritage connection • Equipment to display was previously stored in the mill <p>But</p> <ul style="list-style-type: none"> • No project champion or potential operator • Visitor numbers likely to be modest due to location (comparable heritage centres: Methil Heritage Centre – 3,000 visitors p.a.; Buckhaven Museum – 130 visitors p.a.) • Income would be minimal • Unlikely to be sustainable without some kind of revenue subsidy • Likely to be dependent on volunteers – may have limited and/or seasonal opening times • Location unsuitable for such a use on its own and probably not interesting enough on its own to drive much destination tourism • Unlikely to attract repeat visits from local people 	<p>(previous facility at Silverburn attracted c. 25,000 visitors p.a.)</p> <ul style="list-style-type: none"> • Potential for therapeutic activity which would fit well with FEAT’s core aims • Provides educational resource • Possible income from e.g. sale of eggs • Combined use with boarding kennels or equestrian use would bring in extra income if franchised to another operator • Flax mill was previously used for housing animals <p>But</p> <ul style="list-style-type: none"> • Restoring the building to conservation standards required would be a high cost project to house animals • Many risk factors, e.g. disease, bites and other injury, danger to animals from intruders • High cost to maintain this facility • Expectation of low or no entrance fees in line with similar City Farm operations • Not financially sustainable • Some issues around combining with other uses (e.g. café and animals in close proximity needs careful management) 	<p>by craftspeople</p> <ul style="list-style-type: none"> • Training and meeting space allows multiple uses by different groups • Training and meeting space alongside hostel allows promotion of residential events • Most financially sustainable option, by far • Strong support from strategic bodies <p>But</p> <ul style="list-style-type: none"> • Most expensive option • Managing several types of facility and service is complex • Need to market facilities in low season

Appendix B: Costs and funding (see also detailed calculation in Supporting Document 2)

DEVELOPMENT STAGE

DEVELOPMENT STAGE COSTS	
Professional Fees	£359,720
New staff costs	£0
Opening-up works / Surveys	£18,000
Capacity Building Activity	£22,280
Recruitment	£3,600
Other costs	£6,600
Full Cost Recovery	£72,100
Contingency	£24,700
Non-cash contributions	£0
Volunteer time	£51,500
TOTAL	£558,500

DEVELOPMENT STAGE INCOME – all secured	
Fife Council grant	£60,000
Architectural Heritage Fund grant	£24,000
William Grant Foundation grant	£11,000
Gannett Foundation Grant	£8,600
FEAT contribution	£28,800
Volunteer time	£51,500
HLF grant request	£374,600
TOTAL	£558,500

DELIVERY STAGE

DELIVERY STAGE COSTS	
CAPITAL COSTS	
Flax mill purchase	£0
Contract prelims	£697,300
Repair and conservation work	£3,870,820
New building work	£0
Other capital work	£30,000
Digital outputs	£0
Equipment/materials	£293,600
Other costs	£224,800
Professional fees	£497,900
SUB-TOTAL	£5,614,420
ACTIVITY COSTS	
New staff	£120,000
Training for staff	£6,000
Paid training placements	£12,000
Training for volunteers	£2,400
Travel for staff	£0
Travel and expenses for volunteers	£1,200
Equipment and materials	£36,000
Other costs	£22,800
Professional fees	£108,000
SUB-TOTAL	£308,400
OTHER COSTS	
Recruitment	£3,000
Publicity and promotion	£30,000
Evaluation	£8,400
Other costs	£12,500
Full Cost Recovery	£216,780
Contingency	£488,500
Inflation	£618,000
Increased management and maintenance costs	£0
Non-cash contributions	£0
Volunteer time	£187,300
SUB-TOTAL	£1,564,480
TOTAL	£7,487,300

DELIVERY STAGE INCOME		
Fife Council grant	£1,500,000	Fife Council is a partner to this application – this project is a high priority in the Levenmouth Area Local Community Plan.
National Lottery Community Fund – Community Assets	£500,000	Supports using local assets to enable activities that directly benefit disadvantaged local communities.
Historic Environment Scotland	£500,000	Supports repairs to historic buildings – projects should have a wider impact, e.g. access, community benefit, skills.
Scottish Government – RCGF	£1,000,000	Supports projects with strong community involvement that deliver transformational change in areas of high deprivation.
HES Technical team	£10,000	HES technical conservation lead for bricks is keen to support the project.
Trusts and Foundations	£260,000	-
Crowdfunding	£200,000	-
FEAT Contribution	£100,000	-
Corporate donations	£25,000	-
Other fundraising	£25,000	E.g. Friends of Silverburn fundraising activity.
Volunteer time	£187,300	-
SUB-TOTAL	£4,307,300	
HLF grant request	£3,180,000	
TOTAL	£7,487,300	

Appendix C: Action Plan - See separate spreadsheet