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| Agenda Item | 16 |
| Report No | FHR/ 101/13 |

THE HIGHLAND COUNCIL

**FINANCE AND RESOURCES COMMITTEE
26 August 2013**

**THE KIRKMICHAEL (Black Isle) HERITAGE CENTRE PROJECT
Report by Corporate Manager**

Summary

This report requests approval for a contribution of up to £70,000 from the Capital Discretionary Fund towards a funding package to enable the Kirkmichael (Black Isle) Heritage Centre Project to go forward.

This project is led by the Kirkmichael Trust, a registered charity established by the community of Resolis and wider area to restore and conserve the derelict Kirkmichael site in the Black Isle and establish a permanent display of medieval sculptured gravestones within the restored Kirkmichael Church and associated mausoleums. The Trust will produce a sustainable project with minimal on-going costs, whilst providing a unique tourist draw to complement other heritage sites in the area. It will convert the Highland Council owned derelict and dangerous kirk buildings at Kirkmichael to an attractive community and tourist resource, relieving the Council of future expenditure and liabilities.

1. Background

- 1.1 The site is owned by the Highland Council. In August 2003, the Ross and Cromarty Area Transport, Environmental and Community Services Committee agreed to lease the site to the Kirkmichael Trust on a 25 year "nominal sum" lease once the Project was in an advanced enough state to proceed. It is proposed to now honour this commitment, to take effect immediately. The associated funding package is in place and in accordance with HLF lease requirements.
- 1.2 The two principal physical elements of this project are:
- to conserve and restore the currently derelict and dangerous scheduled Kirkmichael Church and associated mausoleums
 - to establish within the conserved structures a permanent display of the medieval gravestones at Kirkmichael and nearby Cullicudden (unified as Resolis in 1662), complemented by later stones carved with symbols of death and immortality.

2. The Project

- 2.1 The project will conserve a heritage site of national value (B Listed Building), and provide a sustainable and unique end-use for it. It will restore what is currently an eyesore but a much-loved community focus into a community asset.

- 2.2 The project is also designed to be an economic asset to the area, increasing the range of sites available to tourists in the area. It will prove an important link in the historic and archaeological trails in the Black Isle and Easter Ross.
- 2.3 The site is dangerous and at risk of collapse if work is not carried out. The roof collapsed in 2012 and emergency works have been carried out by the Kirkmichael Trust, with consent from Historic Scotland and financial support from The Highland Council, to make it safe and protect the wallheads and gables from rain.
- 2.4 Despite the scenic location at Udale Bay, and despite the inherent beauty of the buildings, both of which attract a stream of interested tourists to the site, access is limited due to emergency shoring works. The Kirkmichael Trust recently appointed a Design Team to deliver the Heritage Lottery Funded Phase 1 element of the Project. This is due to provide detailed costings and works to be submitted for Phase 2 funding from the Heritage Lottery fund. This was submitted to the Heritage Lottery Fund in June 2013.

3. Status, timescale and funding

3.1 Phase 1

Heritage Lottery Funding of £24,570 for Phase 1 of the Project has been approved. This will be complemented by volunteer work by the Kirkmichael Trust relating to promotion and information development of joint working proposals with other heritage sites in the area to develop the project, provision of guided tours of the site and area to promote the project and development of historical material for promotion and development of a website. An Activity Plan to be submitted by the Trust as part of the bid for Phase 2 funding will incorporate activities already identified within this Outline Brief, the successful Phase 1 Heritage Lottery Fund submission, plus additional activities to be identified by the successful bidder.

3.2 Phase 2

For Phase 2, Historic Scotland has already committed £145,776 towards the scheme in their project portfolio subject to confirmation of all other sources and amounts of funding. Heritage Lottery Funding for up to 40% of total project costs will be sought, and bids to the Highland Council's Community Challenge Fund, approaches to Trusts, local businesses and energy companies and Highlands and Islands Enterprise will be progressed to make up the complete funding package

- 3.3 It is estimated that the total project works will cost £689,676 and the proposed funding package is as follows:

| Funder | Amount | Application Status |
|-------------------------------|-----------------------|---|
| Historic Scotland | £145,776 | Committed |
| The Heritage Lottery Stage I | £24,570 | Committed (4%) |
| The Heritage Lottery Stage II | £251,300 | Application invited July 2013 (36%) Decision December 2013 |
| The Pilgrim Trust | £25,000 (estimate) | Application submitted; Trust favourably impressed indicated potential grant |

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| Local Individual with strong link to Kirkmichael site | £25,000 (minimum estimate) | Indicated would commit substantial sum |
| The Highland Council Community Challenge Fund | £1,200 | Application submitted. |
| The Highland Council's Capital Discretionary Fund | £70,000 | Application submitted. |
| SRDP | Nil | Unsuccessful – deemed to be not compatible with Historic Scotland funding due to EC rules. |
| The Kirkmichael Trust – fundraising activities | £4,000 | Committed. |
| Trusts: <ul style="list-style-type: none"> • Esmee Fairburn • Sainsbury • The MacRobert • The Radcliffe | | Intend to approach |
| Industrial / renewable companies and local businesses | | Intend to approach. |
| Clan Associations <ul style="list-style-type: none"> • The Munro Clan • Clan Urquhart | | Intend to approach |
| Highlands and Islands Enterprise | | Intend to approach |
| total | £546,846 | |
| shortfall | £142,830 | |

4. Implications

- 4.1 Resource The transfer of this property to the Kirkmichael Trust on a 25 year lease will relieve the Highland Council of the financial burden of on-going maintenance.
- 4.2 Legal: The site is owned by the Highland Council. It is proposed to honour the commitment to offer the Trust a 25 year "nominal sum" lease, to take effect immediately the associated funding package is in place. There will also be a requirement for licence to cross The Highland Council land.
- 4.3 Equality and Climate Change: There are no negative equality or climate change implications arising from this report.
- 4.4 Risk: The St Michael's (Kirkmichael) Church, Balblair is in need of restoration and repair. The project is timely and will remove the need to undertake any further emergency repairs which could be both more costly and detrimental to the historic fabric of the building.

There is a financial risk that the Council's contribution grows, either because other elements of the funding package are not found, or because costs exceed the

estimate. A further risk might be that some form of on-going revenue support is called for at a later date. It is consequently recommended that it is made clear to the Trust that offer of £70,000 is capped and that the Council will not be assuming any on-going management or revenue responsibilities for the project or for the facility, once completed.

5. Recommendation

- 5.1 Elected members are asked to approve a total, capped, contribution of £70,000 from the Capital Discretionary Budget, conditional on the Kirkmichael Trust securing the remainder of the funds, and that there will be no contribution towards running costs.

Signature:

Signed: William Gilfillan
Designation: Corporate Manager

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Date: August 2013