

From: Roger Gough, Leader of the Council
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To: Environment and Transport Cabinet Committee 15 November 2023

Subject: Heritage Conservation Strategy – proposed change to Windmills policy

Classification: Unrestricted

Past Pathway of report: N/A

Future Pathway of report: Return to ETCC after public consultation.

Electoral Division: Cranbrook, Elham Valley, Gravesham Rural, Herne Village and Sturry, Gravesham Rural, Margate, Sandwich, Sevenoaks Rural, Tenterden.

Summary: This report sets out the reasons behind a proposed change to the approach to the maintenance and management of KCC's eight historic windmills. It provides justification for the change in policy and identifies the key objectives within the Heritage Conservation Strategy that would be affected by the proposed changes. As the Heritage Conservation Strategy was adopted following public consultation, public consultation will be required in advance of a final decision on the change in policy.

Recommendation(s):

The Cabinet Committee is asked to note a proposed public consultation on the proposed change to the Heritage Conservation Strategy - Windmills policy.

1. Introduction

- 1.1 KCC currently owns the freehold of eight historic windmills, located in eight different districts and boroughs across the county. The windmill properties, all of which are designated (listed) buildings of high grade, were acquired by KCC as 'owner of last resort' between the late 1950s and the mid-1980s. Some of the properties include small parcels of land and accompanying buildings; others include only the footprint on which the windmill structures stand.
- 1.2 Whilst in the Council's ownership, KCC has a statutory responsibility to maintain the windmills in good condition in order to protect the historic fabric of the buildings and their machinery. As the mills are all publicly accessible (West Kingsdown by appointment only) and, in most cases, surrounded by residential properties, the Council has an additional responsibility to ensure that the buildings remain safe, and 'utilities compliant', for visitors and site users to enter.
- 1.3 Financial responsibility for the maintenance and management of these eight windmill properties rests solely with KCC, apart from small-scale investment by the mill groups.

The ongoing costs of maintaining the windmills in a safe structural and mechanical condition adds to the financial challenge faced by KCC.

1.4 KCC's approach to the management and maintenance of the windmills is set out in the recently adopted KCC Heritage Conservation Strategy. Any changes to this approach would be considered a change of policy, and a public consultation would therefore be required before any changes to the adopted strategy could be made.

1.5 In addition, as each windmill is in a different district or borough, any proposed change of policy would constitute a key decision.

2. Strategic review of KCC's windmills

2.1 A strategic review of KCC's windmill assets was undertaken in 2022-23 by a task and finish group comprising officers from Infrastructure, Environment and Circular Economy and Finance. Five key considerations were evaluated:

- A) The heritage value of the windmills,
- B) Current arrangements for managing the windmills,
- C) The potential for divestment of the windmills,
- D) The potential for alternative uses for the windmills,
- E) KCC's current financial situation.

2.2 A) *Heritage value of the windmills*

The windmills have an exceptionally high level of heritage significance and are mostly designated Grade I or Grade II* listed buildings. Whilst they are in the Council's ownership, KCC has a statutory responsibility to ensure the buildings and their contents are kept safe and weatherproof, and to ensure their distinctive character is preserved. Significant changes to the external appearance, internal layout or historic setting of these historic assets are very unlikely to be permitted under the planning process.

2.3 Under the existing adopted Heritage Conservation Strategy, a conservation programme to fully repair and weatherproof the windmills is in progress and is approximately 60% complete. The programme is designed to place the windmills in a 'maintenance only' condition, thereby reducing the cost to KCC of their future upkeep.

2.4 B) *Current arrangements for managing the windmills*

For seven of the eight windmills, management agreements are currently in place between KCC and individual 'Friends' groups comprising local volunteers. The arrangements in each case are similar, whereby KCC is responsible for maintaining the buildings and sites in good condition. In return, the volunteers are permitted to staff and operate the mills, making them accessible to the public on scheduled open days and charging a small entrance fee or collecting donations to cover their costs. It would not be possible for KCC to manage these important heritage assets and make them accessible to the public without the help of the volunteer groups for which KCC is extremely grateful. One of the mill groups with a management agreement also has a long-term lease. The remaining windmill is located within a working farm, the owner of which holds a long-term lease from KCC.

2.5 C) *The potential for divestment of the windmills*

The evaluation concluded that divestment of the sites would be the most financially beneficial outcome for each of the eight windmills. Professional advice from an estate agent indicates that there is a niche market for selling this type of heritage asset.

2.6 D) *The potential for alternative uses for the windmills*

As stated above, significant changes to the external appearance, internal layout or historic setting of these historic assets are unlikely to be permitted under the planning process. In view of this, it was concluded that the potential to identify suitable alternative uses for these windmills and their sites is low.

2.7 E) *KCC's current financial situation*

KCC is facing increasing budget pressure and is exploring all options to reduce costs, concentrating on those services it is obliged to provide. Profiled over six years from April 2023 to the end of March 2029, the total cost of the programme to maintain and improve the condition of the windmills is estimated at £853,120.

3. Conclusions of the strategic review

3.1 Divestment of each of the eight sites was identified as the most financially advantageous option for KCC. By identifying alternative ownership arrangements for each of the sites, KCC would save the annual costs associated with maintaining the buildings in a safe and accessible condition. Most of the mills are now, or soon will be, in a good state of repair which makes this the right time to pass them on to new owners. Community based owners would also be eligible for a wider range of grants than currently available to KCC. It is therefore not just in KCC's interests that the mills find new owners but potentially in the best interest of the mills themselves.

3.2 The review concluded that:

1. KCC should prioritise divestment of those mills that can be readily brought to the market, or where existing long-term leases could be handed over to tenants. In the first instance KCC would explore whether existing interested parties would be able to take on responsibility for ownership of the mills. Community groups would be able to register the mills as assets of community value and KCC would work with the volunteer groups and/or the parish councils to help them put together a bid.
2. For any mill that is not capable of divestment, KCC should review management arrangements for those sites and explore all commercial potential, so revenue from the sites is increased and future capital repair expenditure obligations are reduced.

4. Mitigating the risks associated with this proposal

4.1 There may be concerns that new owners will not fulfil their obligations to the same degree as KCC has done. However, all statutory heritage, health and safety and compliance obligations would be transferred at the point of sale and the responsible bodies have powers to enforce compliance. If permitted, the competence of the purchasing body would be given a weighting in evaluating competing bids.

- 4.2 The eight windmills have rightly been identified as non-typical examples of buildings within KCC's portfolio and are a combination of a machine and a building in that order of priority.
- 4.3 KCC is a suitably experienced and intellectually resourced owner of windmills, with a 60-year track record. It has a duty of care to the communities it serves to act responsibly regarding securing sustainable and appropriate future custodial arrangements for the windmills. An owner must be able to meet their statutory obligations regarding the conservation of these highly designated heritage assets and must understand that implementing planned preventative maintenance as well as regular maintenance to keep the mills in working order is required.

5. Relevant elements of the KCC Heritage Conservation Strategy

5.1 KCC's Heritage Conservation Strategy was adopted in 2022. It includes specific aims and objectives relevant to the eight windmill sites.

5.2 The key relevant Strategic Aims are:

Strategic Aim 2 - Ensure, working with new and existing partners, that KCC's historic assets are conserved, enhanced, enjoyed and valued by Kent's residents and visitors.

Strategic Aim 3 - Increase awareness, knowledge and understanding of Kent's rich heritage and increase involvement in heritage activities amongst its local communities.

5.3 The key objectives within the Heritage Conservation Strategy that would be affected by the proposed changes to KCC's approach and policy are as follows:

Objective 6: Follow a management approach to KCC-owned windmills, so that:

- i) Mills capable of milling flour (Drapers Mill, Margate, and Cranbrook Mill) remain able to do so.
- ii) The weatherproofing programme will be undertaken as needed on a rolling cycle.
- iii) Static mills will be returned to visual completeness subject to funding.
- iv) Static mills will be made active wherever possible [also Strategic Aim 3].

Objective 7: KCC's relationship with the windmill volunteer groups will be strengthened [Also Strategic Aim 3].

Objective 8: Explore alternative funding mechanisms for the windmills, including setting up a charitable Trust to oversee management, and develop a funding strategy [also Strategic Aim 3].

5.4 Progress towards meeting these objectives, in October 2023, is as follows:

Objective 6.i) Drapers Mill, Margate, was returned to full operational order in March 2021 and has been demonstrated in action on numerous occasions since. Cranbrook

Mill was returned to working order in summer 2022 and is once again capable of milling flour by wind power.

Objective 6.ii) The Windmills Weatherproofing Programme commenced in summer 2019 and combined with structural repairs is now approximately 60% complete; seven of the eight windmills owned by KCC have been made weatherproof, although further work will be required in some cases and the work will need to be renewed on a rolling cycle. Despite minor weatherproofing repairs carried out in September 2020, the need for extensive restoration work at Herne Windmill remains outstanding and further major work will be required at Drapers mill to make it fully weatherproof. Further structural work will also be required at Stelling Minnis.

Objective 6.iii) and iv) In addition to returning the static mills to visual completeness, the formerly static mills at Chillenden and Meopham (in 2024) will have been returned to a state where their sweeps can turn by wind power. Unfortunately, for safety reasons, Herne Mill will need to remain in a visually incomplete condition for the time being until extensive repairs to the cap roof have been completed.

Objective 7. KCC's Heritage Conservation team has maintained a presence at the six-monthly Kent Mill Managers Meeting, a group comprising key volunteers from each of the eight windmill sites. The meetings provide an opportunity to discuss best practice, exchange tips on publicity and communication with visitors, and to understand what is happening at other windmills throughout the county.

In addition, over the same period, the Conservation Officer, who has expertise in windmill conservation, has made frequent site visits to each of the windmills to directly manage the repair contracts commissioned by KCC and to help co-ordinate the work that volunteer teams carry out from week to week. Phone support is also provided, on an ad-hoc basis, between meetings and visits. This regular contact with each of the seven volunteer teams has meant that the relationship between KCC and those managing the windmill sites is as strong as it can be and that the volunteers feel suitably supported, well managed, and able to carry out their agreed tasks with confidence.

Objective 8. Two small packages of external grant aid, relating to specific projects at Meopham and Herne windmills, have been obtained within the last five years. An over-arching funding package that would benefit all the eight sites, and the volunteer teams that manage them, has not so far been secured. A planned major National Heritage Lottery Fund bid was delayed following changes to funding priorities during the Covid-19 pandemic. Progress towards setting up a trust to manage the windmills was suspended at the start of the current windmills review.

6. Financial Implications

- 6.1 An overview of revenue and capital costs is provided below. The most significant budgetary impact which could be delivered from the divestment of these assets, is the reduction of future capital expenditure.
- 6.2 Revenue costs – The total annual revenue budgets within the service and Corporate Landlord amount to £236,800 which is inclusive of a £200,000 annual revenue

contribution to capital outlay (RCCO) (see Table 1). There is a small revenue budget in Heritage Conservation for essential items such as fire alarms, fire extinguishers and millwright inspections, and a slightly larger budget in Infrastructure to cover other compliance matters such as fixed wiring. Additionally, the current salary costs associated with the Windmill service is approximately £35,000 based on apportionment of officers' time. This is unlikely to be a cashable saving as the officer's time would be reallocated to other critical tasks. It should be noted that the 2022/23 revenue outturn includes £13,143 for marketing advice, valuations and legal costs associated with this project that do not form part of the normal running costs or budgets of windmills and account for half of the overspend against budget. In addition, the Service considers that savings can be made on the revenue costs associated with Skanska contracts particularly for windmills such as Chillenden with no utilities; this is being progressed as business as usual.

Table 1 – Revenue position 2022/23 by Windmill

Site	Budget			Outturn 22-23			Variance		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
Chillenden	£4,100	£0	£4,100	£9,911	£0	£9,911	£5,811	£0	£5,811
Cranbrook	£3,800	£0	£3,800	£7,126	£0	£7,126	£3,326	£0	£3,326
Herne	£7,000	£0	£7,000	£7,585	£0	£7,585	£585	£0	£585
Drapers	£6,100	£0	£6,100	£11,858	£0	£11,858	£5,758	£0	£5,758
Meopham	£4,200	£0	£4,200	£7,400	£0	£7,400	£3,200	£0	£3,200
Stelling Minnis	£5,000	£0	£5,000	£9,462	£0	£9,462	£4,462	£0	£4,462
West Kingsdown	£1,300	£0	£1,300	£4,612	£0	£4,612	£3,312	£0	£3,312
Stocks (Wittersham)	£1,800	£0	£1,800	£4,768	£0	£4,768	£2,968	£0	£2,968
Windmills General (incl RCCO)	£203,500	£0	£203,500	£202,870	£0	£202,870	£-630	£0	£-630
Totals	£236,800	£0	£236,800	£265,591	£0	£265,591	£28,791	£0	£28,791

6.3 Capital expenditure (past, present future):

A £534K Heritage Lottery Fund (HLF) project (including over £100K KCC capital contribution) was undertaken between 1999 and 2007 to improve the condition of the mills and open them up to the public. Since 2007, a total of just over £100k has been spent on each windmill on average (a total of £889K).

6.4 An options appraisal was produced in November 2017 reviewing the financial implications of an immediate maintenance strategy and then a review of the ongoing ownership options. The recommendation of the report was that Cabinet Members endorsed the proposed capital and revenue expenditure which totalled a capital expenditure of £563,000 over the 2018-2020 period for the non-operational mills, and an additional £180,000 for the immediate holding repairs at West Kingsdown, and maintenance programme of £75,000 over the same period. Once the buildings had been restored, ongoing ownership and revenue models were to be explored.

6.5 Capital expenditure is currently funded by an annual revenue contribution to capital outlay (RCCO) of £200,000 and an additional £136,000 of prudential borrowing was allocated in 2022/23 only. Windmills have benefitted from capital expenditure in recent years (see Table 2), and six windmills have planned capital expenditure needs

identified by the Service in the short-term totalling £853,120 (see Table 3). The draft 24/25 budget includes a saving of £50,000 from the windmill RCCO. Each windmill requires cyclical capital investment to maintain weatherproofing and cover essential repairs. The amount varies considerably per windmill.

Table 2 – Actual Capital Spend by Windmill since 2019/20

Site	2019/20 spend	2020/21 spend	2021/22 spend	2022/23 Spend	Total
Chillenden Windmill	£18,515	£18,230	£0	£900	£37,645
Cranbrook Windmill	£0	£38,820	£211,406	£37,717	£287,942
Meopham Windmill	£0	£9,590	£56,794	£123,165	£189,548
Stelling Minnis Windmill	£0	£0	£18,882	£47,993	£66,875
West Kingsdown Windmill	£18,627	£120,112	£0	£0	£138,739
Wittersham Windmill	£0	£0	£0	£60,203	£60,203
Drapers Mill Windmill	£48,183	£8,850	£0	£9,200	£66,233
Herne Windmill	£0	£18,900	£0	£23,394	£42,294
Totals	£85,325	£214,502	£287,081	£302,571	£889,479

Table 3 – Service Proposed Future Capital Expenditure

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Chillenden	£10,465						£10,465
Cranbrook							£0
Drapers	£45,355				£100,000	£121,600	£266,955
Herne	£10,000		£100,000	£185,700			£295,700
Meopham	£70,000						£70,000
Stelling Minnis	£100,000	£100,000					£200,000
West Kingsdown							£0
Wittersham	£3,600	£6,400					£10,000
Total	£239,420	£106,400	£100,000	£185,700	£100,000	£121,600	£853,120

6.6 The capital and revenue requirements and obligations sit within the overall financial context and the need to limit spending to balance the Council's overall budget position. The current MTFP for the capital programme is severely limited in respect of the Modernisation of Assets budget relating to all the Council's other asset estate, such that only category 1 to 4 condition survey requirements are being considered for spend on front-line operational buildings and the office estate and no new bids are being considered. Considering this, keeping capital spending to a minimum is vital and the level of spend on Windmills in comparison to all other assets, must be questioned.

7. Equalities implications

7.1 A draft Equality Impact Assessment has been prepared.

8. Conclusions

- 8.1 After considering various evaluation criteria, reviewing revenue and capital expenditure requirements, and assessing the service-focused justifications for retaining the windmills portfolio, it has been determined that retaining this asset group is not financially sustainable for KCC.
- 8.2 Divestment of each of the eight windmill sites was identified as the most financially advantageous option for KCC. By identifying alternative ownership arrangements for each of the windmills, KCC would save the annual costs associated with maintaining the buildings in a safe and accessible condition.
- 8.3 This action would be a change in policy from the approach set out in the adopted Heritage Conservation Strategy, in particular:

Objective 6: Follow a management approach to KCC-owned windmills, so that:

i) Mills capable of milling flour (Drapers Mill, Margate, and Cranbrook Mill) remain able to do so.

ii) The weatherproofing programme will be undertaken as needed on a rolling cycle.

iii) Static mills will be returned to visual completeness subject to funding

iv) Static mills will be made active wherever possible [also Strategic Aim 3],

Objective 7: KCC's relationship with the windmill volunteer groups will be strengthened [Also Strategic Aim 3] and,

Objective 8: Explore alternative funding mechanisms for the windmills, including setting up a charitable Trust to oversee management, and develop a funding strategy [also Strategic Aim 3].

- 8.4 As the Heritage Conservation Strategy was adopted following public consultation, public consultation will be required in advance of a final decision on the change in policy.

9. Recommendation

Recommendation:

The Cabinet Committee is asked to note a public consultation on the proposed change to the Heritage Conservation Strategy - Windmills policy.

10. Background Documents

Heritage Conservation Strategy ([Heritage Conservation Strategy - Kent County Council](#))

11. Contact details

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