

Business Case Report



Prepared by Hotham Hall Estate Limited

1 Introduction

This report has been written to explain the business case for extending the renovation program at Hotham Hall to the two-storey service and stable block, including the later machine sheds and to outline the business case for the building of a new, Asian inspired Spa, which will be integral to the investment in further restoration and renovation of the existing site.

The ambition is to create a sophisticated destination for events and country pursuits which makes creative use of a wonderful historic building and its grounds and allows the space to be enjoyed by locals, regional and national visitors as well as those from overseas.

This paper explains below how the masterplan for the Estate has evolved and the need for ongoing development and improvement at Hotham Hall. It also sets out the rationale behind the need for the development.

2. Overview of the Development to date at Hotham Hall

Hotham Hall is a small country estate located south of the small village of Hotham, East Riding of Yorkshire. Primarily the Grade II* listed building has been redeveloped as a refined and elegant country house estate for the owners, Linda and David Kilburn, who purchased the Hall in 2020. Hotham Hall has been a private dwelling since its origin, dating back to 1720.

The Kilburns have lived in Hotham Village for almost 30 years. They are both successful entrepreneurs, well-known in the areas and are part of the local community.

David Kilburn was awarded a CBE, Commander of the British Empire, in the King's first honours list. This was awarded for services to the Construction Industry and numerous charities, many in Hull and the East Riding. Both Linda and David have been instrumental in raising funds for various charities and supporting businesses in Hull and the East Riding. They have both won awards for business and entrepreneurship.

As well as founding their own business - MKM Building Suppliers in Hull - which now has over 100 branches nationally and a turnover of almost £1 Billion, they helped start-up FEO (For Entrepreneurs Only). In addition, David sits on the LEP and plays a defining role in growing start-up businesses and attracting investment into the region. He is also a president of Hull City, sponsors the MKM Stadium and has recently joined the board of Hull Kingston Rovers.

The Kilburns seek to create a business which will drive an income to ensure that the cost of running Hotham Hall Estate is covered for future generations. They see themselves as custodians of this magnificent building and are prepared to invest a significant amount of their personal wealth to see that the hall is renovated to the very highest standards and will be available for future generations to enjoy for many years without there a burden of its upkeep and maintenance.

Operated under the management of Hotham Hall Estate Partnership, Hotham Hall serves as an events space offering several small and intimate spaces,

hosting a maximum dining occupancy of 45 persons. This event function offers a truly bespoke experience depending on the customer's needs.

5 luxury 5* boutique hotel rooms with service levels associated with this standard are located on the first floor of the Hall. We provide original, high-quality accommodation to an extremely high standard of personal service, with discretion and privacy for the guests.

Bespoke wedding and event packages are offered, usually associated with the party hiring the ballroom, and library within the hall. The bridal suite located on the first floor of the hall along with 4 additional suites can be an optional extra included within this wedding package.

The unique selling point of an event hosted within Hotham Hall is that all rooms made available, embrace the historic but contemporary 'atmosphere' created. Moreover, all principal function rooms have views across the picturesque estate beyond the Hall. Offering beautiful backdrops for those unforgettable wedding and event photographs, whatever the weather.

Guests of events will have access to the following rooms within the Hall: the entrance hall, the King Edward Ballroom, the Prince of Wales Library and bar, The Drawing Room The Study the Oak Room and bathroom facilities. The oak room will also be available for pre-wedding interviews when required.

Parking for all events is in the current car park for which planning has been approved.

Some parts of the external terrace, garden and walks around the estate are available to guests at their leisure. Personal tours of the wider Estate will be available for staying guests upon request.

Alongside the use of the main house, the parkland has gained interest for several extensive but low-frequency events such as:

- Opera North's Patron Summer Garden Party and Platinum Patrons Dinner Party
- Sailors Children Society – Lobster and Champagne stretch tent event
- Support for promoting Bridlington lobster and crabs
- Pop-up Bar Festival
- Classic Car Festival

- Classic Music Festival
- Catering Events

Interest has been received from location agents for Drama, Television and Film production sets.

The Hall is now operational and taking bookings for weddings and events in 2023/2024.

Since its purchase by the Kilburns in 2020, there has already been a significant investment. The renovation and investment program to date has exceeded a £12.5 million investment from the owner's personal wealth. The new proposed development budget is between £7 and £8 million.

Its sympathetic refurbishment reflects the owners, careful selection of craftsmen, materials and suppliers whose meticulous high standards of work on the Hall, garden and estate can be seen in the work completed to date.

However, the current revenue potential is limited by the restricted space and the low frequency of events which is intended to protect the Hall which is still primarily a private residence.

This results in the requirement to increase the business streams within the Estate. We are looking to the remaining service rooms, stables and machine buildings to fulfil these requirements together with a new low impact Asian inspired, single-storey timber building which will function as a spa.

3. Market Research and Customer Feedback

We have carried out extensive market research and have canvassed the opinions of existing and potential future customers. Our research has shown that there are several examples of historic Yorkshire country houses diversifying to develop and maintain country estates. These include:

- Castle Howard – farm shop, events space, luxury accommodation, weddings and corporate events, private dining and afternoon teas.
- Scampston - walled gardens for family leisure, and house tours.
- Rudding Park – 5* spa facilities, luxury accommodation, wedding, conference and events space, restaurant and bars.
- Grantley Hall – 5* spa, restaurant and bar., shops, weddings, conference and events space.

As we strive to reflect a 5-star rating, we have researched the key requirements for achieving this:

- At least one restaurant is open to residents and non-residents.
- A choice of environments in public areas of sufficient size to provide generous personal space.
- Additional facilities, e.g. secondary dining, leisure, business centre and Spa, to name just a few.
- Some permanent luxury suites are available.

Discussions with our customers and a variety of businesses in the East Riding have confirmed the need for 5* accommodation in the Hull and East Yorkshire area. Research into the events and leisure market shows that first-class facilities are mandatory to ensure a successful leisure business.

The new proposals for the development of the service and stable block and machine sheds include 9 further 5* luxury suites of accommodation which will increase the current offering of 5 rooms currently available within the Hall. It will include a larger events space which makes use of the machine sheds this will seat up to 120 people and support existing facilities in the hall which only allow us to seat 45 people in one room. In addition, it will also house

a member's club with a restaurant and bar, lounge areas and private dining facilities.

It is also proposed to create a new building, to house a spa and leisure facilities, to enhance the total offering at Hotham Hall. The image below is a CGI of the proposed spa building. Extra landscaping will help screen the new building from the existing tarmacked private road.



Our research and that of other country estates of a similar nature in the area e.g. Ridding Park, demonstrate quite clearly that successful event venues need to offer the customers more than just rooms for the events. They need great accommodation, facilities to occupy the various parties whilst attending, and facilities to help the bridal parties look their best for the great event.

Comparable venues and destinations in the UK, offer a full range of services and facilities including a spa and without comparable services, Hotham Hall will not be able to compete.

The main revenue streams currently come from the hire of the hall for weddings, parties, corporate events and private dining. Unfortunately, due to the restrictions of the hall and the need to maintain and look after the fabric of the building, we can only seat 45 people for dinner in one room. This severely restricts the weddings that we can host and underpins the need to extend the event space into the Machine Sheds to seat around 120 people at any one time.

From the outset, Hotham Hall was not purchased purely as a residential property. The business plan outlined the need to create an income stream to support the ongoing costs of employment, heating and maintenance of the 115-acre estate.

The Kilburns have, through their resources, restored the main Hall to an extremely high standard of finish, upgrading the services to modern-day requirements. This included new services – plumbing, heating, lighting and data. New infrastructure to ensure smooth access to the estate and for parking which has recently been granted.

The approach has always been to preserve the Hall, stables, gardens, parkland and farmland rather than split them for commercial benefit. Previous generations have not always been kind to the buildings making up the estate and the plan is to further restore and add purpose to the stable and services block and the machine sheds to ensure longevity for the total estate. Part of the business plan is to acquire surrounding land and buildings which were once part of the estate for further renovation and restoration. The current owners have recently acquired some adjacent land, a total of 7 acres, which was previously part of the estate.

The Master plan was presented to the East Riding Council leaders and planners at the start of the journey in 2021 to demonstrate intent – it was very well received by all.

As set out in the planning statement which is submitted to accompany this application, various planning applications and listed building consents have been submitted and approved in recent years.

4 The Business Today

Hotham Hall has already hosted several very successful events, including Business Club parties, private dining parties, Feast over Fire outdoor dining events both for private and corporate clients, networking dinner events, debating societies, Christmas Carol concerts, wreath-making events, and Festive Afternoon Teas. In addition, we are hosting a black-tie event with supper and cabaret.

We are currently talking to numerous charities and organisations, about hosting events both in the hall and in the gardens which will enable us to bring variety and culture to Hotham and the East Riding.

Major investment is currently being made in relevant marketing materials. We are developing a website which will link to all social media platforms and will also host a Hotham Hall shop, which will sell several products associated with the restoration and decoration of Hotham Hall.

Investment is also being made in producing high-quality marketing materials to support the sales strategy. Interest is strong and we have received numerous enquiries for weddings and events, several of them for Charity events for Patrons and their guests. A wedding is already booked for September 2024 for a local couple even though we have not gone into the marketplace with our offer, with several further enquires going through the sales process.

We expect to formally launch Hotham Hall early in 2024.

Hotham Hall runs as a residential home and a start-up events business and current employee numbers are growing steadily. We also employ local freelance and casual staff to support our events programme.

We have an increasing network of local suppliers and producers, from services such as laundry and cleaners to catering staff, local musicians, artisans, AV sound systems, etc. Hotham Hall supports local people and businesses which in turn supports the local community. We expect direct employment opportunities to grow as we develop the estate.

Staff	Existing	Proposed
Managerial and admin	2	4
Gardeners and Groundsman	3	4
Housekeeping	2	4
Joiners and stonemasons	3	3
Freelance Events	1	2
Chef	1.5	3
Casual catering	8	15
Admin/Finance	1	2
Spa Staff	0	14
Bakery & Cafe	0	4
Total	21.5	55

Table 1 Existing and proposed staff numbers

Regular maintenance and upkeep of the buildings and grounds to maintain the high-quality environment at the Hall requires an extensive and planned budget. Significant investment has already been made in trees and planting in the gardens.

The costings to run the estate equate to around £600k, rising to 700k over the next twelve months with a further project cost of £1 million-plus when fully operational. It is worth noting most of this spending remains in the local economy.

Major outlay includes security (where new technologies are being investigated) and heating costs. Wages, grounds and building maintenance are envisaged to increase as we grow.

Whilst more challenging to quantify, it is however quite simple to list the range of other local business services providers that would benefit from the proposed development. These include:

- Audio and lighting engineers
- Musicians and bands
- Laundry
- Florists

- Wedding planners
- Hygiene
- Food and catering suppliers
- Taxi and drivers
- Security
- Stylists and interior designers
- Photographers
- Bar specialists
- Specialist cleaning companies
- Fuel Suppliers
- Wine merchants and sommeliers
- Other accommodations
- Pub and restaurants
- Other leisure industries e.g. vine yards, local children's adventure play centres

An exact figure is difficult to predict but will be worth at least several hundreds of thousands of pounds to the local economy.

5 Proposed Development

The current application utilises the stable block and machine sheds to provide function spaces increasing capacities for dining events to around 120. This will include a bar facility and smaller intimate rooms for meetings, lunches, private dining and pop-up social events, musical nights, themed supper clubs and lunch events.

In order to run all these spaces, we need areas for waste, for staff, for offices, for toilets (A new discrete block is proposed in the outer courtyard) and security and an on-site bakery. We also envisage a reception area which will double as a retail shop. The image below is a CGI of the outer courtyard as proposed.



We anticipate having business and social membership packages where members can bring guests and frequent the on-site facilities on a daily basis, in the stables, machine sheds and external courtyard.

An analysis of 4 and 5* hotels and event spaces reveals that many have added some form of leisure spa suite. We believe that to compete in this marketplace we need to build a separate new low-impact spa building.

Running an events space of this nature means that we need a number of service facilities on site to make it viable. We have therefore concluded that the only way to provide a leisure and Spa facility is to build one.

Again, we examined the complete site to establish where this might sit and the conclusion reached by all was the site we are currently submitting in the new application. It enables us to build a low-impact, timber building, which can be carefully hidden within existing mature trees, coupled with an extensive planting scheme. The building is to be built on stilts requiring little disturbance of the existing land and respecting the root tree protection zone established by our Arborist. The image below is a CGI of part of the proposed spa building.



The revenue from such a building is conservatively estimated to be around £1.5 million per annum and would provide the central revenue stream required to support the level of investment required. The timber building could be dismantled and removed from the site if future generations so wished.

Research also suggests that the market has changed to favour smaller more targeted spas, aimed at meeting guests' expectations for spa treatments and relaxation in a social environment.

6 Conclusion

In essence, we are proposing a significant investment of around £7-8 million (with a further £1m million per annum to run the estate). HHE has already created 20 jobs with direct employment figures anticipated to reach at least 55 with the proposed development.

The investment in restoring and developing the existing buildings (which are in poor condition) and in building the new spa will create a thriving business which will attract a wide range of customers from up to a 50-mile radius and more.

The proposed new development will also service the local community by building high-quality facilities and providing employment and business opportunities for local companies. The inclusion of the new spa building, which has been discussed with the local planning and conservation officers, is a necessary addition to this development and will provide one of the strongest income streams, and allow us to compete with other high-end destinations in Yorkshire and beyond.

The Spa building has been designed in a low-impact, Asian style. It is a single-story, timber building designed to snuggle unobtrusively into the landscape and built on stilts to ensure that there is little disturbance of the land. It could be removed in the future, should the next generations so desire. A comprehensive landscaping scheme will be designed around the building to ensure that the scene remains relatively unchanged.

Not to be discounted is the impact that such a business will have on the wider East Yorkshire community! This type of high-quality facility will add to the general broadening of the local economy and will attract a different level of investors and businesspeople, who currently aren't catered for in the area.

The business case for the development of further leisure facilities is indeed a strong one, we believe that we have demonstrated that the business benefits far outweigh any harm to the fabric of the somewhat dilapidated buildings and establish a clear future and plan for repurposing Hotham Hall. In addition, creating employment for local people and business opportunities in what is essentially a rural community are to be significantly increased.