

Borders Railway Update

Report by Dr Mary Smith, Director, Education, Communities and Economy

1 Purpose of Report

- 1.1 This report provides Council with an update in respect of the Borders Railway. Primarily it informs Members of progress on projects and initiatives to ensure that the economic growth benefits to communities along the line and the wider Midlothian area are maximised. It also covers current and future operational arrangements for the rail service itself.

2 Background

- 2.1 The new Borders Rail line came into service in September 2015, linking Edinburgh (Waverley) with Tweedbank in the Scottish Borders. The line passed through Midlothian with services stopping at four new stations, these being Shawfair, Eskbank, Newtongrange and Gorebridge.
- 2.2 Council has previously received two comprehensive update reports, in December 2015 and September 2016, which provided information on current projects and initiatives; and which also recommended revenue and capital budget allocations (details on finance are set out in paragraph 7.1 of this report).
- 2.3 From the early inception of the project, and throughout its planning and implementation, it was recognised by the primary organisations involved that the economic, environmental and social benefits which could be secured from this major item of new transport infrastructure, are substantial. In order to provide a sound basis for action to maximise these benefits for communities in both Midlothian and Scottish Borders, a Borders Railway group (the 'Blueprint' group) of the major partner organisations was established in 2014, comprising the three Councils through which the line runs (City of Edinburgh, Midlothian and Scottish Borders), Transport Scotland, Scottish Enterprise, Scottish Government and VisitScotland, and later including ScotRail. In November 2014 that partnership group published a document "*Borders Railway – Maximising the Impact: A Blueprint for the Future*", in which it set out the following vision:

"By 2020 the benefits of better transport connectivity will continue to spread across Midlothian and the Scottish Borders. The region will have experienced significant economic and population growth from new and affordable housing, commercial and tourism development, a diversifying business base and new demand for learning and skills. Working in partnership with the business community, the challenge of delivering an ambitious programme of activity will have been met."

The document articulates this vision into three areas of activity to create and support:

*"Great Locations for Working and Investing
Great Communities for Living and Learning
Great Destinations to Visit"*

- 2.4** In order to provide some defined resource to realise these objectives, Scottish Government committed £10m towards relevant projects and initiatives, with the expectation that matched funding from other partners and the wider public and private sectors would be achieved.

3.0 Strategic Context for Midlothian

- 3.1** The vision and aims of the partner organisations as noted above remain relevant. They align closely with the strategic aims, objectives and direction of Midlothian Council as set out in its Single Midlothian Plan, Midlothian Local Development Plan, its Economic Development Strategy and other policy documents. In particular, the new rail line provides clear opportunities to contribute significantly to:

- Tackling inequalities in income and skills in our most disadvantaged communities, using the benefit of additional transport connectivity to attract new employment to the area, as well as providing much better access for the local economically active population to labour markets and education/training located within and beyond Midlothian;
- Improving the economy and environment of our town centres; and
- Using the additional accessibility afforded by the new line to boost tourism in terms of increasing visitor numbers to existing attractions, encouraging new attractions, and providing additional tourism accommodation.

4.0 Summary of Projects and Initiatives in Midlothian

- 4.1** The 'Blueprint' group of partner organisations has met regularly since 2014 to consider projects and initiatives which can most effectively take the opportunities offered by the advent of the new line rail line to address the objectives and outcomes identified in parts 2 and 3 of this report. There are a number of projects that are specific to Midlothian and others that relate to the whole rail corridor. Some projects are more advanced than others. The following is a summary of the current position on each of the projects that are relevant to Midlothian.

4.2 Gorebridge Connected:

Members may recall that Council considered a full report on this project in June 2018, and agreed the revised funding arrangements and related matters. The project has three elements:

- Hunter Square public realm heritage enhancement scheme;
- Redevelopment of the former Gorebridge railway station building to be a "Railway Café and Gallery; and
- The Link project which is a heritage enhancement project on Main Street, and a signage project connecting Hunter Square with the station and other locations.

The current position is that the Hunter Square enhancement is essentially complete. Council officers are currently in negotiation with Network Rail on the terms of the lease of the station building and, once concluded, the Council will sub-lease the building to Gorebridge Development Trust, which is due to open in 2020. As part of the Link project commemorative plaques have been erected in Main Street, with interpretation panels in preparation, and a new pedestrian access to the station will be created. The total investment package is £2.503m, which includes a direct grant of £1.038m from the Borders Rail Blueprint fund.

Projected outputs include:

- 160m² renovated cafe, gallery and office space in the station building;
- 100 visitors per week and providing 4-5 FTE jobs (paying at least living wage) in cafe/ gallery and 3 short term work placements/experience opportunities per year;
- The provision of 10-15 employment jobs in new office space;
- The footfall on Main Street to increase by at least 5%, supporting increased retail employment opportunities.

4.3 Borders Railway Masterplanning Programme: as part of its overall approach to regeneration and inward investment activity within the rail corridor the 'Blueprint' partners group identified and allocated £350,000 of Borders Railway Blueprint funding towards the preparation of four new masterplans; two within the Scottish Borders at Tweedbank and Galashiels and two in Midlothian, at Stobhill/Lady Victoria at Newtongrange and at Newtongrange Town Centre. Preparation of both of the Newtongrange masterplans is well advanced and has involved ongoing extensive consultations with the local community and other interested parties. A full report on each of these masterplans is due for reporting to Members at an early date. Projected outputs include the delivery of up to:

Stobhill/ Lady Victoria:

- 440 mixed tenure housing units
- 3400m² light industrial space
- 1100m² business/office space
- 4100m² commercial/retail space

Newtongrange Town Centre:

- 158 mixed tenure housing units
- 995m² community space
- 1000m² business/office space
- 763m² commercial/retail space

An independent estimate of the economic impact of the development of the Midlothian masterplans was carried out, and concluded the Masterplans could deliver up to £20.2 million Gross Value Added (GVA) and 447 jobs in Midlothian.

4.4 Newtongrange Track to Train: this is a project to regenerate Newtongrange station building is being undertaken by Apex Scotland, a body which assists ex-offenders and those at risk of offending to secure employment and training. The project, which is currently on site, comprises the refurbishment of the former station building adjacent to the new station at Newtongrange, for use as a café/bistro at ground floor level and rooms for community use at first floor. The facility has received funding of £934,000 from a range of sources and is due to open in Spring 2019. Expected outputs include:

- 380m² of community space renovated;
- Learning centre, IT suite, and flexible meeting space supporting social and community businesses;
- Employment initially for 6.5 FTE new posts, paid at the Living Wage;
- Provision of roles for ten trainees.

4.5 Mayfield Town Centre: although not directly on the railway line, the community of Mayfield can be regarded as being within the rail corridor. Since 2016 Council officers have been working with the community based In It Together Group which has undertaken significant engagement with the local community with a view to preparing proposals for the redevelopment of the centre of Mayfield. More

recently £40,000 Borders Rail funding matched by developer contributions has been confirmed which will enable this work to commence.

4.6 Dalkeith Town Centre Business Improvement District: the Blueprint partners group is supporting the establishment of business improvement districts at Galashiels and Dalkeith. The One Dalkeith body has been particularly active with support from the Council's Economic Development team, in undertaking engagement with town centre businesses, and a formal three month consultation period is currently being held; to be followed by the formal ballot to determine if a BID is to be created. (A BID is an arrangement under which town centre businesses agree to pay an additional levy on the rates to fund agreed measures and thereby increase the overall attractiveness of the town centre to shoppers and service users).

4.7 Midlothian and Borders Destination Development Project (MBTAG): tourism is one of the most significant business sectors in Midlothian, and shows steady year on year growth in line with national trends. The new rail line provides the opportunity for significant advances in the profile of the region, levels of visitors and the amount of tourist/visitor spend. This project builds on the results of a tourism audit and a tourism train experience market assessment, and is in two phases. The first phase which was completed in December 2018 and was supported by the Borders Railway Blueprint group and the Scottish Enterprise 'Destination Development Fund', was focussed on business to business activity and links to grow capacity in this region's tourism sector. Phase two, which is now underway and due to complete in September 2020, has a focus on encouraging and supporting tourism businesses to develop new products and experiences that can be marketed at international level as well as to domestic tour operators. In addition, the project includes the development of a sustained digital marketing campaign that promotes and profiles the products and visitor experience in Midlothian and the Borders supported by the LEADER programme. A total of £725,000 has been invested in the tourism sector via MBTAG. MBTAG outputs to date (to end August 2018):

Number of Businesses attending business events - 183

Number of businesses attending innovation workshops - 119

Number of businesses participating in Travel Trade development Programme - 51

Number of businesses participating in Product Awareness Trips - 184

Number of businesses exhibiting at Tourism Showcase - 79 (214 attendees)

Number of Tour Operators on product knowledge trip - 12

4.8 National Mining Museum of Scotland (NMMS): as a premier national visitor attraction the Museum has the opportunity to capitalise significantly on its location adjacent to the new rail line, just 20 minutes from Edinburgh City Centre. In order to achieve this the Museum has advised that it would benefit from some assistance in its preparation of a strategic development programme, specifically to commission studies and reports which can be the basis for a sustainable and robust platform for significant capital development projects. A total of £40k funding from the Borders Rail Blueprint and this Council has recently been approved and the work is due to commence in Spring 2019.

4.9 Access (Walking and Cycling) Development Project:

This is one of the later projects to be undertaken and seeks to provide enhanced and new opportunities for walking and cycling in the Borders Rail corridor. It focuses on three strategic long distance routes and two local path networks, one of which is at Gorebridge. The first phase of the work comprises a feasibility study that has been fully funded (£30k) through a co-ordination project of the Tyne Esk and Scottish Borders LEADER. The implementation phase (Phase 2) is expected to receive funding from the Borders Railway Blueprint.

- 4.10 Business Incubator Network:** in 2017 the Blueprint partners group commissioned a feasibility study to assess the potential for a network of business incubator hubs to be established along the rail line corridor. The hubs would be flexible serviced work premises in Edinburgh, Midlothian and the Scottish Borders which could attract small businesses thereby supporting both business start-ups and employment growth. The report of the study found that there is a both demand for business incubation space along the rail corridor and a strong rationale for public sector intervention to support such provision, which could deliver up to 75 new FTE jobs which would generate £3.4m in net Gross Value Added (GVA) per annum. Over a ten-year period the value of the project is estimated at £18.6m in net GVA to the regional economy. The terms of the study report are being considered by the Blueprint partners group. To date, no funding has been allocated to pursue the implementation of business incubator hubs which would need capital investment commitments from the partners. There is the potential to link the project into the programmes of City Regional Deal investment to promote inclusive economic growth in the region.
- 4.11 Hotel Development Study:** in 2017 the Blueprint partners group commissioned a study on the potential for hotel development in Midlothian and Borders given the increased accessibility for tourists and business investment to the area. The results of the study showed clear potential in Midlothian for new budget hotels and suggested a range of sites, and limited opportunities for branded 3 and 4 star hotels. The report highlighted the potential for “luxury country house/castle” hotels, giving Vogrie House as a possible option; and also noted the potential for a variety of tourist accommodation forms at the Midlothian Snowsports Centre. The results of the study are useful in the overall context of tourism development activity (see para 4.7 above), and in relation to more specific development work in locations including Vogrie (see 4.12 below).
- 4.12 Vogrie Country Park:** linked to the Hotel Development Study, funding of £20k from the Borders Railway Blueprint and this Council has recently been approved for the commissioning of a feasibility study into the development opportunities at Vogrie House and Country Park. The focus of the study will be to examine the potential for establishing the site as a tourism and leisure visitor destination, including the potential for tourism accommodation. Work on the feasibility study is expected to commence in Spring 2019.

5.0 Promotion, Marketing and Branding

- 5.1** A major visitor marketing campaign has been delivered for the Blueprint Group by VisitScotland, with an investment of £500,000 over four years in a Borders Railway UK and International visitor marketing campaign to encourage growth in the visitor economy in Midlothian and the Scottish Borders. This included support for the Borders Railway opening celebrations in 2015 which achieved a global audience reach of 300 million.
- 5.2** Since then, the national tourism organisation has delivered a programme of seasonal UK campaigns with a focus on audiences in the north of England and international campaigns targeting potential visitors in the US, Canada and Germany. During the first three years of the line, over 145,000 website visits were generated as a result of paid media campaigns delivered in UK and international markets. A wide spread of product along the Borders Railway has been promoted in the campaign creatives, including Abbotsford, Rosslyn Chapel, Edinburgh Butterfly and Insect World, National Mining Museum of Scotland, Midlothian country parks and Borders abbeys.

5.3 At the same time, the attractiveness of the region as a location to do business has been highlighted through a joint inward investment project supported by Edinburgh City Council, Midlothian Council, and Scottish Borders Council. A dedicated inward investment manager was funded by the Blueprint to deliver a series of business events and an external marketing campaign and to promote the region under the banner 'More Connected'. Outputs included:

- 'More Connected' business marketing campaign:
Website - 24k users, 31k sessions
 - Case studies: 1,735 views
 - News: 12,850 views
 - More Connected specific pages: 3,525 views
- Food & Drink Showcase event
 - 30 Midlothian, Edinburgh & Borders F&D businesses exhibited.
 - Around 60 buyers attended.
- Business Breakfast event
 - 75 delegates registered attendance, with around 60 attending
- BQ Special -
 - 25,600 in print readers
 - 50,000 unique web visitors per month
 - 2.3m digital magazine viewers
- National media coverage
 - 22 pieces of coverage were generated in total.
- More Connected advertising
 - Scotsman Advert viewed 250,501 times, specifically by business audience

6.0 Refresh of the Blueprint Development Programme

6.1 Whilst the vision as set out in the 2014 'Blueprint for the Future' document remains relevant, and there has been good progress on addressing the stated objectives, it is appropriate to refresh that statement of intent. The refresh document, which is due for publication in Spring 2019, will highlight many of the successes of the economic development programme which capitalised on the new rail line, will note the operational service improvements planned by the rail operator, and will identify the activity which would secure further benefits to the communities along the line.

6.2 The revised document can therefore be used to support bids for further financial input into new projects and initiatives. In summary, the overall aim of the document will be to ensure the medium and long term sustainability of the economic, social and environmental benefits which have been achieved, together with a statement of further opportunities to support that commitment by the partner organisations.

7.0 Rail Service Operational Matters

7.1 In response to customer feedback surveys and research, Scotrail are taking positive steps to address key issues. This has seen the level of cancellations reduce towards the end of 2018 and improvements are expected to continue through early 2019, returning the service to normal levels. A compensation scheme is in place for those affected by delays and cancellations.

- 7.2** Since opening, ScotRail has been investing in increased capacity on the route. More carriages have been allocated to the route and the number of daily seats provided has increased from just under 9,000 at opening to more than 11,100 – an increase of 23%. December 2018 saw the start of the planned transition from the 2 carriage trains to more modern 3 carriage trains. By the end of 2019 almost all services will be operated by the more modern trains providing 12,600 seats per day, an increase of 40% since September 2015.
- 7.3** Supported by the Blueprint Group, Transport Scotland carried out independent research on the impact of Borders Railway in 2017. This showed Borders Railway was continuing to bring new homeowners, workers and visitors to the region. The key findings were:

Social and economic impact:

- Over 30% of respondents said that they did not previously make their current trip prior to the re-opening of the railway, suggesting the railway is enabling people to make new journeys and take up new opportunities.
- The re-opening of the Borders Railway has provided those without a car the means to access the stations along the line more quickly, enabling them to access without using a car or using a car for only a portion of the journey.
- There has been in-migration in both the Scottish Borders and Midlothian from surrounding areas, with the largest proportions moving from Edinburgh.
- 18% of those who moved employment stated that the re-opening of the line had been the main factor in their decision.
- 60% of all respondents indicated that the purpose of their journey was either a tourist day trip or overnight stay.
- Of these, 59% were travelling to Edinburgh and 41% were travelling to the Scottish Borders or Midlothian.
- 71% of tourists said that the Borders Railway had been a factor in their decision to make their current trip.

8.0 Report Implications

- 8.1** In December 2014, Council approved a budget allocation of £250k from the General Fund reserve to assist in the promotion of the Borders Railway. In December 2015 a further report to Council itemised the spending of this budget, and noted the benefits of continuing funding. Accordingly, a further allocation of £50k was agreed by Council to meet the Council's financial commitments to activities related to the promotion of economic development consequent on the opening of the new railway. In September 2016 following a further update report, Council approved a further supplementary estimate of £200k of which £150k was identified as the Council's match funding contribution to the preparation of the two masterplans at Stobhill and Newtongrange Town Centre. In addition, and in recognition of the emerging projects requiring capital funding contributions, Council approved a provisional budget allocation of £250k in the General Services Capital Plan.

In respect of the revenue budget allocation for 2018/19, there is projected to be an overspend in that part of the Economic Development budget, which covers Borders Railway. This can be balanced by a part of the substantial underspend in the Communities and Economy Service budget.

Of the original capital budget of £250k, £125K has been allocated to the Gorebridge Connected project, and a further £20K by way of a grant to the National Mining Museum of Scotland for the project referred to in paragraph 4.8 above. This leaves a budget of £105K available for allocation.

This investment by Midlothian Council has contributed to an investment of £9.6 million of Scottish Government funding to date, and a total investment of £29.5 million in Borders Railway projects.

The greater part of the Blueprint Partner Group budget of £10m has been allocated to projects and initiatives, with only £435k remaining. There is no time limit by which this remaining funding requires to be allocated. As noted above, the refresh of the 'Blueprint' programme provides the opportunity for a further bid for funding, the most likely source being Scottish Government. However, it is important to note that, as in the case of the previous £10m allocation, it would be expected that any Scottish Government contribution to a project would require matched funding from a non-government partner(s).

8.2 Risk

The commitment of the three Councils, together with other key partners, is yielding tangible benefits for communities along the line; and is becoming regarded as an exemplar in Scotland of how most effectively to maximise the economic, environmental and social benefits of a major element of new transport infrastructure. The important matter now is to ensure that those benefits are sustained and developed further. The maintenance and update of the website as part of a wider ongoing programme of promotion and marketing, the refreshed 'Blueprint' document, the continuing co-operative work amongst the key partners, and a focus on seizing development opportunities to increase employment and boost key sectors including tourism are all measures which can secure that medium and longer term sustainability.

8.3 Single Midlothian Plan and Business Transformation

As noted earlier in this report, the vision and aims of the 'Blueprint' programme align closely with the primary objectives of the Single Midlothian Plan and other Council policy documents. As the rail line passes through or close to some of Midlothian's most disadvantaged communities the opportunities can be realised to invest in projects that support the aims of the Single Midlothian Plan.

8.4 Impact on Performance and Outcomes

It is difficult to isolate in specific terms the direct impact of the new rail line and its related projects and initiatives. However, there is an overall pattern of development which has, at the very least, been accelerated by them. A number of measures can be looked at including numbers of new jobs (especially in the construction sector from the new housing allocations that are consequent on the new railway), town centre improvements, new facilities such as those at Newtongrange and Gorebridge stations, additional tourist day visitor numbers, levels of tourist accommodation, and levels of tourist/visitor spend.

8.5 Adopting a Preventative Approach

By aligning with the key objectives of the Single Midlothian Plan, the 'Blueprint' projects and initiatives either directly or indirectly support action to reduce inequalities in income, health and skills, especially in Midlothian's most disadvantaged communities.

8.6 Involving Communities and Other Stakeholders

The launch of the Borders Railway in September 2015 was centred on strong community and other stakeholder involvement; and that element has been at the forefront of the development of projects and initiatives thereafter. The nature of consultation and engagement has been dependent upon the type of individual project. For certain ones such as Gorebridge Connected and the Masterplans at Stobhill and Newtongrange town centre the community consultation has been extensive. For others the role of stakeholder partners has been primary, examples being the tourism development work of the Midlothian and Borders

Tourism Action Group and the Track2Train project run by Apex Scotland. Both elements are present at Dalkeith where the One Dalkeith group are undertaking extensive business and community engagement in preparing for the establishment of a Dalkeith Business Improvement District.

8.7 Ensuring Equalities

Although this report is not recommending any new policies or proposals, the scale and extent of the projects which it is covering is such that an equalities assessment is appended to this report; and which demonstrates that there are no adverse issues arising.

8.8 Supporting Sustainable Development

By acting as an alternative mode of transport to the private car, the Borders Railway makes a direct contribution to sustainable development. In addition, one of the primary aims of the associated economic development work is to provide for more jobs in local communities, thereby reducing the overall levels of commuting.

8.9 IT Issues

As noted above the maintenance and regular upgrade of the Borders Rail website will be an essential part of the overall ongoing drive to promote the benefits of the railway to a range of parties including inward investors, tourists/day visitors, and those seeking education/training and job opportunities that are readily accessible via the rail line.

9.0 Summary

9.1 The Borders Railway has now established itself as an essential transport link between Midlothian and Edinburgh to the north, and Scottish Borders to the south. After some initial operating issues the service is now running well, although capacity at peak times remains a concern. In respect of this issue the rail operator has a programme of investments to meet demand which is expected to arrive as new housing allocations are implemented. A well-structured and developed arrangement formed by the six key partners is delivering a range of projects and initiatives to achieve tangible economic, social and environmental benefits to the communities lying within the rail corridor. Meaningful consultation and engagement with those communities and key partners/stakeholders is an integral part of their delivery, many of which are still at an early stage. A critical requirement now is to see those projects through to a satisfactory conclusion, to ensure that the desired and intended benefits are sustained, and that further opportunities are sought and taken.

10.0 Recommendations

10.1 Council is recommended to:

- i) note the extent of progress on projects and initiatives in Midlothian and the wider Borders Railway corridor to maximise the benefits of the rail line to local communities;
- ii) require regular update reports on the further progress of those projects and initiatives; and
- iii) continue to engage with the Blueprint partners on corridor wide projects, branding and marketing, and the refresh of the Blueprint document.

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Background Papers:

None.