

**Gorebridge Connected – Update and Leasing of the former Gorebridge Train Station****Report by Mary Smith, Director of Education, Communities and Economy****1 Purpose of Report**

- 1.1** This report updates Council on progress with the Gorebridge Connected project and requests delegated authority for Midlothian Council's Acting Director, Resources to sign a 20 year lease for the former Gorebridge train station between Network Rail, owners of the former train station building, and Midlothian Council. Then immediately, or as soon as practicably possible after, sign and enter into a 20 year lease between Midlothian Council and the Gorebridge Community Development Trust to sub-let the building to the Trust for that 20 year period.
- 1.2** The report also advises Elected Members of funding agreement/service level agreement between the Council and the Gorebridge Community Development Trust for the project manager post and the phasing of payment to them.

**2 Background**

- 2.1** Members will be aware through reports to Council on 26 June 2018 and 12 February 2019 of the Gorebridge Connected project that followed the Gorebridge Conservation Area Regeneration Scheme (CARS).
- 2.2** The 26 June 2018 Council report identified the intention for a lease for the former Gorebridge train station building. That 2018 report required that prior to entering into any lease agreement with Network Rail and/or the Gorebridge Community Development Trust officers provide a report back to Council on the final details of the leases for Council approval.
- 2.3** As reported in the 26 June 2018 report In order to secure £199,981 of funding from LEADER for the Gorebridge Connected project, a long term lease for the former station building is required.
- 2.4** The 12 February 2019 report outlined that officers were in negotiation with Network Rail on the lease. These negotiations are continuing.

**3 Gorebridge Connected Project**

- 3.1** The three interlinked elements of Gorebridge Connected are:
- Hunter Square public realm heritage enhancement scheme;

- Redevelopment of the former Gorebridge Railway station building into a “Railway Café and Gallery”; and
- the Link project – a heritage enhancement project on Main Street, Gorebridge and signage project connecting Hunter Square and Gorebridge train station with each other, with other parts of Gorebridge, and with the extended rural area and its communities.

- 3.2** The Hunter Square public realm scheme element of Gorebridge Connected is, with the exception of some snagging, complete. The Link project is complete, except for an interpretative panel being placed outside the former station building when it is redeveloped.
- 3.3** The redevelopment of the former Gorebridge train station remains on programme to be completed within the first quarter of the 2020 calendar year.
- 3.4** Funding is secured through Gorebridge Connected and held by the Council for a project manager/building manager post for the restored station building project. The funding for this post will come from developer contributions secured through the 26 June 2018 report to Council. The role of this post would include promoting the project, securing tenants for the restored building, managing the building, and securing external grant funding for the project. The post would be an employee of the Gorebridge Community Development Trust. The Council is preparing a service level agreement between itself and the Gorebridge Community Development Trust to allow the Council to have influence and be involved in the recruitment process of the post, and enable a phased release of funding to the Trust that is subject to regular reporting on progress of the work of the project manager/building manager and completion of their work tasks. The Council is working with the Gorebridge Community Development Trust to enable the project manager/building manager to be in post before the station restoration construction works are complete.

#### **4 Leasing of the former Gorebridge Train Station Building**

- 4.1** As described in reports to Council of 26 June 2018 and 12 February 2019, officers are currently working with Network Rail to secure a long term lease for the former Gorebridge train station. This would be on the basis of the Council taking on a long term lease but immediately subletting the building to the Gorebridge Community Development Trust. The Trust would then be responsible for all costs and liabilities associated with the lease of the building.
- 4.2** At the 26 June 2018 Council meeting support was obtained from Council to take on a lease for the former station building from Network Rail and a sublease to the Gorebridge Community Development Trust on these terms. This support was subject to officers providing a report back to Council on the final details of the leases for Council approval.
- 4.3** Progress with Network Rail in producing draft leases has not been as quick as expected and needed. Therefore to help expedite matters, delegated authority is sought from Council for, when the draft leases are ready, the Council’s Acting Director, of Resources to sign the 20

year back to back leases for the former Gorebridge train station between Network Rail and Midlothian Council and a sub-lease between Midlothian Council and the Gorebridge Community Development Trust for the building. This is on the basis of the Acting Director, of Resources signing the leases and officers not having to come back to Council for authority for the leases to be signed. The Trust would be responsible for all costs and liabilities associated with the lease of the station building when it is sublet to them.

- 4.4** Giving the Acting Director, of Resources delegated authority to sign the leases will allow the project to proceed quicker and allow better and faster working with all partners.

## **5 Report Implications**

### **5.1 Resource**

#### Capital

##### *Former Gorebridge Train Station Building Lease*

There would be no capital commitment for the Council in taking on the lease for the former Gorebridge train station building. The building would be sublet to the Gorebridge Community Development Trust and they would be liable for all costs and liabilities associated with the lease of the building.

#### Revenue

The funding arrangements for the project give rise to no additional revenue budget implications for the Council.

Officer time is required to help secure the lease. Any ongoing revenue costs would be covered by the budget of the Gorebridge Connected project or by the Gorebridge Community Development Trust.

### **5.2 Risk**

#### Former Gorebridge Train Station Building Lease

LEADER's grant offer of £199,981 requires a long-term lease to be in place in order to be able to access this grant funding. Not having a long term lease in place between Network Rail and the Council would jeopardise the project by it not being able to access the £199,981 of LEADER grant funding.

#### VAT

The structure of the lease arrangements with Network Rail and Gorebridge Community Development Trust may give rise to VAT implications to the Council.

The final structure of any lease arrangement and the transactional flow of grant funding arrangements will need to be carefully reviewed by

officers prior to entering into any lease, to ensure any VAT implications to the Council are mitigated as far as possible.

### **5.3 Single Midlothian Plan and Business Transformation**

Themes addressed in this report:

- ☐ Community safety
- ☒ Adult health, care and housing
- ☒ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

### **5.4 Key Priorities within the Single Midlothian Plan**

Investment in comprehensive improvement of town centres in Midlothian directly addresses economic inequalities.

### **5.5 Impact on Performance and Outcomes**

As set out in paragraphs 3.4, 4.3 and 4.4.

### **5.6 Adopting a Preventative Approach**

Investment in town centres can arrest and reverse their decline.

### **5.7 Involving Communities and Other Stakeholders**

The Council has worked with the Gorebridge Community Development Trust in delivering the Gorebridge CARS project and developing the Gorebridge Connected project. Joint working with the Development Trust involved preparing the successful grant applications to the Scottish Government Borders Railway Blueprint fund, to LEADER and to the Railway Heritage Trust.

The proposals for Gorebridge Connected have been subject to public engagement in Gorebridge and with Gorebridge Community Council.

### **5.8 Ensuring Equalities**

This report does not relate to a new / revised policy / service change / budget change. It is therefore considered that undertaking an Equalities Impact Assessment (EqIA) in relation to this report is unnecessary.

### **5.9 Supporting Sustainable Development**

A successful Gorebridge Connected project can help create a more vibrant and vital town centre which are contributors to a more sustainable economic and physical environment.

This report does not relate to the adoption by the Council of a strategic document and Strategic Environmental Assessment' ('SEA') legislation does not apply to this report.

## **5.10 IT Issues**

There are no IT implications from this report.

## **6 Summary**

- 6.1** Progress on all three parts of Gorebridge connected is progressing. Restoration works of the former Gorebridge station building are expected to be complete in the first quarter of 2020. The public realm works at Hunter Square are finished and the Link (heritage) project will be complete when the station building restoration is finished. The Gorebridge Connected project has funding for a project manager/operations manager post for a two year period for the restored station building. The Council is preparing a funding agreement for the Gorebridge Community Development Trust for this post which will give the Council influence on the recruitment of this post and control of payments for its cost.
- 6.2** At the 26 June 2018 Council meeting support was obtained from Council to take on a lease for the former station building from Network Rail and a sublease to the Gorebridge Community Development Trust on these terms. That support was subject to officers providing a report back to Council on the final details of the leases for Council approval.
- 6.3** Progress with Network Rail in producing draft leases has not been as quick as expected and needed. Therefore to help expedite matters, delegated authority is sought from Council for, when the draft leases are ready, the Council's Acting Director, of Resources to sign the 20 year back to back leases for the former Gorebridge train station between Network Rail and Midlothian Council and a sub-lease between Midlothian Council and the Gorebridge Community Development Trust for the building. This is on the basis of the Acting Director, of Resources signing the leases and officers not having to come back to Council for authority for the leases to be signed. The Trust would be responsible for all costs and liabilities associated with the lease of the station building when it is sublet to them.
- 6.4** Giving the Acting Director, Resources delegated authority to sign the leases will allow the project to proceed quicker and allow better and faster working with all partners.
- 6.5** The report also advises Elected Members of funding agreement/service level agreement between the Council and the Gorebridge Community Development Trust for the project manager post and the phasing of payment to them.

## **7 Recommendations**

**7.1** Council is asked to note the content of this report and approve delegated authority for the Acting Director, Resources of Midlothian Council to:

1. have prepared and sign on behalf of Midlothian Council a 20 year occupancy lease signed between Network Rail and Midlothian Council for the former Gorebridge train station, subject to the VAT implications being satisfactory to the Head of Finance & ISS; and
2. have Heads of Terms prepared for, and sign on behalf of Midlothian Council, a 20 year sub-lease for the former Gorebridge train station between Midlothian Council, as Head Tenant, and the Gorebridge Community Development Trust as sub-tenant, subject to the VAT implications being satisfactory to the Head of Finance & ISS. The sub-lease between Midlothian Council and the Gorebridge Community Development Trust would be signed immediately as a back to back arrangement, or as soon as is practicably possible, after the main lease is signed between Midlothian Council and Network Rail for the former Gorebridge train station building; and for
3. Elected Members to note the funding agreement/service level agreement between the Council and the Gorebridge Community Development Trust for the project manager post and the phasing of payment to them.

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**Background Papers:** None