

Stage 2 Masterplan and Outline Business Case for Dalkeith Town Centre Regeneration

Report by Fiona Clandillon, Head of Development

Report for Decision

1 Recommendations

It is recommended that the Council:

- a) Endorse the preparation of a Stage 2 masterplan for Dalkeith Town Centre that updates and expands on the previous masterplan and progresses an outline business case for the development to be progressed, as a necessary step for delivery.
- b) Approve the release of £60,000 from the General Reserve that, along with £20,000 funding from the Housing Revenue Account, will be used to fund the work needed to update the masterplan and strengthen the economic, financial and commercial case.

2 Purpose of Report/Executive Summary

This report provides the Council with a proposal to take forward a Stage 2 masterplan and Outline Business Case for Dalkeith Town Centre that will:

1. Articulate a broader vision for the future of Dalkeith and how the town centre masterplan can help deliver this;
2. Reflect changes since the 2016 masterplan's preparation, particularly in relation to town centre role post-COVID-19; Midlothian Council's commitment to be Net Zero by 2030; updated and emerging strategies on Council assets and learning estate; and different ways of working and living in a post-COVID landscape.
3. Incorporates a robust economic, financial and commercial case as part of an overall outline business case. This should highlight the benefits of the project, detailed financial appraisals and specify commercial options for the delivery of the masterplan. These new, detailed strands of work will allow a route to delivery of the development proposals to be identified.

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3 Background/Main Body of Report

- 3.1** A number of masterplans for Dalkeith town centre have emerged over the years. Most recently, the Dalkeith Town Centre Masterplan was presented to Midlothian Council in 2016. It was not approved by Midlothian Council and as a result, the redevelopment has not progressed due to the significant capital investment required.
- 3.2** One of the key components of the 2016 redevelopment was the location of Midlothian Council HQ on the site. Once it became clear that the Council did not intend to relocate from its existing premises, in 2019 the financial case for the development was revisited. The replacement of Council offices with residential development improved the financial case for the development, however the masterplan itself was not updated and the updated financial case was not presented back to Midlothian Council.
- 3.3** Since the COVID-19 pandemic necessitated a move to working from home for most Council employees, Midlothian Council has been considering how best to utilise its estate, now that working practices have been transformed. This has opened up the opportunity to reassess the number of properties the Council needs and to look instead at ways of regenerating Dalkeith Town Centre.
- 3.4** At a meeting of the full Council on 29th June 2021 it agreed that the local ward councillors and the local community should be involved in work to bring forward a deliverable regeneration plan for the area. This could potentially mean repurposing some office buildings for other uses, as well as providing new affordable housing, retail and business premises and the existing library and arts centre would be included for replacement with a potential community hub building.
- 3.5** To take this forward there is a need to review the masterplan from 2016 to ensure it reflects current community and stakeholder needs, a changed economic context and a changed corporate environment in which Midlothian Council is operating within.
- 3.6** This is not a full re-write of the masterplan. Rather, it is an update and then progression of more detailed elements (Stage 2) that are required to inform an Outline Business Case for the proposal. Therefore, we will retain the elements which remain relevant, update elements that need it and strengthen or add aspects of the proposal so that a well-rounded Outline Business Case for the regeneration of Dalkeith town centre can be reviewed and taken forward to Full Business Case stage.

Retain, Update, Strengthen

- 3.7** Much of the technical work that sits behind the 2016 masterplan will still be relevant and the principles and general conclusions of the Smith Scott Mullan (SSM) architects' report are sound.

3.8 However, there is a need for an update of the masterplan as the following key components of the proposed development have changed:

- No longer a requirement for a Council HQ within the site. This creates space for alternative uses and reduces the need for car parking provision within the site.
- Estate rationalisation of Midlothian Council under consideration, with a changed approach to office provision in the town centre likely.
- Commitment to housing led regeneration for town centres in Midlothian to support town centres. This will have a significant impact on the financial and commercial case for the masterplan.
- Kings Park Primary School no longer relocating to Fairfield House, with re-design within Kings Park Primary School campus now underway. The opportunities this redesign presents in relation to the wider town centre need to be considered and incorporated into the masterplan.
- Ongoing desire for library replacement with community facilities to be retained in town centre.

3.9 There is a need to update the masterplan in light of Midlothian Council's commitment to being Net Zero by 2030. This will:

- Influence the design of any homes for social rent by the Council as they will require to be Passivhaus certified. This may affect site layouts/building orientation/massing.
- Place greater importance on how people access and move through the town centre, with greater emphasis on active travel and connecting with public transport proposals including the Orbital Bus Route.
- Place greater importance on the need for high quality green and blue infrastructure to address issues such as biodiversity and surface water management.

3.10 Finally, the changes brought about by the COVID-19 pandemic need to be considered. As noted in [A New Future for Scotland's Towns](#), the move to working from home and the reduction in commuting and recreational visiting has changed the pattern of movement and footfall. People have tended to stay local, relied on local facilities and community and have begun to reassess their priorities and what is important to them. This could have far-reaching effects enhancing the role of local neighbourhoods and small town centres such as Dalkeith, while recognising the challenges this presents some businesses. A refreshed vision for Dalkeith is needed to take these changes into account and to ensure Dalkeith is in the best possible position to adapt to this post-COVID environment.

3.11 While SSM undertook a thorough community engagement approach, to ensure these views are still relevant and up to date it is proposed that

Nesta engage with the local community again to check that the views expressed at the time are still held.

This engagement would check:

- What are people's views of Dalkeith town centre (potential to use the [Place Standard](#) or [Your Town Audit](#) approach)
- How do they see its role now
- How do they see its role in the future
- What kind of presence do they want Midlothian Council to have in the town centre

3.12 This could be further supported by internal consultation on the future role of Dalkeith, both as a town centre and as a location for Council services. Nesta could undertake this, or it could be led by Business Transformation team.

Strategic Objectives

3.13 Bringing forward the regeneration of Dalkeith will support the delivery of a number of key strategic objectives of Midlothian Council.

- The development will help to deliver several priorities from Midlothian's Routemap through and out of the COVID-19 crisis, including economic renewal through capital investment and a reinvigorated town centre; accelerated capital programme for housing; hub and spoke service delivery; and changed approaches to the workplace and active travel through digital by default, remote working and carbon neutral by 2030.
- Housing led regeneration will assist in counteracting any impacts of rationalisation of Council office space and integrate delivery of 20 minute neighbourhoods into approach.
- Replacing a significant number of buildings in the town centre that are not energy efficient with homes built to Passivhaus standard, as well as creating a stronger town centre that supports 20 minute neighbourhoods and local living will support the Council's Net Zero by 2030 commitment.
- This masterplan will shape the delivery of Midlothian's plans for business transformation, specifically the emerging hub & spoke model.
- The masterplan will support the emerging Asset Management Plan and a long term strategy in relation to Council assets.

- The masterplan will support the emerging Transport Strategy / Orbital Bus Route Proposal. A multi-modal approach will be taken to access town centre that prioritises active travel and public transport.

Benefits

- 3.14** The Outline Business Case for the masterplan will focus on the delivery of four key High Level Benefits

Economic Benefits

- Initial capital investment in town centre, supporting jobs.
- Longer term job creation and economic impact of operational jobs created by significantly enhanced built environment and new / additional commercial space, generating higher footfall and wider economic uplift to town centre economy.
- Focus on energy efficient buildings support transition to green economy, as skills / SMEs will work on capital programme.

Net Zero Benefits

- Replacement of dated, costly commercial and housing stock with energy efficient buildings that are fit for purpose.
- Integration of green/blue infrastructure into town centre to support climate change mitigation / adaptation measures.
- Enhancement of town centre to embed 20-minute neighbourhood principles and local, sustainable living patterns.

Housing

- Creation of new, high quality housing in a mix of tenures that will help meet housing need in Midlothian while creating a diverse and sustainable town centre population, that will further support services.

Council Service Delivery

- Adapt Council service delivery to post-COVID-19, supporting hub and spoke model, which creates accessible customer hubs for essential services and high quality, efficient accommodation for Council employees, working in partnership for place-based solution and creation of sustainable 20 minute neighbourhoods for local communities.

4 Report Implications (Resource, Digital and Risk)

4.1 Resource

Financial

The proposed budget for advisory fees for this work is £80k. Given that delivery of housing is one of the four key high level benefits for this work, it is proposed that the Housing Revenue Account pays for 25% of the advisory work, with the remainder to be funded by the General Reserve.

Human Resource

The Resource to drive the project forward will derive from appointed consultants guidance and support from a Steering Group comprised of the Senior Responsible Officer (Fiona Clandillon) and other Senior Officers who will attend regular governance meetings.

The Steering Group will provide regular updates to the Cross Party Place Group.

4.2 Digital

There are no digital resource implications.

4.3 Risk

The following are risks to the Council if the project does not go ahead.

Financial Risks:

- Negative impact on town centre / economic development as uncertainty around plans for redevelopment stymie investment further.
- Costs of retaining largely vacant Council buildings (e.g. Buccleuch House)
- Impact on HRA of extensive voids and cost of maintaining low demand, high cost housing.
- Abortive costs associated with expenditure on earlier iterations of the town centre masterplan.

Reputational risks:

- Midlothian Council has sought to progress plans before and they have not been delivered. Following June 2021 meeting, there is need to ensure plans developed that are deliverable.

4.4 Ensuring Equalities (if required a separate IIA must be completed)

There are no equalities implications.

4.4 Additional Report Implications (See Appendix A)

See Appendix A

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Insert text here

A.2 Key Drivers for Change

Key drivers addressed in this report:

- Holistic Working
- Hub and Spoke
- Modern
- Sustainable
- Transformational
- Preventative
- Asset-based
- Continuous Improvement
- One size fits one
- None of the above

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- One Council Working with you, for you
- Preventative and Sustainable
- Efficient and Modern
- Innovative and Ambitious
- None of the above

A.4 Delivering Best Value

The report aims to deliver best value.

A.5 Involving Communities and Other Stakeholders

The report outlines options and has been based on feedback gathered during consultation and strategic planning groups which have been taking place across the Directorates and also undertaken by NESTA in the Listen & Learn exercise.

A.6 Impact on Performance and Outcomes

The report aims to measure progress through outcomes.

A.7 Adopting a Preventative Approach

The report is based on a wellbeing economy which prioritises prevention, fairness for people, the economy and the environment.

A.8 Supporting Sustainable Development

This phase aims to promote our commitment to being Carbon Neutral by 2030 through the impact of activities on the environment such as reducing travel to work, mileage, reducing premises costs for lighting and heating.

APPENDIX B

Background Papers/Resource Links (insert applicable papers/links)