

## **Gorebridge Connected**

### **Report by Ian Johnson, Head of Communities and Economy**

#### **1 Purpose of Report**

- 1.1** This report informs Council of the proposals for the Gorebridge Connected project and recommends approval of elements of the funding arrangements and related matters.

#### **2 Background**

- 2.1** Members will be aware of the success of the Gorebridge Conservation Area Regeneration Scheme (CARS) which has been implemented over the past five years. Following on from this the Council and the Gorebridge Community Development Trust have developed the “Gorebridge Connected” project.

#### **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 aims of Gorebridge Connected are:

1. to enhance and better connect the town for existing residents and the new residents of the substantial new housing land allocations in and around the town, and which were predicated on the opportunity to use the new Borders Rail line;
2. to provide education, training and volunteering opportunities in Gorebridge in line with relevant national, regional and local strategies;
3. to develop a Railway Café and Gallery (at the former Gorebridge train station building) that will provide new employment, flexible display area, enhance the visual amenity of the station area and enhance the station’s role as a transport interchange for rail, cycling, walking and cars;
4. to increase the type and variety of commercial space and retail offering in Gorebridge (in the former train station building), with

a particular focus on locally produced food and drink and craft items on the ground floor (approximately 80m<sup>2</sup>);

5. to increase the attractiveness of Gorebridge's revitalised historic town centre and nearby significant local historic and cultural attractions as visitor destinations through exploiting the opportunities presented by the opening of the Borders Railway, and the close proximity to Edinburgh and the populous area of the Central Belt;
6. to increase knowledge and understanding of Midlothian and Scottish history by more easily being able to access the local historic, cultural and recreational assets in the local area, particularly by cycling and walking; and
7. to develop Gorebridge as a hub for walkers and cyclists accessing the local area, particularly from the train station. This would include potential for the establishment of cycle hire facilities and related business opportunities.

### 3.3 The outcomes identified for Gorebridge Connected are

- attract at least 100 visitors per week to the Railway Café and Gallery by the end of the first year of trading. The facility would be a 38 m<sup>2</sup> cafe/food shop with 35 covers (excluding outdoor seating) and 40 m<sup>2</sup> crafts/arts shop with display space;
- enable the creation of 80m<sup>2</sup> of office space on the first floor of the Railway Café and Gallery building;
- enable at least 3 events per year to be hosted in the revamped Hunter Square;
- enable Gorebridge to become a hub for cycling, including cycling events, bike maintenance and organised cycle trips from Gorebridge;
- provide 5 seminars/workshops for young people/apprentices on construction skills during and after the construction phase;
- provide 8 ongoing seminars/workshops on sustainable travel options;
- enable the provision of an alternative pedestrian route to the station via the adjoining church grounds.
- creation of 4-5 FTE jobs (paying at least living wage) at the Railway Café and Gallery by the end of the first year of trading. A larger number of jobs could be created through development of businesses supplying the Café and other establishments in the region;
- provision of at least 3 short term work placement/experience opportunities per year at the Railway Café and Gallery;
- enable the provision of 10-15 employment opportunities within two offices on the first floor of the at the Railway Café and Gallery building;
- increase retail employment by increasing footfall in Main Street by 5% per year, in part generated by hosting events in Hunter Square; and
- provide tourism-related training opportunities for at least 30 participants per year. At least 50% of these places will be targeted at residents from the three most deprived SIMD data zones in Gorebridge.

## 4.0 Funding Arrangements

- 4.1 The three interlinked elements of Gorebridge Connected are expected to cost as follows:

Financial Year	2017/18 £000's	2018/19 £000's	2019/20 £000's	Total £000's
Hunter Square	37	416	65	518
Railway Café & Gallery	4	748	293	1,045
Link Project	0	50	50	100
<b>Total</b>	<b>41</b>	<b>1,214</b>	<b>408</b>	<b>1,663</b>

## 4.2 Funding Sources

The following funding has been approved for the Gorebridge Connected project:

- £20,000 from the Gorebridge CARS scheme. Contribution to the public realm scheme at Hunter Square (part of the £45,000 in developer contributions allocated to the Gorebridge CARS Project)
- £1,038,000 from the Borders Railway Blueprint Programme for the public realm improvements at Hunter Square, the Link Project (heritage trail and enhancement project) and the refurbishment of Gorebridge Station building.
- £199,981 from the EU and Scottish Government funded LEADER programme which supports rural economic development and supports rural communities; contribution to the Gorebridge Station Building
- £130,000 from the Railway Heritage Trust; Contribution to the Gorebridge Station Building.

- 4.3 In addition to the funding secured above, the following funding is required for the project:-

- £125,000 from the Council's General Services Capital Plan budget for Borders Rail – Economic Development Projects'. Currently, no expenditure has been committed against this budget; and
- £150,000 of developer contributions (stated in the application to the Scottish Government Borders Railway Blueprint Programme as "subject to verification").

- 4.4 In the event that there were an underspend in the identified £60,000 Access Improvements budget of the Link Project, support is sought from Council to use the Borders Railway Blueprint grant money for a building enhancement scheme on Main Street, Gorebridge. Such an approach has been supported by the Borders Railway Blueprint Leaders' group. The enhancement scheme would be a facelift of up to

three properties on Main Street that did not receive funding grant funding through the Gorebridge CARS project.

#### 4.5 Developer Contributions

£113,232 of developer contributions for Gorebridge Town Centre have been received to date, of which £3,335 have been spent and £41,665 are already committed (both Gorebridge CARS). This leaves a balance of £68,232 of uncommitted developer contributions for Gorebridge Town Centre. However, a further £72,797 of developer contributions for Gorebridge Town Centre are anticipated to be received from sites where signed Section 75 planning agreements are in place.

Separately, £684,557 of developer contributions for Gorebridge Community Facilities have been received to date. There remains an uncommitted balance of £167,557 of developer contributions for Gorebridge Community Facilities. In addition, a further £55,387 of developer contributions for Gorebridge Community Facilities are anticipated to be received from sites where signed Section 75 planning agreements are in place.

This provides a total potential uncommitted developer contribution funding level of £235,789 (£68,232 + £167,557) for the provision of Town Centre / Community Facilities within Gorebridge.

To secure the £150,000 of developer contributions for the Gorebridge Connected project referred to in paragraph 4.3 above, approval is sought to utilise the £68,232 of currently uncommitted Gorebridge Town Centre developer contributions and £81,768 of currently uncommitted Gorebridge Community Facilities developer contributions.

This would use all the currently available uncommitted Gorebridge Town Centre contributions, but leaves £85,789 of currently uncommitted Gorebridge Community Facilities developer contributions (£167,557 - £81,768). Additionally this approach would also avoid the need for forward funding against anticipated developer contributions from housing sites in Gorebridge where Section 75 planning agreements are in place but the housing has not yet been delivered. This would therefore leave further potential developer contribution funding of £72,797 for Gorebridge Town Centre and £55,387 for Gorebridge Community Facilities.

The internal officer Capital Plan and Asset Management Board has indicated support for the £125,000 from the Council's General Services Capital Plan budget for Borders Rail – Economic Development Projects' and the £150,000 of developer contributions being allocated to the Gorebridge connected project.

The following table summarises the developer contributions position:

Infrastructure	Current	Potential	Total	Proposed	Remaining
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Pot	Uncommitted Balance 01/03/2018	Further Funding available*	Potential Balance	Utilisation for Gorebridge Connected	Balance
Gorebridge Town Centre Contributions	68,232	72,797	141,029	68,232	72,797
Gorebridge Community Facilities Contributions	167,557	55,387	222,944	81,768	141,176
<b>Total</b>	<b>235,789</b>	<b>128,184</b>	<b>363,973</b>	<b>150,000</b>	<b>213,973</b>

*\* contributions forecast to be received from sites with signed Section 75 agreements*

## 5. Lease of Former Gorebridge Train Station Building

- 5.1** 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. Council officers are currently working with Network Rail who are the owners of the former station building, and the Gorebridge Community Development Trust with a view to securing a long term lease.

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.

Support is sought 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.

## 6 Report Implications

### 6.1 Resource

#### Capital

Council, in the General Services Capital Plan report on 08 November 2017, approved expenditure and funding for the Gorebridge Connected project as follows:-

*“Gorebridge Connected: Community regeneration project as part of the Borders Railway Blueprint programme, including heritage enhancement works to Hunter Square along with a train station cafe & gallery. £1.188 million budget funded by £1.038 million funding from Scottish Government grant and £0.150 million developer contributions for Gorebridge Town Centre/Community Facilities. Phasing of project expenditure across 2017/18 and 2018/19. Approved subject to funding by the Borders Rail Blueprint Leaders Group on 30 June 2017.*

*Funding now confirmed by Scottish Government with formal offer letter to follow”*

Based on the revised expenditure and funding package as outlined in Section 2, a revised capital expenditure budget of £1.663 million is required. This will be funded through external grants of £1.368 million; developer contributions totalling £0.170 million and through the utilisation of £0.125 million of the currently unallocated £0.250 million ‘Borders Rail – Economic Development Projects’ budget in the General Services Capital Plan.

There is no additional borrowing required as a result of the proposals in this report.

#### 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 borrowing requirements for the Council and therefore there are no additional loan charges incurred.

Officer time would be 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.

## **6.2 Risk**

#### Developer Contributions

The Council has supported the submission of the applications to the Borders Rail Blueprint fund and the Gorebridge Connected project.

Failure to allocate the developer contributions as outlined in Section 4.5 to this project would put the delivery of the Gorebridge Connected project at risk. Only parts of the project, such as the Hunter Square public realm works and the Link project, might be delivered. The developer contributions are being used as match funding from the Council for the Gorebridge Connected project. Reducing the amount of developer contributions available would reduce the scale of the project and put at risk the amount of LEADER grant funding that the project could draw down. If the Council was unable to access all of the LEADER funding, then it is likely that access to the Railway Heritage Trust grant would be proportionately reduced. The Railway Heritage Trust grant is conditional upon receiving the LEADER grant.

#### 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 agreeing heads of terms and entering into any lease, to ensure any VAT implications to the Council are mitigated as far as possible. Should there be any significant VAT implications arising to the Council, officers will bring back a further report to Council prior to entering into any Heads of Terms with Gorebridge Community Development Trust or Network Rail.

## **6.3 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

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

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

## **6.5 Impact on Performance and Outcomes**

As set out in paragraphs 3.2 and 3.3 above.

## **6.6 Adopting a Preventative Approach**

Investment in town centres can arrest and reverse their decline.

## **6.7 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 consultation in Gorebridge and with Gorebridge Community Council.

## **6.8 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.

## **6.9 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.

## **6.10 IT Issues**

There are no IT implications from this report.

# **7 Summary**

## **7.1 Gorebridge Connected comprises:**

- 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 surrounding countryside and communities.

## **7.2 Funding for the project is from a number of sources, the details of which are set out in this report.**

## **7.3 The project is a comprehensive scheme of improvements and new facilities which complements the success of the Gorebridge CARS programme; and which provides a further contribution to the regeneration of the centre of Gorebridge.**

# **8 Recommendations**

## **8.1 Council is asked to approve the following:**

1. Revise the current £1.188 million expenditure budget in the General Services Capital Plan for the Gorebridge Connected project to £1.663 million;



2. Approve the following funding arrangements for the project:-
  - £1.368 million of external grants for the project, comprising £1.038 million from Scottish Government Borders Rail Blueprint Fund, £0.200 million from LEADER and £0.130 million from the Railway Heritage Trust;
  - £0.125 million from the existing £0.250 million General Services Capital Plan budget for 'Borders Rail – Economic Development Projects';
  - £0.170 million of developer contributions (including the £0.020 million previously committed to the Gorebridge CARS project);
3. Instruct officers to develop heads of terms with (a) Network Rail for a long term lease on the former Gorebridge train station building and (b) the sublease of this building to the Gorebridge Community Development Trust ;
4. Prior to agreeing final Heads of Terms and entering into any lease agreement with Network Rail and/or the Gorebridge Community Development Trust, require officers to provide a report back to Council on the final details of the leases for Council approval; and
5. In the event that there were an underspend in the identified Access Improvements budget of The Link Project component of Gorebridge Connected, agree to use any remaining Scottish Government Borders Railway Blueprint grant money for a building enhancement scheme on Main Street, Gorebridge.

**8 June 2018**

**Report Contact:**

Name Grant Ballantine, Lead Officer Conservation and Environment

[grant.ballantine@midlothian.gov.uk](mailto:grant.ballantine@midlothian.gov.uk)

Tel No 0131 271 3429

**Background Papers:** None