

## **Borders Railway Update Maximising Economic Benefit in Midlothian**

**Report by Kenneth Lawrie, Chief Executive**

### **1.0 Purpose of Report**

- 1.1 This report provides Council with an update on the Borders Railway and also seeks approval for additional funding to support a range of projects which can directly contribute to maximising the long-term economic benefits of the railway to Midlothian.

### **2.0 Background**

- 2.1 The Borders Railway, running from Edinburgh Waverley to Tweedbank, opened on 9 September 2015. It passes through Midlothian where there are new stations at Shawfair, Eskbank, Newtongrange and Gorebridge. The Borders Railway connects Midlothian communities to Edinburgh city centre with half-hourly trains and journey times of less than 25 minutes.
- 2.2 Prior to the opening of the railway significant attention was paid to the need for a clearly articulated strategy to maximise the economic benefits which could be achieved for the communities along the length of the railway corridor. Accordingly, in November 2014 the "Borders Railway Maximising the Impact : A Blueprint for the Future" was published by the 'Blueprint Group' of partners, comprising Scottish Government, Transport Scotland, VisitScotland, Scottish Enterprise, Abellio ScotRail and the three Councils of City of Edinburgh, Midlothian and Scottish Borders. The document is a statement and plan for action across three strategic themes: Great Places for Working and Investing, Great Communities for Living and Learning, and Great Destinations to Visit.
- 2.3 An allocation of £10 million from Scottish Government to assist the implementation of projects is managed by the Blueprint Leadership Group, on which this Council is represented by the Chief Executive.
- 2.4 Previous reports to Council in November 2014, December 2014, February 2015 and December 2015 have provided updates on progress with the Borders Railway. Arising from Council decisions in December 2014 and December 2015 a total of £300,000 was allocated towards promoting activities directly related to the Railway in Midlothian. More specifically the funding has been used for tourism marketing, inward investment activity, business advisory activity, costs associated with the opening arrangements, and project management costs. This activity, together with that undertaken by Scottish Borders Council and Edinburgh City Council in their areas, and the substantial input of other Blueprint partners, has significantly raised the profile of the Railway and provided a sound basis for more extensive investment and transformational impact.
- 2.5 The Borders Community Rail Partnership has been established, as one of a number of community rail partnerships across Scotland. The Partnership works to build links between those who manage the railway and the communities along the length of the line. The primary aims of the Partnership at this early stage are to improve sustainable access options to stations, to improve equal access options to stations, to improve awareness and promote the railway, to improve station environments and facilities, and to provide information to encourage use of the railway.

### **3.0 Maximising the Impact in Midlothian: Projects and Opportunities**

- 3.1 The Blueprint Strategy document provides the starting point for considering the projects which will deliver the greatest impact in supporting economic growth in the communities along the rail corridor. The projects that are coming forward need to relate closely to the Blueprint 'themes' of Great Places for Working and Investing, Great Communities for Living and Learning, and Great Destinations to Visit. As projects will be seeking a part of the £10m Blueprint fund to match with other funding, they need to relate to one or more of these themes. In a number of cases specific projects can relate closely to each other to provide cumulative added value. It is also the case that Blueprint funding can be sought to add value to existing projects which have arisen separately from the Borders Rail programme but which nonetheless relate to one or more of the Blueprint themes.
- 3.2 Both Midlothian and Scottish Borders Councils have established internal officer teams to co-ordinate the development of project proposals within their respective administrative areas. Additional assistance is also being provided through Blueprint funding in the form of expert consultancy on inward investment/economic development, and tourism for a limited period. Abellio ScotRail has also put in staff resource to promote economic development as well as providing operational matters liaison.
- 3.3 Although there is no time limit on the allocation of the £10m Blueprint fund there is general acceptance of the need to maximise activity in the early years of the Railway when its profile is high and when momentum can be generated. Therefore, there needs to be a degree of urgency in securing funding and implementing approved projects.
- 3.4 The Blueprint Group has recently approved £150,000 towards the Midlothian and Borders Tourism Destination Development Project; in addition to a bid submitted for a further £200,000 from Scottish Enterprise. In summary, the project builds on previous Blueprint partnership work including the Tourism Audit, the Market Assessment, and the Tourism Business Development Programme to create quality authentic experiences and new products/services linked to the Borders Railway, supporting tourism and related enterprises to build their capacity and competitiveness. The project has detailed key objectives and aims to significantly grow the volume and value of visitors to the rail corridor.
- 3.5 The Blueprint Group has also recently approved a contribution of £325,000 towards the preparation of master plans at four locations in the Railway corridor, two of which are in Midlothian at Newtongrange and Stobhill. The intention is for this master planning work to involve a comprehensive assessment of genuine opportunities for co-ordinated development which can increase economic activity and commercial investment. The aim is to deliver substantial economic, social and environmental benefits. The master plans will provide a cohesive approach to the physical, social and economic changes taking place. They will provide a clear strategy for those involved in redevelopment and regeneration. Each master plan will identify the potential of particular sites for development. It is important that this process includes engagement with local communities so that there is an understanding and clear input to the development of the plans. The outcome should make development schemes more viable and attract private sector development. In order to draw down the Blueprint funding a matching contribution is required from the Council. This amounts to £150,000 for which approval is sought in this report.

### **4.0 Projects in Midlothian Currently in Preparation**

- 4.1 A total of twelve projects are currently being considered and are summarised below. It is not an exclusive list as other projects could also come forward. However, the

Blueprint fund is currently limited to £10m and is expected to be fully allocated. The Projects (P1-P12) are not presented in any particular order of preference.

- P1 Refurbishment and reuse of the former Newtongrange Station building: there is particular interest from a prospective occupier to use as a cafe/restaurant/meeting place: a bid for funding from the Blueprint Group is likely to be submitted in December 2016. As reported at the Council meeting on 28 June 2016 this project has been the subject of a bid to the Scottish Government's Regeneration Capital Grant Fund. Leader is another potential funding source.
- P2 Refurbishment and reuse of the former Gorebridge Station building: there is significant interest from Gorebridge Community Development Trust to use this building predominantly for community use with some income-generating business/commercial element. The aim would be to regenerate and conserve the railway heritage of Gorebridge, creating a unique facility for visitors and residents which would potentially include a cafe, exhibition space and visitor information. A bid for funding from the Blueprint Group is likely to be submitted in December 2016. The Railway Heritage Trust, Heritage Lottery Fund and Leader are also potential funding sources.
- P3 Gorebridge Town Centre Public Realm Improvements: there is a good opportunity to add to the successful work of the Conservation Area Regeneration Scheme, and to link investment to project P2 with public realm works, centred on a major improvement at Hunter Square and improved access and signage between the station, town centre and visitor attractions. A bid for funding from the Blueprint Group is likely to be submitted in December 2016. Additional potential sources of funding are also being investigated.
- P4 Borders Rail Masterplanning Programme (see para 3.5 above): funding from the Blueprint Group has already been approved and approval is sought for a Council contribution.
- P5 Midlothian and Borders Destination Development Project (see para 3.4 above): fully funded approved contribution from Blueprint Group and Scottish Enterprise.
- P6 Borders Rail Access Initiatives: the creation of a network of walking and cycle paths along the rail corridor with improved links between stations and housing/employment/tourist sites: A bid for funding from the Blueprint Group is likely to be submitted in early 2017. A report in relation to the Midlothian element of this project was considered by Cabinet at its meeting in April 2016.
- P7 Borders Railway Investment Fund: building on the considerable success of the East of Scotland Investment Fund, there is the opportunity to specifically focus loan funding to support business development opportunities in the railway corridor as part of the new Business Loan Scotland scheme: a bid for funding from the Blueprint Group may be submitted in December 2016 or early 2017.
- P8 Borders Railway Business Improvement Districts (BIDs) Corridor: a project to establish BIDs at towns along the railway whereby local business/traders co-ordinate and fund through additional rates an agreed programme of works/activities to boost retail/commercial growth.
- P9 Borders Rail Business Incubator Units: a feasibility study to look at the potential to increase the amount of attractive affordable space for business use, potentially in the form of a hub at particular locations.

Projects P10 to P12 are located at the National Mining Museum of Scotland, and are part of the Museum's Strategic Plan. The development of these projects is ongoing

and decisions will be taken in due course as to whether they are the subject of separate or a single collective bid to the Blueprint fund.

P10 Reuse of the existing soft play area to become an Exhibition and Education Space.

P11 Public access to the Museum Undercroft.

P12 Conservation and opening up to visitors of the Boiler House: a longer term project.

- 4.2 More detailed work is ongoing at officer level within the Council to establish the various stakeholders and partnerships to deliver these projects, including the costing of schemes and the commitments on funding. Inevitably, some projects will be ready for implementation at an earlier stage than others. However, there is a focus and co-ordination to ensure that collectively the projects maximise the impact of investment on the uplift in economic and community benefits to communities within and beyond the Midlothian rail corridor.

## **5.0 Rail Infrastructure and Related Operational Matters**

- 5.1 The level of patronage on the railway has been substantially greater than projected, with particularly high passenger numbers originating from the stations at Tweedbank and Galashiels. This has given rise to complaints during this first year of operation on matters such as overcrowded trains, poor punctuality and, as a consequence, some trains not stopping at scheduled stations, impacting in particular on Midlothian. These issues have been taken up with Phil Verster, Managing Director of ScotRail Alliance. On the basis of this, the Council has been advised that during the next two and a half years, Scotrail is increasing its train fleets by 200 vehicles, from around 800 to around 1,000 vehicles. This will give a significant increase in overall capacity. This fleet growth starts in September 2017 and during 2018 train lengths on the Borders line will increase to 3 cars and 6 cars from the current 2 cars and 4 cars. This will result in a significant increase in capacity on the Borders service. At the same time, whilst the Borders service is very affected by train services in other parts of the country, especially Fife and at Waverley station, Scotrail have given an assurance that they are very focused on issues of punctuality and performance.
- 5.2 In addition to the activity referred to in paragraph 2.4 above, in February 2016 the Council agreed to introduce the Midlothian Explorer Tourist bus for a pilot period of April to October 2016. In drawing up proposals regard was given to similar successful services run elsewhere in Scotland, consultation was undertaken with the local tourist industry, and fares were competitively benchmarked; all of which indicated significant projected levels of patronage. Blueprint funding of £34,500 was secured. However, passenger numbers have been disappointingly low, with a total of 509 having used the service by the end of August. Changes in August to increase the number of scheduled stops, a lowering of fares, and additional marketing had no significant effect. The cost to the Council of promoting this service has been approximately £30,000.

## **6 Report Implications**

### **6.1 Resources**

The Council's initial allocated budget was £300,000 as set out at paragraph 2.4 above. In addition it is expected that the Council will incur cost of approximately £30,000 in relation to the pilot hop-on/hop-off Midlothian Explorer Tourist bus. The Midlothian and Borders Destination Development Project is expected to be fully externally funded. The programme of masterplanning would require a Midlothian Council funding contribution, and accordingly a supplementary estimate of £150,000,

from the available element of the General Fund Reserve (as reported elsewhere on today's agenda) is recommended in this report.

In taking the programme of projects forward there will be both revenue and capital funding requirements. The main requirement will be for capital to provide the Council's funding contribution to projects. Whilst some project costings are well advanced, many others are yet to be clarified, together with the extent of partner financial contributions. From an initial assessment it may be prudent to identify a provisional sum in the General Services Capital Plan of £250,000 which could be used to provide the Council's funding contributions to support approved projects. That budget could be subject to further review once project preparation is more advanced. The revenue requirement is estimated at £50,000 for which a supplementary estimate from the General Fund Reserve is also recommended.

## **6.2 Risk**

There is a strong commitment on the part of the various members of the Blueprint Group, backed by significant external funding, to secure the long term uplift in the economy of the Borders Rail communities. There is also recognition of the need to move relatively quickly to secure this at an early stage following the opening of the line. The Council needs to be an active partner in this process, with the capacity to commit contributory funding to projects. Without that proactive approach the risk is that the rail corridor communities in Midlothian would not realise the full potential to benefit from the economic uplift resulting from the railway.

## **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**

The Borders Railway is already a means to address income and learning inequalities. The related projects need to capitalise on these opportunities.

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

The recommendations in this report support action and expenditure to pursue the outcomes set by the Blueprint Group to maximise the beneficial impact of the railway on the economy and the communities along the rail corridor.

## **6.6 Adopting a Preventative Approach**

The programme of prospective Borders Rail related projects is a proactive approach.

## **6.7 Involving Communities and Stakeholders**

No consultations were required specifically in the preparation of this report.

## **6.8 Ensuring Equalities**

When individual projects are formally submitted for Blueprint Group approval it is intended that each will be assessed for equalities impact.

## 6.9 Supporting Sustainable Development

The Borders Railway is a key piece of sustainable transport Infrastructure.

### 6.10 IT Issues

None

## 7.0 Summary

- 7.1 As expected, the new Borders Railway has had an immediate beneficial impact on the communities in Midlothian and Scottish Borders, providing much quicker access to and from the centre of Edinburgh. The high levels of popularity/patronage have resulted in some specific operational issues. These can be regarded as relatively short term, and Abellio/Scotrail have given commitments to address these issues. The focus now needs to be on a co-ordinated programme of specific projects to support the agreed aims, objectives and priorities of the Blueprint Strategy partners so that there is 'on the ground' action to deliver the potential for substantial and sustainable economic uplift for communities along the line as well as the wider hinterland of those communities. At this time there is a strong collective commitment including funding from those partners. Midlothian Council, as a Blueprint Group member, is an integral part of the programme to secure this long term economic benefit for its Borders Rail communities. To play its full part it will need to make the appropriate level of funding support to projects.

## 8.0 Recommendations

- 8.1 It is recommended that Council:

- i) notes progress in seeking to maximise the economic benefits of the Borders Railway;
- ii) notes the commitment from Abellio/Scotrail to address current operational matters in the running of the rail service;
- iii) approves a supplementary estimate from the available General Fund Reserve of £200,000 as the Council's contribution to masterplanning work in Midlothian (£150,000) and to provide revenue funding in respect of ongoing project development work (£50,000);
- iv) approves the allocation of a provisional budget of £250,000 in the General Services Capital Plan to provide the Council's funding contribution to other Borders Railway related economic development projects; and
- v) requires regular reports on progress with the operation of the Borders Railway and the related projects.

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Background papers None

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