

## **Regeneration Capital Grants Fund**

### **Report by Mary Smith, Director, Education, Communities and Economy**

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

This report informs the Council of the opportunity to bid for funding from the Scottish Government's Regeneration Capital Grants Fund (RCGF). It proposes to give priority to seeking grant funding to support capital investment in an Arts /Theatre Complex in the Newtongrange area.

#### **2. Background**

2.1 The Regeneration Capital Grant Fund (RCGF) has been developed in partnership with COSLA and local authorities. It has an annual budget of £25m to provide financial support to projects that will help to deliver large-scale improvements to deprived areas. It focuses on projects that engage and involve local communities and those that can demonstrate the ability to deliver sustainable regeneration outcomes. The Council was advised of a new bidding round on 2 June 2015. The deadline for bids is 10 July 2015. The RCGF criteria are set out in summary below:

- Projects that primarily focus on areas which suffer from high levels of deprivation and disadvantage.
- Projects that will deliver transformational change with strong regeneration outcomes.
- Projects and programmes which have the potential to lever in private sector investment and address long term market failure.
- Projects that demonstrate clear community involvement.

2.2 Previous work to develop an outline proposal for an Arts /Theatre Complex in Newtongrange on a site in close proximity to the National Mining Museum was undertaken involving a short life cross divisional group which met with Creative Scotland to view potential sites. This work culminated in the bid for funding from Creative Scotland.

2.3 The group developed an outline business case and indicative layout plan for a theatre/ arts building, using the model of the successful Howden Centre in West Lothian, and gathered the evidence of need and gaps in provision. Council approval was given, a bid submitted, and whilst positive feedback was given, the bid was unsuccessful with Creative Scotland who took the view that it lacked "national strategic significance".

2.4 The development of an Arts/ Theatre complex would represent a significant step forward in Midlothian. The local authority is currently one of the very few Councils in Scotland which does not have any kind of commercial theatre or centre for artistic performance. Midlothian communities are also rich with artists representing a wide variety of

traditional and contemporary forms of expression, but there is a limited provision of physical outlets for them to utilise. The lack of theatre or performance venues means that Midlothian also currently has limited opportunity to draw in performers from elsewhere or benefit economically from Edinburgh's major festivals. Through the creation of the "Midlothian Arts Centre" as the complex has been provisionally titled, the Council and its partners the National Mining Museum, and local Community arts groups seek to:

- Kickstart the social and economic regeneration of some of Midlothian's most disadvantaged communities;
- Create inspiring creative opportunities for young people and others who have had little creative outlet previously;
- Make a positive contribution to the local economy, tourism, employment and learning in the arts by creating a high quality commercial and cultural venue easily accessible from Edinburgh.

2.5 The outline business case set out to establish an arm's length Midlothian Arts Trust involving the Council, the NMMS Trust, and arts organisations in the Council area. 12 arts organisations committed themselves in writing to supporting the previous bid.

2.6 Given the limited time available to prepare a RCGF bid, it is recommended that this project be prioritised for submission. Since the rejected bid to Creative Scotland, there have been further discussions with NMMS focussing on the Borders Rail Line and the Scottish Government's associated investment fund. There is potential to match any RCGF funding with the Borders Rail fund. The area, and potentially the project may also be eligible for LEADER European funding, subject to the success of the current Tyne Esk LEADER bid. This also offers potential for additional capital funding beyond the RCGF funding. The proposal could also feature as part of a prospective list of projects for inclusion in the City Deal submission which may lever in further funding opportunities.

### **3 Report Implications**

#### **3.1 Resource**

The outline business case assessed the indicative cost of an arts/theatre complex at £6.5 million. Council should note that the draft bid does not commit the Council to any matching funding at this stage.

The initial outline business case indicated operating cost in the region of £0.500 million per annum, with these being met by a combination of customer income, grant support and membership/subscriptions. The outline business case anticipated that a first year revenue funding award of £20,000 would be needed from the Council to establish the project, but that there would be no requirement for ongoing revenue support from the Council.

As such the outline business case is heavily predicated on an operating model where income generation and grant funding from other organisation is critical to the sustainability of the project.

Accordingly it is recommended that in parallel to the submission of the RCGF bid process that the outline business case is more fully developed, the capital costs reviewed and the assumptions on which the operation model is predicated are fully evaluated. This approach is necessary to provide assurance to Council that the creation and operation of an arts / theatre complex is financially sustainable and will not require ongoing funding support from the Council. If the RCGF bid is successful it is recommended that outcome of this financial assurance process is considered by Council before any final commitment to the project is made.

### **3.2 Risk**

As with all new projects there are a range of risks associated with going forward. An initial risk assessment is included in the business plan.

As highlighted earlier the outline business case is predicated on the project being financially sustainable and so not requiring ongoing revenue support from the Council. This presents a risk that the Council will require to underwrite the project and so be required to commit capital funding during the project or ongoing revenue funding to support the facility. This risk can be mitigated in part by the financial assurance process outlined in section 3.1.

There would be dependence on competition for capital grants from a number of sources and a risk to the project and or the Councils financial resources if these are not accessible. Critically the projections for commercial income generation whilst based on a reasonably close project in West Lothian, and expectations of the market opening up with Borders Rail line are still only assumptions and financial assurance work is required to test these, assess their validity and to fully assess the assumption which underpin the assessment that the facility can operate with no revenue subsidy from Council.

The requirement for a report back to Council on the financial assurance work will ensure that Council has a full assessment of the risks associated with the project before any formal commitment is made.

### **3.3 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

### **3.4 Impact on Performance and Outcomes**

The delivery of Arts performance space, rehearsal space and a focus for community arts supports the Council's arts strategy, the area targeting strategy, the Midlothian tourism strategy and economic recovery plan.

### **3.5 Adopting a Preventative Approach**

The creation of local economic opportunities with the possible associated training and employability skills development is preventive.

### **3.6 Involving Communities and Other Stakeholders**

The proposal fulfils the commitment to develop delivery of targeted and focussed services, partnership working, and subject to further agreement with the NMMS trust, arts communities and the local community has the potential to fulfil the principles of co- production.

The arts community has on many occasions made clear the need for a professional viable public performance venue in the county. Evidence of previous consultation is available, but not about this specific location, so further work will be required to take this proposal forward to these groups. NMMS Trust has given written support.

### **3.7 Ensuring Equalities**

By locating the service adjacent to two of the more deprived communities in Midlothian, utilising community benefit procurement in the construction phase and linking recruitment to the local training providers, it is intended that the project will reduce economic and social inequalities. The business case sets out the steps that will be taken to offer an accessible building , with an emphasis on going beyond simply physical access to be inclusive in programme , staff attitudes and technical facilities to widen access for the visually or hearing impaired.

### **3.8 Supporting Sustainable Development**

Any building will be constructed to the current standards for minimising environmental impact, and the adjacency of public transport will reduce the carbon footfall of the venue.

### **3.9 IT Issues**

There are no IT issues arising from this report.

## **4 Recommendations**

Council is recommended to:

- i) Approve submission of a bid for funding form the current round of the Scottish Government's Regeneration Capital Grant Fund for the establishment of an Arts and Theatre complex in Newtongrange;

- ii) As far as possible , in relation to the short timeframe engage further with the National Mining Museum of Scotland, and local arts community in preparation of the bid; and
- iii) Instruct the Director, Education, Communities and Economy to progress the financial assurance work outlined in section 3.1 and if the RCGF bid is successful seek a further report on the outcome of this work before a formal commitment to the project is made by Council.

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**Background Papers: (Appendix 1 Executive summary of business plan)**

## Midlothian Arts Centre Business Plan Executive Summary

- 1.1 Midlothian Council together with its partners, Newtongrange Mining Museum and the many different arts and performance groups in the County are proposing a new arts centre located in the semi vacant 1950's workshops at Newtongrange Mining Museum.
- 1.2. The business plan describes the proposals, setting out the background with the assessment of possible sites for the project ,the social, environmental and potential context, the need for the facility providing evidence of demand and outlining the activities that will be included together with an assessment of the risks, projected capital and revenue costs including income and expenditure.
- 1.3 Midlothian has a strong sense of identity and culture and as part of the Newbattle area regeneration strategy; proposals have been sought for investment opportunities that could have a beneficial economic, social and environmental impact. There is overwhelming support for an arts centre that would provide a performance space for theatre and dance. Midlothian is currently one of the very few Councils in Scotland which does not have any kind of theatre or centre for artistic performance.
- 1.4. There is demand across Midlothian from a number of artists and performance groups for a venue which could provide an outlet for their talent and which could also draw in performers and audience not only locally but from elsewhere in the region.
- 1.5. The Midlothian Tourism Action Plan promotes the aspiration to develop new products and experiences that will draw people to the area and there is the need to assist with the regeneration of town centres.
- 1.6. Midlothian's population is increasing and the Development Plan envisages the construction of 2,450 homes over the next 10 years. Newtongrange is adjacent to a growth area and local communities would greatly benefit from this new facility. The chosen locations for the new facility, the 1950's former workshops at Newtongrange Mining Museum are within a Grade A listed historic site. These buildings are partly vacant and underused at present. The business plan will illustrate how these can be converted to a new arts centre thereby regenerating the listed buildings, the museum site and also assisting with the regeneration of Newtongrange town centre.
- 1.7. The partnership through the creation of the new arts centre will seek to:
  - Kick start the social and economic regeneration of some of Midlothian's most disadvantaged communities;
  - Create inspiring creative opportunities for young people and others who have had little creative outlet previously and
  - Make a positive contribution to the arts at a national level by creating a high quality venue that will be easily accessible by public transport, being located a few yards from the new Newtongrange rail station. The links to the heritage village character of

Newtongrange and the visitor attraction of the national mining museum mean that the centre has potential to function not just as a community arts venue, but also as a commercial performance space.

- 1.8 The proposed organisational structure of the facility is set out in the plan together with the proposed day to day operation of the centre.
- 1.9. The proposals require the establishment of an arm's length Trust involving arts organisations and the National Mining Museum Scotland operating the building to a service level agreement with the Council.