

**Scottish Government Regeneration Capital Grant Fund Bid for Phase 2 of Dalkeith High Street Improvements****Report by Mary Smith, Director Education Communities and Economy****1 Purpose of Report**

At its meeting on 14 January 2014, Cabinet considered a report on the Round 1 bid to the Scottish Government Regeneration Capital Grant Fund (RCGF) which noted the application submitted had been unsuccessful. It was agreed that, should another round of funding be available, a further report would be submitted to Cabinet in advance of a resubmission for funding. This report is to advise Cabinet that Round 2 applications can be submitted between 31 March and 12 May 2014 and to ask Cabinet to give consideration to submitting a revised funding bid for a reduced scheme.

**2 Background**

- 2.1** In June 2013, a bid led by Midlothian Council (with the agreement of the Corporate Management Team) was submitted to the Scottish Government Regeneration Capital Grant Fund. A grant of £1,245,977 was requested for a combination of public realm works and building improvements in the area of east High Street from South Street to Dalkeith Country Park with a total project cost of £1,399,977. On 4 December 2013, the Scottish Government advised that the bid had been unsuccessful.
- 2.2** The Scottish Government provided feedback on the original bid. There was huge demand for RCGF funding and 147 applications were received at Stage 1 totalling £180m of grant requests. The total annual budget for RCGF funding is £25m. Only 40 applications went through to Stage 2 (including the Midlothian bid). After further assessment, 22 applications out of 40 were awarded funding.
- 2.3** The Midlothian Stage 2 bid was unsuccessful and seemed to reflect a change in the focus for the funding which was now directed towards the building projects with clear regeneration outcomes. The public realm aspects were considered to be ineligible despite meeting the criteria for the scheme. Applicants that were unsuccessful in Round 1 were encouraged to consider re-applying with new projects or further iterations of projects previously submitted, taking account of the comments.
- 2.4** The Round 2 RCGF guidance notes now state that "Projects that focus solely on public realm improvements, new roads/ paths or upgrades are unlikely to be funded. Such expenditure must only be as part of the other physical regeneration which will produce economic and social outcomes."

- 2.5** Buccleuch Estates, Dalkeith Business Renewal and Melville Housing Association are keen to see if some elements of the public realm improvements can still be delivered, in particular the area outside the former Cross Keys and the Tolbooth. They offered to retain their contributions, if the Council's contribution remained in place. Buccleuch Estates would upgrade the public realm outside the Palace Gates entrance and Melville Housing Association would improve the public realm outside the Corn Exchange. Dalkeith Business Renewal will retain their commitment of £20,000 and have given consideration to increasing their support by a further £10,000. Other sources of funding could also be explored with the partners.
- 2.6** A feedback meeting was held with the Scottish Government on 4 February 2014 during which a revised proposal was discussed. This included public realm works outside the Tolbooth, the former Cross Keys and vacant building to the rear of the Tolbooth. The restoration of the historic building to the rear of the Tolbooth/Cross Keys was also included in the revised proposal. It is currently vacant and in a state of disrepair. This property was one of the original buildings in the Close that ran behind the Tolbooth. It was purchased by Devine Electrics with a view to expanding their existing business. The Scottish Government indicated that the building was a key element in the project because it brought vacant town centre floor space back into use and created town centre jobs both during the building regeneration and by providing an opportunity for a local business to expand. The restoration and relocation of the Burns Monument to a new location on High Street could also be included.
- 2.7** The reduced bid would not include the public realm works outside Dalkeith Country Park or the Corn Exchange as the feedback from Scottish Government advised public realm work would only be eligible if it related directly to a project such as a capital build project (e.g. a building renovation/restoration project). This means that funding from Buccleuch Estates and Melville Housing Association would no longer be included in the project. However their funding will still be used outwith the scheme to improve the public realm in the vicinity of Dalkeith Country Park and the Corn Exchange.
- 2.8** Proposed construction costs for the revised bid are as follows:

*Building repair and conversion:*

Construction and fees	£195,000
<u>Project management fee</u>	<u>£20,000</u>
Total Cost	£215,000

*Public Realm Work:*

External area outside improved building	£40,000
Area next to Tolbooth & former Cross Keys	£75,000
<u>Restoration of the Burns Monument</u>	<u>£30,000</u>
Total Cost	£145,000

Overall Total	£360,000
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## 2.9 Proposed funding for the revised bid is as follows:

### *Building repair and conversion:*

Contribution from Devine Electrics	£40,000
<u>Grant requested on the building work</u>	<u>£175,000</u>
Total Funding Required	£215,000

### *Funding proposal:*

Midlothian Council	£20,000
Dalkeith Business Renewal	£30,000
Historic Scotland	£5,000
<u>Grant requested for public realm part</u>	<u>£90,000</u>
Total Funding Required	£145,000

Overall Total £360,000

Total RCGF Grant to be requested £265,000

- 2.10** The objective of the bid is to ensure that vacant space in the town centre is brought into commercial use and to make the town centre more attractive, vibrant and accessible to businesses, residents, shoppers and visitors alike. This would build on the work that has been carried out at the western end of the High Street as part of the Dalkeith Townscape Heritage Initiative, Conservation Area Regeneration Scheme and Town Centre Regeneration Scheme projects. It would complement the work due to be undertaken at Dalkeith Country Park and the Dalkeith Corn Exchange and would help to attract people to the upper part of the street where there is a major hotel, a number of restaurants and other commercial uses. Improving the area outside the Tolbooth and former Cross Keys would add to the understanding of Dalkeith's unique history and heritage and provide a focus for tourism development.

## 3 Report Implications

### 3.1 Resource

Midlothian Council's contribution of £20,000 to the RCGF bid would demonstrate the Council's commitment to the project and help secure additional funding from other key partners, as listed in paragraph 2.9. This investment has potential to secure RCGF grant assistance of around £265,000, which would lead to around £145,000 of work to the public realm.

The Council's contribution of £20,000 can be met from third party fees budgets within the Planning Policy and Environment Section that are allocated to planning-related studies or to lever in external funding for environmental projects.

If the application is successful, existing staff resources will be required to undertake the public realm design work, to project manage the works and to administer the drawdown of grant.

### 3.2 Risk

If the Stage 2 RGCF bid is unsuccessful, then the project will not be able to proceed. If one or more of the funders does not wish to proceed, there will be a funding gap and the scope of the scheme will need to be reduced accordingly.

### 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 Key Priorities within the Single Midlothian Plan

In terms of the key priorities of the Community Planning Partnership through the Single Midlothian Plan, this proposal could deliver significant benefits in terms of the business growth and positive destinations priorities. The scheme would help create heritage jobs and training, extending what has already been achieved as part of the THI/CARS focus on education and training. It would add notably to the tourism potential of the county town and its future development prospects. There is important synergy with the development projects ongoing in other parts of Dalkeith, including the expansion of Dalkeith Country Park, the Corn Exchange regeneration, the retail development currently in progress, which will bring a Morrisons supermarket into the town centre, and the opening in 2015 of the new Eskbank station as part of the Borders Railway.

### 3.5 Impact on Performance and Outcomes

This project contributes to meeting the target of improving Midlothian's town and village centres. Regeneration outcomes directly related to the project are as follows:

- Economic: 5 jobs created or sustained.
- Community benefit: greater access, understanding of the heritage, 5 training opportunities for local people during the construction phase.
- Physical: 300m<sup>2</sup> of public realm improved, one historic structure/building restored and converted for business use.
- Social: making the East High Street a safer and more comfortable pedestrian environment to improve retail and business footfall.

In neighbouring Woodburn, there are an above average proportion of people with mobility problems: wider, safer and more accessible footpaths will improve their ability to access East High Street.

### 3.6 Adopting a Preventative Approach

The proposals offer improved prospects for getting people to come into, and stay longer in, the town centre. This will make the town more economically viable and more attractive. It will increase appreciation of

our heritage, and contribute to furthering Dalkeith's image for inward investors.

### **3.7 Involving Communities and Other Stakeholders**

The proposals for a second phase of work in High Street have been the subject of local consultation and development with key partners and community groups: Heritage Lottery Fund, Historic Scotland, Dalkeith Community Council, Dalkeith Country Park, Melville Housing Association, Dalkeith History Society, local businesses in the town, Dalkeith Youth Forum, the Chamber of Commerce and Dalkeith Business Renewal.

### **3.8 Ensuring Equalities**

The impact on the following equality target groups would be positive: age (older or younger), disability, and people experiencing poverty or at risk of poverty and the impact on other target groups would be likely to be neutral; no negative impacts are anticipated. Midlothian Disability Access Panel and Midlothian Road Safety Forum would be consulted on the design proposals.

### **3.9 Supporting Sustainable Development**

The proposals would be developed in line with the principles applied for the public realm improvements undertaken in the High Street to date, including the use of high quality natural stone sourced as locally as possible and recycling materials where feasible. Improvements to the High Street contribute to the economic, social and environmental objectives for the town centre and the wider community as a whole.

### **3.10 IT Issues**

There are no IT issues arising from this report.

## **4 Recommendations**

It is recommended that Cabinet:

- (a) approves the submission of a revised bid to the Scottish Government Regeneration Capital Grant Fund for improvement works at eastern High Street Dalkeith; and
- (b) reaffirms a Council contribution of £20,000 towards the public realm improvements as part of that project.

**Date 26 March 2014**

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**Background Papers:**      **Cabinet Report dated 8 October 2013**  
                                          **Cabinet Report dated 14 January 2014**