

Policy and Sustainability Committee

10.00am, Thursday, 23 July 2020

Regeneration Capital Grant Fund – Update on Pipeline Projects

Executive/routine Wards	Executive 1 – Almond; 7 – Sighthill / Gorgie; 9 – Fountainbridge / Craiglockhart; 17 – Portobello / Craigmillar
Council Commitments	2 , 10

1. Recommendations

- 1.1 It is recommended that Committee:
 - 1.1.1 Notes the update provided on the four projects which were not recommended by officers for inclusion in the bids to the 2020/21 Scottish Government Regeneration Capital Grant Fund (RCGF) bid.
 - 1.1.2 Notes the progress made in developing a partnership with North Edinburgh Arts for the delivery of a community and neighbourhood hub to promote culture, arts, work and well-being.

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Regeneration Capital Grant Fund – future applications

2. Executive Summary

- 2.1 This report provides an update on progress with the Council's Pennywell Culture and Learning Hub, the E2 Workspace building at Fountainbridge, Portobello Town Hall, and Russell Road industrial estate projects as requested by Committee on 11 June 2020. These projects were not recommended by officers for consideration in the current round of the Regeneration Capital Grant Fund (RCGF) but remain in the pipeline for potential inclusion in future bids to this fund.
- 2.2 Council officers and North Edinburgh Arts have agreed an approach to the delivery of a community and neighbourhood hub to promote culture, arts, work and well-being.

3. Background

- 3.1 On [11 June 2020](#), the Policy and Sustainability Committee agreed to the Council putting seven projects forwards as candidates for the current round of the RCGF. Applications to the current round were made in advance of the deadline of 19 June 2020. A decision from the Scottish Government is expected in early 2021.
- 3.2 Committee requested an update on four projects which were not recommended for progression at this time. These were: Council's Pennywell Culture and Learning Hub, the E2 Workspace building at Fountainbridge, Portobello Town Hall, and Russell Road industrial estate.

4. Main report

- 4.1 Three of the four projects are potential Council led developments. These are Fountainbridge (E2) Workspace; Portobello Town Hall Refurbishment; and Russell Road Workspace project.
- 4.2 A fourth project was based on a proposal from North Edinburgh Arts to take forward the development of a new culture and learning hub at Pennywell. This included the development of a new building on the site of the current library and the refurbishment and redesign of the existing North Edinburgh Arts building.

Workspace at E2, Fountainbridge

- 4.3 A mixed-use development is being progressed by the Council at Fountainbridge on a site currently owned by the Council. The development as currently designed includes “E2”, a commercial building providing 9,827 sqm (net) of office space along with 1,639 sqm (net) of retail space on the lower floors.
- 4.4 “E2” would deliver scale-up workspace for technology companies. The project involves the regeneration of a longstanding brownfield gap site and would provide significant additional capacity for this important sector of the city’s economy and should facilitate the delivery of new jobs.
- 4.5 The procurement process for a development partner is currently live, and a partner should be selected before the end of the year. The development partner will be invited to set out their own proposals for the final designs of the E2 building and how it will be run.
- 4.6 As this process is not yet complete and proposals have not been finalised, it was not considered ready for potential submission to the RCGF programme. Officers will keep this project under consideration for future rounds of RCGF.

Portobello Town Hall

- 4.7 Portobello Town Hall is a category B listed town hall dating from the 1910s and is an asset currently owned by the Council. The building is currently in disrepair and in need of restorative investment. The project is included in the pipeline for consideration for future bids to the RCGF given the potential positive impact of restoring the Town Hall would have on Portobello town centre including the potential for new jobs and community use.
- 4.8 Officers are undertaking a marketing exercise to identify a long-lessee/partner for the building. Prospective tenants have been asked to specify the use the building would be put to (including provision for community or other public use) and any refurbishment and upgrading works to be carried out and how these would be likely to be funded.
- 4.9 As this process is not yet complete and proposals have not been finalised, it was not considered ready for potential submission to the RCGF programme. Officers will keep this project under consideration for future rounds of RCGF.

Future Development of Russell Road Site

- 4.10 Officers are considering options for development on the site of the current Russell Road Depot. This project is at an early scoping stage.
- 4.11 As proposals for the development of this site are under review it was not considered ready for potential submission to the RCGF programme. Officers will keep this project under consideration for future rounds of RCGF.

Pennywell Culture and Learning Hub

- 4.12 In October 2016 the Council agreed to take forward plans for the development of a new civic centre at the heart of Pennywell. The development included plans for new homes, retail and commercial space, the co-location of key services and high quality public realm. To enable this, the Council agreed to the transfer of a number of sites to the Housing Revenue Account (HRA) to facilitate the development of the civic centre with the condition that library facilities would be re-provisioned.
- 4.13 The delivery of the civic centre will complete one of the most significant urban regeneration projects in Scotland. Over £200 million of public and private sector investment has been committed to delivering Craigroyston High School, Pennywell All Care Centre and nearly 1,000 new homes. The project is recognised as a model of good practice in urban regeneration having won national awards for design, place making and community engagement.
- 4.14 Phase One of the development has been completed and includes homes and retail unit and the new square. Phase Two which includes homes, retail units, planting and public realm is under way. Phase Three will be on site next year and includes a further three retail units and an ambitious housing development for older people, community space and a shared courtyard and gardens.
- 4.15 Phase Four of the project includes the development a flexible-use, multi-purpose building on the site of the current library linked to adjoining early years centre and the current North Edinburgh Arts building to create a community culture and learning hub.
- 4.16 In April 2019, a number of potential partners for the multi-use building withdrew their interest. At that time North Edinburgh Arts indicated their interest in using space in the proposed development with a view to expanding their services. This interest was reflected in the June 2019 report on the Town Centre Fund which set out the potential for the development of a culture and learning hub involving the early years centre, the current North Edinburgh Arts building and the planned development of the current library site.
- 4.17 This initial approach was constrained by funding limitations. In late 2019 North Edinburgh Arts proposed an alternative approach to delivery which would include the transfer of the library site to them and the redesign and refurbishment of their existing building. North Edinburgh Arts estimated that this approach would cost an estimated £5 million and presented a funding plan which included the potential for a grant award from RCGF of £2 million. It was also envisaged that the Council provide a grant of £1.5 million to support the capital costs of this development and the rest of the funding being made up of various applications to trusts and other government agencies.
- 4.18 Officers did not recommend the inclusion of a bid to RCGF for this proposal because of concerns about the deliverability of the rest of the funding package and the impact this may have on delaying the delivery of the overall regeneration of the area. Officers have been in ongoing discussions with North Edinburgh Arts to

examine alternative approaches to the delivery of a culture and learning hub in the area.

4.19 Broad agreement has been reached between officers and North Edinburgh Arts which they believe provide the best possible outcome for the community including the delivery the Council's previously approved decisions and minimising funding and deliverability risks.

4.20 In summary the key elements of this agreement are:

4.20.1 To work together, through a partnership agreement, to deliver a community and neighbourhood hub which promotes culture, learning, work and well-being in and around the town centre.

4.20.2 The community and neighbourhood hub include the following:

4.20.2.1 The development of the town centre and MacMillan Square as a centre for culture learning and economic activity;

4.20.2.2 The development of an early years centre to promote learning and development for children below school age and their families;

4.20.2.3 A refurbished and redesigned North Edinburgh Arts centre promoting culture and arts in the community;

4.20.2.4 A new feature legacy building to be developed on the library site proving a re-provisioned library, gallery, workspace and homes;

4.20.2.5 Managed shared spaces that would include the courtyard between the early years centre and North Edinburgh Arts, shared entrance connecting the square to the early years centre, North Edinburgh Arts and the library and workspace.

4.20.3 The community and neighbourhood hub will be an important centre for people who live and work in Davidsons Mains, Drylaw, Granton,, Muirhouse, Pennywell, Pilton and Silverknowes as well as a resource to attract cultural and artistic events as an alternative to the concentration of these in the city centre.

4.21 To enable this North Edinburgh Arts and Council officers have agreed the following:

4.21.1 North Edinburgh Arts will have overall responsibility for the development, refurbishment and redesign of their current building. Officers will support the proposed transfer of the land North Edinburgh Arts currently leases from the Council, subject to conditions being agreed on future access for both North Edinburgh Arts and Council services. Officers intend to bring forward a report on the asset transfer to the Policy and Sustainability Committee on 6 August 2020. Council officers and North Edinburgh Arts are reviewing the application in order to clarify boundaries and align with the future ownership and management of the shared spaces between the early years centre, the new building on the current library site and the North Edinburgh Arts centre.

4.21.2 Council officers will support North Edinburgh Arts to devise a fundraising strategy for the development of the North Edinburgh Arts building which will

maximise funding from other agencies and trusts. This may include the inclusion of a bid to the next round of RCGF of other funds have not been secured by the end of the financial year 2020/21.

- 4.21.3 The Council will have overall responsibility for the development of the early years centre and the multi-purpose building on the site of the current library. Council officers have asked North Edinburgh Arts to withdraw its application for the transfer of the site of the current library. North Edinburgh Arts will submit revisions to their application and any transfer of assets will be subject to a separate agreement on the future ownership and management of shared space between the buildings.
- 4.21.4 North Edinburgh Arts and Council officers will agree a final design for the three buildings and shared spaces between them prior to submission of detailed planning permission in November 2020.
- 4.21.5 A partnership agreement will provide the framework for the development and future management of the buildings and the shared spaces.
- 4.21.6 The framework will include, but will not be limited to, consideration of the option of transferring ownership at a future date of the assets. Any proposals for the transfer of ownership at a future date would be subject to Council decisions.

5. Next Steps

- 5.1 Council officers will carry out a review the pipeline of projects by December 2020 for consideration of bids for the 2021/22 RCGF programme. Recommendations for applications for RCGF funding will be brought forward for Council approval prior to the submission of bids.
- 5.2 Council officers will finalise the partnership agreement with North Edinburgh Arts for the development of a community and neighbourhood hub promoting culture, the arts, work and well-being with both parties agreeing on the final design of the buildings and shared spaces prior to submission of detailed planning permission in November 2020.

6. Financial impact

- 6.1 There are no direct additional impacts on Council budgets associated with the Fountainbridge project, Portobello Town Hall, Russell Road industrial estate and Pennywell Culture and Learning Hub projects, arising from this report.

7. Stakeholder/Community Impact

- 7.1 Significant community engagement has been carried out around in relation to the Fountainbridge project. It is envisaged that the wider Fountainbridge development will incorporate an element of social enterprise space.
- 7.2 The Council is seeking to appoint a long lessee for Portobello Town Hall who would operate the building while making provision for community use.
- 7.3 The Russell Road industrial estate is located in a primarily commercial area and so there is limited community impact.
- 7.4 Significant community consultation has been undertaken around the Pennywell Culture and Learning Hub and a strategy for further engagement with the community will be included in the partnership agreement between North Edinburgh Arts and the Council.

8. Background reading/external references

- 8.1 [Town Centre Fund- Allocations Report, report to the Housing and Economy Committee, 6 June 2019](#)

9. Appendices

- 9.1 None