
TWEEDBANK MASTERPLAN (SPATIAL FRAMEWORK)

Report by Service Director Assets & Infrastructure

SCOTTISH BORDERS COUNCIL

25 January 2018

1 PURPOSE AND SUMMARY

- 1.1 **This report provides an update on the development of the outline masterplan and spatial framework which has been developed for Tweedbank following on from the last Council report on 21 December 2017.**
- 1.2 The development of the masterplan, by Proctor Matthews Architects, is the starting point against which the Council can begin to fulfil its commitment within the Borders Railway Blueprint and City Deal to maximise the full economic potential of the Borders Railway and comprises a mixed-use development, primarily focused on the delivery of residential and Class 4, 5 and 6 business space.
- 1.3 There remains significant work to be undertaken that will include commencing the formal planning process to adopt the masterplan as Supplemental Planning Guidance, developing a communications and branding strategy which will attract private sector investment through an agreed delivery mechanism, development of business cases for individual projects as they come forward, analysis of risk and detailed costed proposals for the comprehensive development of the area.
- 1.4 A parallel report on the Galashiels masterplan will also be brought to Council but it should be noted these provide and demonstrate fundamentally different approaches.

Galashiels is an established urban centre, therefore that masterplan focuses on opportunities for regeneration. The Tweedbank masterplan is seen as a significant expansion to the existing Tweedbank settlement as well as repositioning the current Tweedbank Industrial Estate as a new Borders Innovation Park.
- 1.5 The masterplan is intended as a 'vision' document that demonstrates one architect's proposals and architectural language for how the area could be developed. As more formative proposals, and detailed planning applications are brought forward, these will be subject to change and likely reflect private developer's aspiration for the site, particularly in relation to the proposed residential development sites.

2 STATUS OF REPORT

- 2.1 Specifically, this report only deals with progress to date on the preparation of the masterplan document. Reference is made to previous Council reports which have dealt with specific areas of focus, particularly in relation to the development of business space at Tweedbank.

- 2.2 A copy of the full 'final draft' masterplan report is included for Member's information as Appendix 1. The masterplan will remain in 'final draft' status until the conclusion of the public consultation exercise at which point any necessary final amendments or adjustments will be made.

3 RECOMMENDATIONS

3.1 We recommend that Council:

- (a) Notes the contents of the Tweedbank masterplan document;**
- (b) Asks that the Service Director Regulatory Services ensures the masterplan is now used to inform the preparation of a statutory Supplementary Planning Guidance to support the planned future development at Tweedbank;**
- (c) Agrees that further reports will be brought to Council in respect of the development opportunities at Tweedbank outlining:**
 - i) how development proposals will strengthen planned investment to deliver strategic outcomes**
 - ii) how the masterplan will be publicised to leverage private sector interest and investment in both the residential element and the Borders Innovation Park**
 - iii) the most appropriate public/private sector delivery vehicle**

4 STATUS UPDATES

4.1 Background

Under the Great Locations for Working and Investing and Great Communities for Living and Learning themes in the Borders Railway Blueprint of November 2014, a vision was outlined for fully integrating Midlothian and the Scottish Borders into the Edinburgh City Region. The Blueprint described how the Borders Railway would help to attract more people to live in these areas. The challenge of harnessing opportunity brought about by expanding population projections in Midlothian and managing a static population base in the Scottish Borders could be met by exploiting the opportunities provided by the railway. The Blueprint stated: "We want to connect and grow communities... that are still responding to the effects of industrial decline."

4.2 The Blueprint envisioned a series of masterplans, particularly for housing, being created along the Borders Railway corridor. Recent work done as part of the Blueprint's inward investment activity, including a series of workshops with key staff in Midlothian and Scottish Borders Councils, identified four candidates for masterplanning: Galashiels, Tweedbank, Newtongrange, and Stobhill/Gorebridge, which are considered to carry the greatest opportunity for transformational impact with regard to economic, social and environmental benefit, while being capable of delivering substantial outputs within the next three to five years.

4.3 The Partners in this project are: Midlothian Council, Scottish Borders Council, Scottish Enterprise and Scottish Government. The two local authorities will be responsible for procuring the consultants that will carry out the masterplanning exercise in their respective localities.

4.4 The Scottish Government's Planning Advice Note, "*Masterplanning*", gives four reasons for carrying out such activity. These are to:

- Provide appropriate physical environments to support strong communities.
- Support a rich and pleasurable quality of life for inhabitants and visitors.
- Connect people and places by providing ease of movement within, and through, developments.
- Create places of distinction and enduring quality.

A masterplan will form a basis for achieving these outcomes by providing a "structured approach to allow for delivering a place where people will want to live".

4.5 The masterplans seek to provide a cohesive approach to the process of physical, social and economic change in the respective areas at Galashiels and Tweedbank. This will help those involved in the development of those areas to benefit from the definition of a clear strategy. The masterplans have identified the potential of sites for development. It is also important that the process of masterplanning has included informal engagement with local communities so that they have a "buy-in" to the changes envisioned in their area. Finally, by masterplanning, it is anticipated that there will be a corresponding uplift in land values, making development schemes more viable, and attracting greater levels private sector investment.

4.6 Among the other benefits to be derived from the masterplanning exercise is a clarification of the roles and responsibilities of the public and private sector stakeholders involved in development; provide coherency through joining up new development with the requirements of conservation and heritage; and define proposals with the intention of achieving high quality, sustainable buildings and public space.

4.7 **Strategic Case**

The Tweedbank masterplan project is aligned with the Blueprint's themes.

Under "*Working and Investing*", masterplans with sufficient density and appropriate scale and mix of uses will produce viable and deliverable schemes that will drive development investment in to the four areas and help raise property prices in the prevailing market. Cross subsidy from residential development could potentially allow delivery of commercial space and other social infrastructure which would otherwise be unviable. The masterplans will consider the appropriate critical mass of residents and visitors to support local services and businesses, ensuring sustainable economic growth in the long term, reflecting the manner in which Tweedbank itself was originally developed.

4.8 Under the "*Living and Learning*" theme, the masterplans are anticipated to be underpinned by significant levels of private and affordable housing, allowing an increase in population living and working in the area. A place-based approach to design and an appropriate mix of housing typologies will attract a broad demographic and a more skilled workforce, which will in turn attract business growth and investment, benefitting Edinburgh and the city region as a whole. The co-location of housing and workplaces will encourage more sustainable travel to work patterns. The collective masterplanning approach will consider the opportunity to embed business incubation space within the schemes, prompting entrepreneurial activity and improved skills

4.9 Under the "*Great Destinations to Visit*" theme, the masterplans will look to provide attractive places to visit as well as support services for local visitor attractions, such as the National Mining Museum, The Great Tapestry of Scotland and Abbotsford House. Improved public realm and permeability, quality support services in the food and drink sector and increased hotel bedspace provision are intended to be outputs of the masterplan which will increase visitor numbers, dwell times and spend profiles. The masterplan will also seek to improve connectivity between attractions, town centres and where appropriate commercial areas, so as to maximise mutual benefits between Galashiels and Tweedbank and the wider Borders economy.

4.10 The project is also aligned with the "4I" priorities in Scotland's Economic Strategy as it will create a framework to attract investment in local housing and business and contribute to inclusive growth through allowing for a much more coherent approach to Place in the Borders Railway corridor area. It is also aligned with the Scottish Government's Programme for Government and the aims to empower communities and seeks to foster a culture of innovation, research and development. It will also add to the international reputation and recognition of the Edinburgh and South East Scotland City Region in these areas, and also with regard to awareness as an international tourism destination.

4.11 Whilst both Local Authorities have attracted investment in development projects, these have been very much ad hoc because of limited resources and an inability to exploit economies of scale. A joint approach, linking the design and impact of all four sites, but delivered as individual projects under the Borders Railway Blueprint Programme, should allow for stronger cumulative economic growth and greater social inclusion and further work in this area is planned shortly.

4.12 The masterplans also provide a basis for Place planning, at both micro and macro levels, in the medium-to-long term that will be done in conjunction with planning guidance, and supported by the Scottish Government's Placemaking team. Ultimately, these products will help to unlock investment through the clear identification of development opportunities and the underpinning of market confidence through a long-term vision.

Value may also be derived from accelerating projects that would otherwise be delayed in the absence of the more coherent approach to planning represented by the masterplans. The overall effect of the masterplans will be to provide realism and to offer a vision that is deliverable.

4.13 **Economic Case**

The significant public-sector investment in the railway is a catalyst for positive change. Small towns such as Galashiels have suffered from retail parks on the periphery of Edinburgh and from the increasing habit of shopping online. Galashiels, for example, has a town centre retail vacancy unit rate of 17% (winter 2015-16), which is the highest among Scottish Borders towns. In 2010, at the height of the economic recession, this figure was 14%. Since then, it peaked at 19% in 2014.

4.14 The economic recession led to dis-investment in some of these towns after 2008 and this has not been compensated for despite the economic recovery. As well as trying to increase the retail offer in these towns, there is an opportunity to create attractive places where people will wish to live.

The requirement for affordable, sustainable housing is reflected in current Council housing policy. House prices in each local authority area have increased in the past decade (by 23% in Midlothian and by 14.7% in the Scottish Borders). However, if one measures the housing market by volume of sales, the trend is reversed. These have decreased by 2.1% in Midlothian and by a massive 40.3% in the Scottish Borders. The trend for commercial sales volumes has also been negative: a decrease of 15.8% in Midlothian and of 32.1% in the Scottish Borders. One of the objectives of the masterplanning will be to create an environment in which these trends can be reversed.

4.15 Other issues that can be addressed by a master planned approach are:

(a) In the Scottish Borders, Galashiels and District has the highest Claimant Count level. This is made up of individuals claiming Jobseeker's Allowance and also those unemployed people claiming or transferring on to Universal Credit. There is the potential to join up the skills training provided by local colleges and construction supply chain with the needs of business to ensure that there is a coming together of skills supply and demand thereby allowing for an upskilling of the local labour force. Creating the conditions that allow

opportunities for more local jobs is a key element in this project.

- (b) Commuter flows illustrate the way in which Edinburgh impacts on the regional economy. It has a daily net inflow of 68,000 commuters compared with daily net outflows of 8,900 commuters for Midlothian and 4,600 for the Scottish Borders. The aim of the master planning is to create more opportunities for people to work locally and also for commuters from outside the local authority areas to travel to work in the Scottish Borders.

- 4.16 The Borders Railway is a valuable asset that can deliver genuine opportunity for the communities in the railway corridor. Overall passenger usage of the Borders Railway has significantly exceeded initial expectations and the railway is helping to bring the attractiveness of living and working in the Scottish Borders to the attention of a much larger audience.

There is a danger, however, that the stations could simply become 'Park and Ride' facilities rather than being at the heart of sustainable, thriving, vibrant communities. It was therefore essential that the existing station carpark and forecourt areas at Tweedbank were included within the masterplan, while continuing to ensure that operational needs are met, with a corresponding consideration within Galashiels.

- 4.17 The potential economic benefits of successful masterplanning can be seen through the economic modelling done by Ernst and Young for the City Region Deal proposal of new business and housing development in the vicinity of Tweedbank Station and reference is made to the City Deal report accordingly.

- 4.18 Land values in the railway corridor are relatively low, especially in the Scottish Borders. Evidence from other transport schemes, although not conclusive, suggests that the opening up of sites to development will generate a significant increase in relative and overall land values. The knock-on effect for undeveloped brownfield sites of such a trend would be beneficial.

4.19 **Commercial Case**

When scoping this project, three options were considered, of which the first two were discounted.

- (a) To do nothing would mean that the current ad hoc, market-led, approach to development would persist with no account taken of the greater opportunity to deliver transformational change across the railway corridor. Prevailing and anticipated market conditions suggest that commercial, employment generating, development will not be delivered speculatively by the private sector. While business space remains affordable, the lack of available commercial stock of any quality is a disincentive to business occupiers and investors. Rental returns are significantly below investor expectations. To do nothing would simply fail to deliver the expectations of the Blueprint and would see little or no increase in economic activity in the foreseeable future. There is demonstrable market failure, which would endure without public sector intervention.
- (b) A second option would be to deliver site-by-site public sector interventions. For example, at Tweedbank, Scottish Enterprise is committed to developing significant new business space and serviced land on part of the site available by delivering Phase 1 of

the Business Innovation Park, a key commitment in the Blueprint. Such interventions, while a significant improvement on the status quo, would not be capable of delivering the impact of the transformational step change that could be achieved by having a comprehensive and cohesive whole site masterplan and taking a “whole corridor” Master planning approach.

- (c) The third, and preferred, option of a comprehensive masterplanning exercise is the one most likely to maximise the economic and social benefits of the Borders Railway. This option would enable the production of four robust and comprehensive masterplans delivering a vision of transformational change in and around the identified locations. These would be produced in a joined-up way, not only taking account of local particularities, but also showing an awareness of how each settlement fits into the whole of the railway corridor, particularly with regard to connectivity. This option would also draw on the benefits of the Partnership working envisaged in the Blueprint

- 4.20 The most effective and efficient way to maximise the outcomes set out in this paper, and thereby maximise the social, economic, and environmental impact of the railway in the corridor, has therefore been to appoint design-led consultant teams to produce separate but interrelated masterplans.

Each masterplan responds to the individual characteristics of the respective locations and subtleties in the local micro-market forces, but also ensures a broader corridor-wide place-based agenda is adhered to. The masterplans, while specifically not inter-dependant, will not necessarily see delivery at the same pace, given site specific considerations, different planning regimes and different delivery agents, but they will all deliver along the same overarching themes of place-based, mixed-use, mixed tenure developments that enhance both the local areas and the Borders railway corridor as a whole

5 GENERAL UPDATES

5.1 Planning Status

Scottish Borders Council Local Development Plan (LDP) was adopted on 12 May 2016. As recommended by the Directorate for Planning and Environmental Appeals following the Examination of the LDP, the LDP required the Council to identify a further 916 No. housing units within the Scottish Borders to address a housing shortfall. The process for identifying sites to accommodate the shortfall was via the production of Supplementary Guidance (SG). The Council consequently carried out a Call for Sites with a view to help identify potential sites to meet the shortfall.

One of the sites identified was the land at Lowood. This was considered to be a prime site for development for a number of reasons including its location within a well-established housing market area, its compliance with the Borders Railway Blueprint in respect of promoting economic activity along the Borders Rail route, its close proximity to the Tweedbank Railway Station and the attractive setting and ambience which the site offers for development.

The site was consequently included within the draft SG. Following a public consultation Council approved the finalised SG at their meeting on 24th August 2017 and on the 9th November 2017 Scottish Ministers cleared the SG. This means the Lowood site is now formally allocated for

mixed use development within the Council's LDP.

The masterplan has been a useful exercise in identifying key matters to be addressed and options for development. The finalised draft of the masterplan is presented to Council on this agenda. Ultimately the masterplan will inform the production of Supplementary Planning Guidance (SPG) to support the planned future development activities at Tweedbank.

5.2 **Delivery Vehicle Options**

There are many potential variants which could be exploited to deliver the required outcomes at Tweedbank. Again, while the Council has received several informal approaches and undertaken informal discussions, officers will require undertaking a much more detailed analysis of the risks and benefits for each option. Ryden, who are currently undertaking the Development Appraisal on the site have been recommended as a suitable partner who can assist in the selection process to explore private sector interest and routes to market.

5.3 **City Deal**

Council received an update on the progress of finalising the City Deal at its meeting on 2 November 2017. The key element of the City Deal for the Council is the provision of £15m capital funding to deliver further development of the Borders Innovation Park.

6 **IMPLICATIONS**

6.1 **Financial**

- (a) A detailed cost plan has been developed which covers the entire cost of delivering the Tweedbank masterplan. This will be provided to Members in a separate report as it includes commercially sensitive information. In addition, a Development Appraisal is currently being undertaken by Ryden and this will be made available at a later date when complete.
- (b) Individual reports and business cases will be brought forward to Council for specific projects as they emerge.
- (c) Any implications in respect of the Council's Capital Plan of any decision will also require to be addressed within the financial appraisal and the project business case

6.2 **Risk and Mitigations**

- (a) As part of the work to be completed for the next report Officers will complete an analysis of the risks in relation to all projects.
- (b) Detailed strategic risk analysis was undertaken by the Borders Railway Blueprint Group when deciding which of the three options would be used to deliver the Masterplans. It is essential to recognise that there will be risks and challenges when trying to deliver something as ambitious as the masterplans, which are principally 'vision' documents.

6.3 **Equalities**

There are no immediate implications from this report.

6.4 Acting Sustainably

There are no immediate implications from this report. There are though clear implications as to how utilising this land could support the sustainability policies contained within the Local Development Plan

6.5 Carbon Management

There are no immediate implications from this report.

6.6 Rural Proofing

There are no immediate implications from this report.

6.7 Changes to Scheme of Administration or Scheme of Delegation

There are no implications from this report.

7 CONSULTATION

7.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR, and the Clerk to the Council have been consulted and any comments received have been incorporated into the final report.

Approved by

Martin Joyce

Service Director Assets and Infrastructure

Signature

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Background Papers:

Previous Minute Reference: Scottish Borders Council 21 December 2017

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Martin Joyce can also give information on other language translations as well as providing additional copies.

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