
TWEEDBANK EXPANSION – A COMMUNITY FOR THE FUTURE

Report by Director Infrastructure & Environment

SCOTTISH BORDERS COUNCIL

30 March 2023

1. PURPOSE AND SUMMARY

- 1.1. **The purpose of this report is to provide Scottish Borders Council with an update on the Tweedbank project and to reset the project, clearly setting out the desired outcomes of the project and the initial steps that need to be taken to achieve this.**
- 1.2. The report sets out the desired outcomes of the project, mapped to the Council Plan Priorities. It draws attention to key regional and national strategies, including the two growth deals, that underpin the key outcomes and deliverables that the Tweedbank project seeks to achieve and should lever support for the project at a regional and national level.
- 1.3. The report sets out the key deliverables that the project seeks to deliver over the next 15 years providing further explanation summarising work recently undertaken as well as providing analysis on the impact of the current economic climate and market conditions.
- 1.4. The report maps out a delivery plan, setting out a series of proposed actions to build momentum and deliver a project that contributes to our ambitions for the Scottish Borders to be a green, fair and flourishing region. Through contributing to our net zero ambitions, community wealth building, growing the economy, delivering thriving places and tackling poverty and inequality as well as helping to reduce risk and build market confidence.

2. RECOMMENDATIONS

- 2.1. **I recommend that Council:-**
 - a) **Approves the Actions 1 – 6 as detailed in Section 14 of the report.**
 - b) **With reference to the Care Village and associated facilities, and if deemed appropriate following a fully costed appraisal, as detailed in Section 9 of the report, assign delegated powers to the Director Infrastructure & Environment, Acting Chief**





Financial Officer and the Chief Legal Officer to negotiate terms and value of any land transactions.





3. BACKGROUND

- 3.1. In June 2021, Scottish Borders Council approved [Supplementary Planning Guidance \(SPG\): Tweedbank – Vision for Growth and Sustainability, A Community for the Future; and Delivering Development Quality – Design Guide.](#)
- 3.2. The SPG and Design Guide was specifically focused upon the 34 hectare site to the north of Tweedbank, which is allocated in the Council’s adopted Local Development Plan (LDP) 2016 for mixed use development including housing and business use. Together, these documents provide the framework for development.
- 3.3. The development of the SPG and Design Guide was preceded by the development and approval of the [Tweedbank Masterplan \(Spatial Framework\)](#) by Scottish Borders Council in January 2018 which set out the vision for how the site could be developed.
- 3.4. This report to Scottish Borders Council aims to reset the project, clearly setting out the ambitions and outcomes that we are seeking to achieve and the initial steps that need to be taken to achieve this.

4. WHAT ARE WE TRYING TO ACHIEVE?

- 4.1. The overall vision for the 2018 Masterplan and the 2021 SPG and Design Guide is centred on the needs of people. It seeks to deliver new homes, community facilities and business space as an integrated part of Tweedbank that together achieve the following eight outcomes, aligned with Council Plan Priorities:

Outcome 1	 Clean, green future	Contribute towards net zero emissions, reducing energy consumption with a resilient community that can decisively respond to climate change, employing state of the art technology producing renewable energy.
Outcome 2	 Clean, green future	Integrate nature, encouraging and promoting biodiversity and habitats in and around the site, respecting and enhancing the landscape, natural and environmental heritage and topography.
Outcome 3	 Fulfilling our potential	Support opportunities, at all ages, to acquire the knowledge and skills needed to realise their full potential and contribute towards positive outcomes for the region.
Outcome 4	 Strong inclusive economy, transport and infrastructure	Provide high quality business space to stimulate business growth and job creation and employment pathways in high value innovative sectors stimulating inclusive growth.

Outcome 5	 Strong inclusive economy, transport and infrastructure	Well connected and encouraging active travel to support health and wellbeing and contribute towards reducing carbon emissions.
Outcome 6	 Empowered, vibrant communities	Well laid out and integrated with logical linkages to new and existing communities that appeal to residents, business users and visitors supporting the need of the local and wider community.
Outcome 7	 Good health and wellbeing	Create a coherent, inclusive and accessible place with a unique character and sense of place, integral and connected to Tweedbank, sensitive to the setting, which supports wellbeing and enables healthy lifestyles.
Outcome 8	 Working together improving lives	Harness the combined power of local communities, institutions and stakeholders in delivering a sustainable future and an economy that works for everyone.

4.2. Over the next 15 years, it is anticipated that the Tweedbank expansion will deliver:

Infrastructure	Road access into the site with active travel links reusing existing infrastructure where possible and creating new links to existing settlements.
Energy	A heat and energy network with renewable generation that supports phased development.
Homes	Approximately 300-400 homes of varied size and tenure.
Care Facilities	A new 60 bed older people and dementia care village situated and associated complementary facilities.
Community Facilities	An improved community centre, a play park and other complementary community facilities and business enterprises that support and enhance the domestic and business community.
Business	Business and innovation space to support data driven innovation, facilities for key regional industries, local business growth and to support inward investment opportunities.

5. DEVELOPMENT STRATEGY

5.1. The Council obtained Marketing and Development advice from Savills. They undertook an assessment of the SPG alongside an analysis of the housing market and prices in Central Scottish Borders in August 2022. This assessment reached the following conclusions:

- The market will be stable in coming years given the attractive rural area, good connections and a lack of new housing.

- Average house prices will still be relatively low compared to other areas closer to Edinburgh which will still be preferable to volume housebuilders.
 - A phased approach to development that adapts to changes in demand and market conditions is recommended and more desirable to private builders and smaller scale developers.
 - The cost of the infrastructure is expected to be significant recommending an 'Infrastructure First' approach where SBC undertakes these works addressing existing market failure, making sites more viable and desirable for private sector development.
- 5.2. Since the Savills report was prepared, the economic climate has continued to remain uncertain. There has been continued and significant inflationary increases on construction costs, alongside rising interest rates, making borrowing and servicing debt more challenging. Both factors have consequentially impacted the housing market hampering action to accommodate increasing demand for homes across the Scottish Borders and in particular in the Central Borders.
- 5.3. Alongside Savills advice, site soft market testing was undertaken with three established developers in August 2022. They agreed that the Lowood estate was a unique development opportunity but up-front funding and delivery of key infrastructure (access road, power and drainage) is critical to success. They agreed that development should be phased to reflect the market conditions and highlighted a number of opportunities to improve the zoning and delivery of the development. All three developers expressed interest in providing further development advice potentially as a development partner.
- 5.4. It is recognised that to enable development to progress, Scottish Borders Council need to take action with public sector partners to de-risk development by forward investing in key infrastructure. On greenfield development sites, the logistics and costs of enabling infrastructure is a significant factor in development appraisals, typically accounting for 15-25% of the overall development cost.

6. INFRASTRUCTURE

- 6.1. Following the report to [Council in September 2021](#), the design of the Phase 1 access road into the site and through business zones 1 and 2 of the SPG has been developed. A planning application has been submitted and is currently being considered. A range of ecological surveys need to be undertaken and assessed prior to determination of this application. Following consent, it is proposed to proceed to construction later in 2023.
- 6.2. The Phase 1 access road will provide access to 4 of 9 development zones identified within the SPG and will seek to be funded from the City Deal budget.
- 6.3. As development progresses, design of the remaining access road will need to be developed. This will include a bridge connection over the railway to Essenside Drive to provide a strong link with the heart of the established Tweedbank village. The nature and design of the crossing

will be determined as part phasing and programming but may include vehicular access and measures to encourage and support active travel.

- 6.4. At the same time, an appraisal is being undertaken of the utility requirements for the initial development zones to the eastern part of the overall Tweedbank expansion. It is intended that details of utility requirements will be accommodated within the access road construction. There are some capacity issues with the waste water treatment works in Galashiels and discussions are ongoing with Scottish Water.
- 6.5. Officers are establishing a strategic working group with Scottish Power Energy Networks, Scottish Gas Networks and Scottish Water to map out regional priorities and develop a pipeline of collaborative activity to support and enable development at Tweedbank but also more widely across the region.

7. TOWARDS NET ZERO – ENERGY, NATURE AND BIODIVERSITY

- 7.1. Housing accounts for around 13% of Scotland’s total greenhouse gas emissions and around 30% of the country’s total energy consumption. Given this project is being delivered by Scottish Borders Council and acknowledging our leadership role within the region in moving towards net zero by 2045, the Tweedbank expansion should be an exemplar for the future of development in Scottish Borders.
- 7.2. A focused approach to building performance and energy innovation to reduce e carbon emissions and energy consumption will contribute significantly to our ambitions to be a green, fair and flourishing region, achieve our net zero ambitions, and support community wealth building and thriving places.
- 7.3. The Tweedbank project creates the opportunity to develop and implement practical and deliverable innovative technologies and solutions in line with phased delivery of the site adopting the following strategies:
- 7.4. A ‘fabric first’ and lifecycle orientated approach to design where buildings are designed and constructed to be energy efficient with high levels of insulation and airtightness, appropriate ventilation and daylighting strategies. Alongside this with some of the existing buildings on the site there are opportunities to refurbish and retrofit to improve energy performance.
- 7.5. Decarbonised Energy Systems and Renewable Energy to support the transition to a decarbonised energy system to heat and power new buildings, reflecting the national energy strategy, aligned with the Local Heat and Energy Efficiency Strategy, likely through the establishment of a heat and energy network. Alongside this, exploiting opportunities to maximise renewable energy generation for example from geothermal water source heat pumps, hydroelectric power, wastewater, solar photovoltaic panels and battery storage.
- 7.6. Develop and adopt environmentally focused solutions and opportunities:

- Protecting and enhancing established biodiversity, flora, fauna and habitats, including river habitats;
- Protecting mature native tree species, and in line with the SPG areas of compensatory planting where commercial tree species need to be felled to enable development;
- Local community food growing initiatives to contribute to reducing food miles and supporting sustainable, resilient and healthy communities;
- Circular economy potential for material sourcing and re-use; and
- Create opportunities for green, sustainable construction and energy skills and education with potential on-site demonstration for local environmental and construction sectors.

8. MEETING HOUSING NEEDS

- 8.1. Housing has a fundamental impact on the lives of people across the Borders and is a key social and economic enabler; supporting key services, communities and employers and addressing health and income inequalities.
- 8.2. The Convention of the South of Scotland (COSS), chaired by the Deputy First Minister met most recently on 27 February in Dumfries with a particular focus on housing challenges across the South of Scotland Region. The desired outcome was to identify practical ideas for addressing problems and blockages and agree collective action focused outcomes.
- 8.3. The challenges and the effects are being reported more frequently by businesses and communities, these include:
- Lack of suitable homes in the right locations;
 - Lack of homes that are affordable in price or in running costs;
 - Old housing stock with poor energy efficiency and subsequent health and net zero issues;
 - Pressures on homelessness services;
 - A need for greater diversity of housing types and tenures; and
 - Key workers finding it difficult to find homes to enable us to deliver vital services, adding to recruitment challenges for private and public sectors.
- 8.4. Successfully tackling these issues is key to our success and the delivery of good quality homes at Tweedbank provides us with significant opportunity. To unlock economic opportunities in the Scottish Borders it is essential that people are able to find the homes they need, both for those already in the region and to attract new people, helping to tackle the need for more working age people. Matching housing development to economic opportunities is important. Construction, new-build, refurbishment and retrofit, alongside a range of options in property size and tenures contributes across our ambitions to be a green, fair and flourishing region – from our net zero ambitions, through community wealth building, delivering thriving places and tackling poverty and inequality.

9. CARE FACILITIES

- 9.1. In November 2021, Scottish Borders Council approved the [Care Village Development - Tweedbank Outline Business Case](#) that would provide a person-centred approach to support the unique needs, lifestyle and personal preferences for living, care and wellbeing for people living mainly with severe dementia and frailty. It identified a site which would form part of the overall expansion of Tweedbank, complementing the wider development whilst containing an element of community based spaces and functions to ensure the ethos of a village is at the heart of the development.
- 9.2. The Outline Business Case highlighted further opportunities to support additional developments with third sector partners specifically orientated towards complex care. This element of the project is a high priority for the Council and NHS Borders in expanding and improving positive outcomes for older people and those with complex care needs.
- 9.3. Zone 5 of the SPG has been identified as the preferred location for the Care Village development and associated facilities. Some of the services and specialisms that support the Care Village may be provided by external partners. This will be identified by the relevant key service(s) and commissioned accordingly. There is potential that commissioning services through external partners may involve some form of land transaction. This will be determined following consideration of a fully costed appraisal undertaken by the relevant service(s) as part of the commissioning process.
- 9.4. As part of the Care Village a specialist 8 bed unit including respite facilities will also be developed in partnership with Aberlour Childcare Trust.
- 9.5. Design for the care village is ongoing alongside the development of a procurement and delivery plan that seeks to achieve best value to the Council's investment whilst also being sensitive to and coordinated with the needs of service users during and following construction. The Full Business Case will be presented to Council later in 2023. Following this the project can move to construction in 2024 with a possible opening in 2025.
- 9.6. The road access to the Care Village will be provided by extending the length of the Phase 1 access road identified within paragraph 6.1 above. Funding of this additional length of access road is to be taken from the Care Village budget.

10. COMMUNITY FACILITIES

- 10.1. The SPG sets out a vision for a Neighbourhood Centre. It is orientated upon the historic heart of the site containing Lowood House and its surrounding gardens and associated buildings. It intends to be fully integrated into Tweedbank providing services that enable inclusive community interaction and attracts visitors, readily and conveniently accessible from the surrounding areas.

- 10.2. The Council engaged with the existing community in October/ November 2022 by holding a public drop-in event and online survey to ascertain the preferred uses for the Neighbourhood Centre.
- 10.3. 'Support people's well-being' and 'provide more leisure activities (all ages and abilities)' were the two most popular uses chosen out of nine 'what would you like the Neighbourhood Centre to do?' options.
- 10.4. The three top choices for preferred uses were community centre, restaurant and play area. It was found that the existing Community Centre is particularly well-used but is operating at capacity, has limited parking available and there are no opportunities to extend. Café was a strong second choice by responders. Local food production was a strong favourite in respect of attracting visitors and tourists.
- 10.5. Further detailed work is to be carried out which will focus on considering potential uses for the buildings and spaces within the boundaries of the Neighbourhood Centre zone to determine how it can be sensitively developed and delivered.

11. LOWOOD HOUSE

- 11.1. Lowood House is an early nineteenth century country house which has been extended a number of times and requires extensive modernisation. With the exception of the original east wing the house is characterised by small irregular shaped rooms that do not easily lend themselves to redevelopment.
- 11.2. Annual running costs are approximately £20,000 but this assumes that no major repairs are required. A range of options for reuse of the house have been considered:

Conversion to Flats	Scheme designed for eight 2-3 bedroom flats however the gap between cost of conversion and likely sale price exceeds £1m, so this is not a viable development proposition.
Private House Use	Savills advise possible sale price of up to £1m but the limited market for this type of property is slowing. A sale to this type of use would not be recommended as the house is at the heart of development and a sale would result in a loss of control of a key area.
Hotel/ Hospitality Use	Uncertain market conditions and small size of premises will only interest small-scale operators. The high cost of conversion will impact on price. Recent increases in the cost of living, energy costs will also have a negative effect on this market. No guarantee of any real interest in the current market.
Educational Use	SBC worked with Borders College during 2022 to look at the potential for redevelopment as training space for catering and hospitality, however at

	approximately £3 million cost this was not financially viable.
Institutional / Community Use	Savills advise that there is occasionally demand from institutional users or well funded community groups for this type of property however the cost of conversion is likely to have an impact on demand and viability.
Demolition of Part or Whole	Cost estimated at £310,000 (part) or £440,000 (whole). Demolition of the whole house will increase additional land for development and amenity use. Whilst the east wing of the house is attractive and could be retained, the additional cost of modernisation is unlikely to make this a viable option. This is considered the preferred option.

- 11.3. In addition to Lowood House there are eight residential properties on the estate comprising four detached houses, two semi-detached houses and two flats above the old stable block. The ground floor of the old stable block is used for storage and a workshop. Six of the residential properties are currently rented and one is in the process of being let. The lodge house at the end of the drive is undergoing renovation and will be available for let once the works are complete.
- 11.4. The estate has approximately 38 acres of grazing land which is let on an annual grazing lease. The area available for grazing will decrease as areas of land are developed.
- 11.5. Lowood Plant Nursery lease a site on the estate providing plant sales and a garden design service from the site.
- 11.6. Maintenance of the estate is managed by the Council's Estates and Property Maintenance teams supported by the former Estate Caretaker who is a self-employed contractor and lives on site in one of the residential properties.

12. BUSINESS

- 12.1. The Borders Railway Blueprint full business case was developed in 2018 and sought to provide high quality business space to stimulate business growth, inward investment and job creation in high value innovative sectors. This was envisaged to take place over three phases returning a strong benefit cost ratio.
- 12.2. The site at Quarry West, closest to the railway terminus, has now been completed and substantially occupied. CGI, SBC's IT provider has taken occupation of the first floor of this building, and the Council's Inspire Learning team have taken up space on the ground floor to create the Inspire Learning Academy. There remains further space on the ground floor and this is currently being marketed by Ryden on behalf of the Council.

- 12.3. The Quarry East site sale has now been concluded. Currently some enabling works have been undertaken by the developer and a planning application submitted for a 2 storey Class 4 office development.
- 12.4. The former Eildon Mill site has been cleared for several years now and is ready for development. Initial discussions about a potential manufacturing development have not been concluded and are at this stage unlikely. The Council remains focused on finding a developer for this site that would intend to form a building of significance appropriate to its priority location adjacent to the Borders Railway terminus and are currently exploring potential options in data driven innovation with key partners.
- 12.5. No progress has been made with what was referred to as the Ex Tapestry site adjacent to Tweedbank Avenue. There remains considerable challenges with development on this site given the proximity of the underground power cable serving the southern Borders. There are currently no plans to make progress with development on this site.
- 12.6. The SPG identifies two further business development zones over a site area of 1.6 hectares. This was envisaged to be developed for Class 4 Office use.
- 12.7. In 2022, Ryden concluded a report for South of Scotland Enterprise (SOSE) which included an update on the property market and demand for business land at Tweedbank. This report advised that post COVID-19 pandemic there is little demand for office space due to new ways of working. It highlights that there is a market preference for the development of small hybrid Class 4 units of 1,000-2,000ft².
- 12.8. Development of a conceptual first phase of hybrid units to provide 8,000-10,000ft² to test the market is recommended. However, Ryden have advised that site servicing, platforming and development of this first phase of units will need to be public sector funded. This development has the potential to be funded by the City Deal alongside the enabling infrastructure for housing.
- 12.9. An appraisal developing hybrid units on the SPG business development zones has been undertaken. Due to the new access road and to ensure adequate protection of mature native trees, the developable area has reduced to 1.1 hectares which is much lower than the 1.6 hectares allocated. Moreover due to the location of the business development zone and the associated enabling infrastructure works, the cost of delivering hybrid units is high when compared to comparable developments elsewhere in the Central Borders. It should also be noted that the combination of low market rents and high build costs will also impact on the commercial viability. It is recommended that further consideration is given to the location and extent of the business zones within the development.

13. ALIGNMENT WITH REGIONAL & NATIONAL PRIORITIES

- 13.1. There are several key national and regional strategies, including the two growth deals, that underpin the key outcomes and deliverables that the

Tweedbank project seeks to achieve and should lever support for the project at a regional and national level.

- 13.2. National Planning Framework 4 (NPF4), adopted on 13 February 2023 sets out an overarching spatial strategy that seeks to deliver:
 - Sustainable places, where we reduce emissions and restore and better connect biodiversity;
 - Liveable places, where we can all live better, healthier lives; and
 - Productive places, where we have a greener, fairer and more inclusive wellbeing economy.
- 13.3. The National Strategy for Economic Transformation (NSET), 2022 is a 10-year strategy containing priorities towards creating a wellbeing economy focused upon delivering economic prosperity; improving business prospects; and improving business infrastructure.
- 13.4. Housing to 2040 is Scotland's long-term national housing strategy which sets out the twenty-year vision for housing. It is designed to reflect the diversity of people, homes and communities in Scotland where everyone will have a safe, high-quality home that is affordable and meets their needs in the place they want to be.
- 13.5. The Edinburgh and South East Scotland Regional Prosperity Framework (RPF) provides a 20 year vision of key priorities developed around 3 core themes of People, Places, and Planet to support an economy that is resilient, innovative, and flourishing. It is centred around green regeneration; infrastructure; visitor economy and culture; and data driven innovation.
- 13.6. The South of Scotland Regional Economic Strategy seeks to increase the working age population and attract visitors to the region. It is themed around six priorities:
 - Skilled and Ambitious People;
 - Innovative and Enterprising;
 - Rewarding and Fair Work;
 - Cultural and Creative Excellence;
 - Green and Sustainable Economy; and
 - Thriving and Distinct Communities.
- 13.7. The 10 year Borderlands Inclusive Growth Deal focussed on enabling infrastructure; improving places; supporting business, innovation and skills; and encouraging green growth.
- 13.8. The 15 year Edinburgh and South-East Scotland City Region (ESESCR) Deal focusses on Research, Development & Innovation; Integrated Regional Employability & Skills (IRES); Transport; Culture; and Housing.

Scottish Borders Council leads on the following projects:

- Borders Innovation Park - £29M capital;
- Tweedbank Housing;

- IRES Workforce Mobility Project - £2M revenue shared across 6 partners.
 - IRES Disadvantaged families project (links into IRES projects through SBC work on Employability) £170k (ended in Sept 2022).
- 13.9. Scottish local authorities are required to prepare a Local Housing Strategy (LHS) every five years, setting out a vision for the supply, quality and availability of housing in their local area. The LHS is a key strategy document, providing a framework of action, investment and partnership-working to deliver local priorities. The draft Local Housing Strategy sets strategic outcomes and a delivery plan framework for the period 2023 – 2028.
- 13.10. The desired outcomes and aspirations of the Tweedbank project clearly align to aspects of each of the regional and national priorities described within this report. This provides a strong and robust rationale that underpins the case for development as a whole. In addition, this provides an opportunity to pursue funding avenues as they become available to help enable and support the overall development.

14. DELIVERY PLAN & NEXT STEPS

- 14.1. Due to the size, scale and nature of the project, the Council will retain control of the development but it is recognised that this will need dedicated resource focused on delivering the project. It is expected that there will be a phased approach, responsive to market conditions, that maximises opportunities, optimises market interest, and manages risks will be necessary.
- 14.2. **Action 1:** It is proposed that we commence the development of a procurement strategy in order to secure a development partner.
- This is likely to be a two-stage procurement.
 - During the first stage, they would work with the Council through the pre-development period to progress the design and further technical work as well as exploring a range of commercial and delivery options.
 - The first stage is likely to include a detailed access and transport assessment, site investigations, utilities and servicing strategy and will lead to development project plan and phasing strategy, cost plan and finally a revised business case.
 - The revised business case is necessary due to the change in market conditions and to support any future funding bids given the significant funding shortfall. Following approval by Scottish Borders Council, the revised business case will be submitted the Edinburgh & South East Scotland City Region Deal and is likely to seek funding support towards business and housing infrastructure.
 - Following completion of the business case, subject to securing appropriate and affordable funding, and on agreement of both parties, stage two of the development partner procurement would move to a phased development and delivery stage, beginning with the construction of primary roads and services infrastructure as part of the 'Infrastructure First' approach proposed.

- 14.3. The selection of the development partner is a critical path activity which will directly influence the implementation strategies selected for design and delivery of enabling infrastructure and subsequent development. They will work collaboratively and in partnership with the Council, reporting into the project's board.
- 14.4. **Action 2:** In addition, it is proposed that a technical team is procured to progress designs, undertake financial modelling and develop a commercial model and delivery strategy for a heat and energy network, ideally for the entire site that can support phased development.
- 14.5. Where possible, particularly in relation to technical and detailed design, the development partner will be supplemented by the Council's own planning, architectural, engineering, and estates teams as well as SBC Contracts.
- 14.6. The development partner and technical team, described above, will provide the capacity, skills and expertise, addressing gaps within the Council's own team, build momentum and develop a coherent, feasible and viable plan to deliver the vision, reduce risks on the project, build market confidence.
- 14.7. Procurement activity to support **Actions 1 and 2** is a staged process, in line with public sector guidance, and seeks to deliver best value to the public. The first stage is the Prior Information Notice (PIN) that seeks market advice, particularly for complex projects, to help inform the procurement approach, contractual models and documentation. It is expected that this stage will take 6 months to complete.
- 14.8. **Action 3:** It is proposed that there should be flexibility regarding the mix and distribution of uses on each of the SPG's development zones to reflect changing market demands, and the long term nature of the project. Any changes will need to be justified in line with the development principles of the site and these will ultimately be determined and approved through the submission of a planning application(s). This recognises the challenges regarding viability of the business development zones described in paragraph 12.9, as well as the potential overprovision of land allocated for the neighbourhood centre described in paragraph 10.5. Notwithstanding this proposal, the aspiration remains to create an exemplary development which aligns with the fundamental principles of the SPG and the Design Guide and creates a distinctive inclusive sense of place, with a dynamic and active street space and wider environment that is integrated with Tweedbank Village.
- 14.9. **Action 4:** Develop and implement a public relations and communications plan with specific approaches targeted for the different stakeholders, funders, businesses and communities. This will be progressed by the development partner with support from the Council's own communications team.
- 14.10. **Action 5:** On conclusion of the design and receipt of planning consent, progress the construction of the Phase 1 access road and associated infrastructure as the precursor to the development of the Care Village.

Construction is expected to take around 6 months to completed, beginning in Summer 2023.

- 14.11. **Action 6:** Undertake an options appraisal for Community focussed amenity facilities led by the Council’s architectural team.

This will be undertaken during 2023.

15. IMPLICATIONS

15.1. Financial

- a) Most recent estimates for likely costs of delivering the Tweedbank Expansion Project which includes homes, care and community facilities and infrastructure indicate full costs of £108m. The programme relies on significant external investment, the Council is working with partners to look at the most appropriate and effective funding models. Further development of this Programme will require updated financial forecasts to take account of the current market prices.
- b) The table below shows costs incurred to date along with the approved budget within the Capital Investment Plan from 2023/24 as follows:

	Costs to date	23/24	24/25	25/26	26/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure						
Borders Innovation Park	7,526	4,972	6,183	3,186	219	22,086
Care Village Tweedbank	177	6,954	7,308	210	0	14,649
Total Expenditure	7,703	11,926	13,491	3,396	219	36,735
Funding						
External	(4,398)	(3,020)	(6,183)	(3,186)	(219)	(17,006)
SBC	(3,305)	(8,906)	(7,308)	(210)	0	(19,729)
Total Funding	(7,703)	(11,926)	(13,491)	(3,396)	(219)	(36,735)

- c) The proposals outlined in Section 14 of the report will incur costs in terms of development partner and technical team fees and the construction of the phase 1 access road.
- d) At present the scale of costs and the nature of the contract will be determined, alongside funding, during the procurement exercise described and approval sought as per the terms of the scheme of delegation.
- e) The approved budget currently in place for the Tweedbank development are reflected in the Council’s published revenue and capital plans.

- f) The business case will be updated as described within this report and will be reported to Council as further approvals are required.

15.2. **Risk and Mitigations**

- a) There are risks associated with the original delivery programme for the City Region Deal programme of high amenity development associated with Business Zones 1 and 2. This risk has been mitigated by allowing for timing movements within the budget, regular liaison with the City Region Deal Programme Management Office and through progressing the actions outlined within Section 14 of the report.
- b) There is a financial risk associated with the fixed funding principles of the City Region Deal linked to future inflationary pressures and material/construction related indexation. It is proposed to tolerate this risk and report further during the delivery of the overall programme.
- c) There has been a risk associated with the outstanding built and natural quality of the former Lowood Estate. This risk has been mitigated by the approval of the Supplementary Planning Guidance, including the Design Guides, providing for a detailed framework to control future development.
- d) There is a risk associated with the fees associated with actions outlined in Section 14 of the report. This will be mitigated by progressing procurement activity to confirm costs which, along with funding will be reported back to Council.

15.3. **Integrated Impact Assessment**

The actions described in Section 14 of this report will initially lead to the production of further reports leading to the phased development of the site at Tweedbank. As these reports are prepared and individual projects are taken forward Integrated Impact Assessments will be prepared and submitted to Council at the appropriate times to ensure that the long term Tweedbank Development meets the requirements of the Equality and Fairer Scotland duties.

15.4. **Sustainable Development Goals**

As set out in Section 7 of this report, Scottish Borders Council acknowledges our leadership role within the region in moving towards net zero by 2045. The Tweedbank expansion should be an exemplar for the future of development in Scottish Borders. The project and its development should contribute significantly to our ambitions to be a green, fair and flourishing region, achieve our net zero ambitions, and support community wealth building and thriving places. An assessment of contribution towards the outcomes of the 17 UN Sustainable Development Goals will be undertaken as individual projects are taken forward and this will be submitted to Council at the appropriate times to provide evidence and reassurance of this.

15.5. **Climate Change**

As individual projects are taken forward, it is expected that an specific assessment is undertaken to assess embodied carbon emissions during construction and carbon emissions in-use alongside other measurable carbon impacts and benefits relating to the five themes – Resilience, Transport, Nature-based solutions, Energy and Waste – as set out in the Council’s Climate Change Route Map.

15.6. **Rural Proofing**

This report does not affect or amend rural proofing policies.

15.7. **Data Protection Impact Statement**

There are no personal data implications arising from proposals contained in this report.

15.8. **Changes to Scheme of Administration or Scheme of Delegation**

There are no changes to the Scheme of Administration or the Scheme of Delegation as a result of the proposals within this report.

16. CONSULTATION

16.1. The Director (Finance & Corporate Governance), the Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council and Corporate Communications are being consulted and any comments received will be incorporated into the final report.

16.2. Others to be consulted if required are –

- Procurement Officer – if you are buying any goods or services.

Approved by

Name	Title
John Curry	Director – Infrastructure & Environment

Author(s)

Name	Designation and Contact Number
John Curry	Director – Infrastructure & Environment

Background Papers:

Previous Minute Reference: Council – 25 November 2021, Council – 23 September 2021, Council - 17 June 2021, Council – 31 January 2019, Council – 20 December 2018, Council – 30 November 2017, Council 29 June 2016

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