



Astley Ainslie : Zone 2 Business Plan

Report 03

Main document

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1 Executive Summary

During 2020, AACT commissioned a Feasibility Study and Social Enterprise Plan to develop a vision and viable model for community ownership, development, and operation of the Astley Ainslie site following the likely disposal of the site by NHS Lothian in the mid-2020s. This Business Plan is the third Report; Report 1 considered options for the whole site; Report 2 provided an appraisal of the opportunities and challenges for community ownership of the north east section of the site referred to in this report as Zone 2. This Report 3 is the business planning for delivery of community-led vision and aspirations for the site, based on the findings of the second report.

This Business Plan summarizes the Community vision for Zone 2 and sets out how the community vision can be translated into measurable outcomes that are delivered by activities. These are summarised as:

Figure i. Community Outcomes

Outcome	Activities
Community confidence & self-determination	Management of a community built and green asset with opportunities to volunteer, manage and influence.
Addressing social exclusion and deprivation	Intergenerational facility bringing people together. Co-housing, key worker homes, maker spaces, work studios / enterprise building improving access to local jobs.
Public interest	Retaining a community asset in community ownership; creating a new community model in the heart of Edinburgh promoting wellbeing for all, meeting the original Trust wishes
Ensuring a financially sustainable community asset	The community owns self-sustaining assets that contribute to its outcomes
Environmental sustainability	Managing and developing a significant urban green asset to deliver an increase in natural capital; carbon capture, pollution and heat management, and biodiversity

This Business Plan sets out a strategy for delivering community outcomes from the site. The proposed strategy is based on four key principles:

- Maintaining and developing the green asset, with significant community-led development and involvement to both ensure visibility of the asset and to improve and sustain its Natural Capital Value with a view to future impact investment funding streams – as set out above.
- Ensuring a viable “meanwhile” use for the buildings while AACT seek capital and partners to develop the building assets, both for direct community benefit and to provide financial viability for the green asset.
- Exploring developing concepts in renewable energy, particularly ground source energy for district heating, and the potential for their application to the site;
- Identifying, managing and mitigating the risks to AACT of ownership of these assets. It is key that the majority of the buildings are currently in use by NHS Lothian, and are therefore insurable, wind and watertight, connected to services, and (in most cases) heated.

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The strategy focussed on three phases:

- Immediate – the first three years: how AACT would care for, use and develop assets for use on community takeover; these are the focus of this Business Plan, but also including
- Phase 1: three to six years: further development of assets to deliver a financial surplus and to meet identified need based on experience of the first three years (thus demonstrating a financial track record)
- Phase 2: larger capital developments which depend on developing Government initiatives and on development of the rest of the site. These opportunities are included as Phase 2 given these dependencies but should the conditions arise earlier they could be delivered as Phase 1.

This Business Plan examines the Natural Capital Asset model in relation to Zone 2, explaining how the community’s intrinsic value of the site could be represented by the site’s quantifiable benefits in relation to environmental services (carbon sequestration, urban heat cooling, pollution control) and in health and wellbeing benefits (recreation, mental and physical health benefits). It outlines existing evidence from City of Edinburgh Council’s (CEC) Thriving Green Spaces report and NHS Lothian’s Biodiversity and Climate Change Assessment, demonstrating the measured Natural Capital Value of parks in Edinburgh and of the biodiversity value of the Astley Ainslie estate. It provides evidence from Greater Manchester Combined Authority pioneering use of Natural Capital Accounting to show how the Astley Ainslie site natural capital outcomes might be supported by a funding model for example relating to health and wellbeing benefits generating financial benefits to healthcare providers.

A plan to develop the Natural Capital Asset Value of the site is beyond the scope of this brief. This Report sets out the steps that could be taken to derive both the current Natural Capital asset value, and to plan for an increased value using measurable community and environmental benefits. It highlights the potential to work with the “£1 billion Challenge” programme to find funding to support these increases in Natural Capital Value.

This Business Plan examines how the existing buildings on site can be developed for both community outcomes and for income generation to support the green infrastructure. It identifies uses as a community hub, forest kindergarten and school, early years childcare, mid-market office space and artists spaces / makerspaces, generating rental income to support AACT and the greenspace. It also identifies the opportunity for accessible housing on-site, providing a residential presence to the green asset. These activities are summarised below.

Figure ii. Use of built infrastructure

Activity	Building	M ²
AACT and community space	Community Hub	225
Office space	Community Hub	175
Events space	Community Hub	100
Artists’ Studios	Community Hub	50
Artists’ studios / events / makerspaces	Balfour Pavilion	3,550
Early years	Bungalow	175
Forest school / kindergarten	Estate Offices	250
Accessible Housing	Millbank Pavilion	890
Total		5,415

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The financial plan shows turnover from these assets increasing from £471k per year in Year 1 to £623k by Year 5; £106k of the increase relates to accessible housing. Net cash surpluses after loan repayments increase from £51k in Year 1 to £88k in year 5; £19k of the increase relates to the repayment of a £50k loan to the Community Hub by Year 3, increasing the cash surpluses.

Figure iii. Forecast turnover and surpluses

	2023/24	2024/25	2025/26	2026/27	2027/28
	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Rental Income					
Community Hub	216,378	218,856	222,270	226,690	242,192
Nursery	42,000	43,050	44,126	45,229	46,360
Accessible Housing	-	98,640	101,599	103,631	105,704
Balfour Meanwhile uses	213,000	217,260	221,605	226,037	230,558
Total income	471,378	577,806	589,601	601,588	624,814
Community Hub	20,626	18,680	17,560	36,135	46,872
Nursery	11,340	12,312	13,307	14,328	15,374
Accessible Housing	-	439	2,725	4,095	5,476
Balfour Meanwhile uses	18,777	19,177	19,515	19,787	19,986
Annual Surplus	50,744	50,608	53,108	74,345	87,708
Cumulative Surplus	50,744	101,351	154,460	228,804	316,512

To deliver this plan, AACT will require to raise £395k in grants and donations for the Hub and Balfour meanwhile uses; and £493k in housing grants. It will require £966k in loans for refurbishment of Early Years provision, the Hub, and Balfour meanwhile uses; and £1.5m in loans for housing.

The Business Plan examines the possibilities of additional accessible housing at Millbank, creation of affordable housing on the Balfour site, and of ground source energy. The financial case for these developments is weak; housing as the cost per unit far exceeds the available grant income, and restriction to mid-market rental income means that necessary loans cannot be serviced. Ground source energy has high infrastructure costs of £1m and currently the necessary grant incentives for such energy are not in place. This may change as the housing industry in particular begins to realise the requirements of Net Zero.

The Critical Success Factors which require to be met to deliver these outcomes include:

- Identifying social investment capital;
- Ensuring financial sustainability (income generation for asset maintenance);
- Social sustainability (retaining community engagement in the medium to long term);
- Promoting and developing community group capability;
- Partnering with others with specialist skills;
- Understanding risk appetite - of funders, stakeholders, community – and mitigating risk.

The highest risk is that AACT cannot attract sufficient funds from funders, supporters, and social investors. Two activities will help reduce this risk. The first is working in partnership with NHS Lothian to demonstrate capacity and capability in community engagement for planning and participation to deliver natural capital-based management for the site. The second is creating and communicating a clear vision and outcomes from a community asset transfer that resonates with funders and social investors purposes.

2 Introduction and background

During 2020, AACT commissioned a Feasibility Study and Social Enterprise Plan to develop a vision and viable model for community ownership, development, and operation of the Astley Ainslie site following the likely disposal of the site by NHS Lothian in the mid-2020s. The Astley Ainslie site presents the opportunity for pioneering, community-led development that delivers many of the Scottish Government's sustainability, health and community objectives within a historic, central site previously bequeathed for the public good.

This report conveys the findings of the third of three parts of a comprehensive study. In August 2020 the Trust's membership determined that they would fund a short study (Report 1) that considers a wider high-level evaluation of whole site. This should provide a clearer understanding of the development pressures and constraints on it and allow the community to review how it might best influence its future. This work, funded by donations, supported initial assessment identifying Zone 2 (north west) as the primary candidate area as it offers the best blend of opportunities for community benefits. This assessment was carried out through analysis of the potential outcomes for all zones. Zone 2 has a mix of landscape and building characters, woodland, open grown trees and specimens, buildings with heritage value, and others where new community-led re-use development is possible. It also has a strategic position spanning two major site access points.

Report 2 provided an appraisal of the opportunities and challenges for community ownership of the north east section of the site referred to in this report as Zone 2.

The focus of this Report 3 is the business planning for delivery of community-led vision and aspirations for the site, based on the findings of the second report.

The aim of this third report is to set out the phasing, development planning, financial viability and funding for the recommendations in the second phase of the report. This appraisal also assesses how as potential custodians of the site, AACT could also influence the site's future development by other partners through ownership and/or models of governance.

3 The Site and the Astley Ainslie donation

The site is in South Edinburgh, on a south-facing slope dropping south from Bruntsfield towards Blackford Hill, offering a sheltered, sunny aspect. It is important public land – the central part of a green corridor extending from Tollcross to the City Bypass. The grounds are bounded by the neighbourhoods of Bruntsfield, Marchmont, Grange, Morningside, and Merchiston. It is within the Community Council area of Marchmont and Sciennes, borders three other CC areas, and is in the Local Authority political ward of Southside and Newington.

3.1 History, buildings, and nature

The site has a history of health provision, from a 16th century plague hospital, chapel, and cemetery catering to the victims and survivors of plague. Some remains have not been excavated, with indications of previous use such as stone carving and wells.

Until the early 19th century, the site was farmland providing Edinburgh with provisions. The earliest building, at Morelands, was built to provide respite from the city for town dwellers. The owners planted gardens and grew exotic plants from the Americas and Asia such as the Giant Redwood, the Monterrey Cypress, and the Bhutan Pine.

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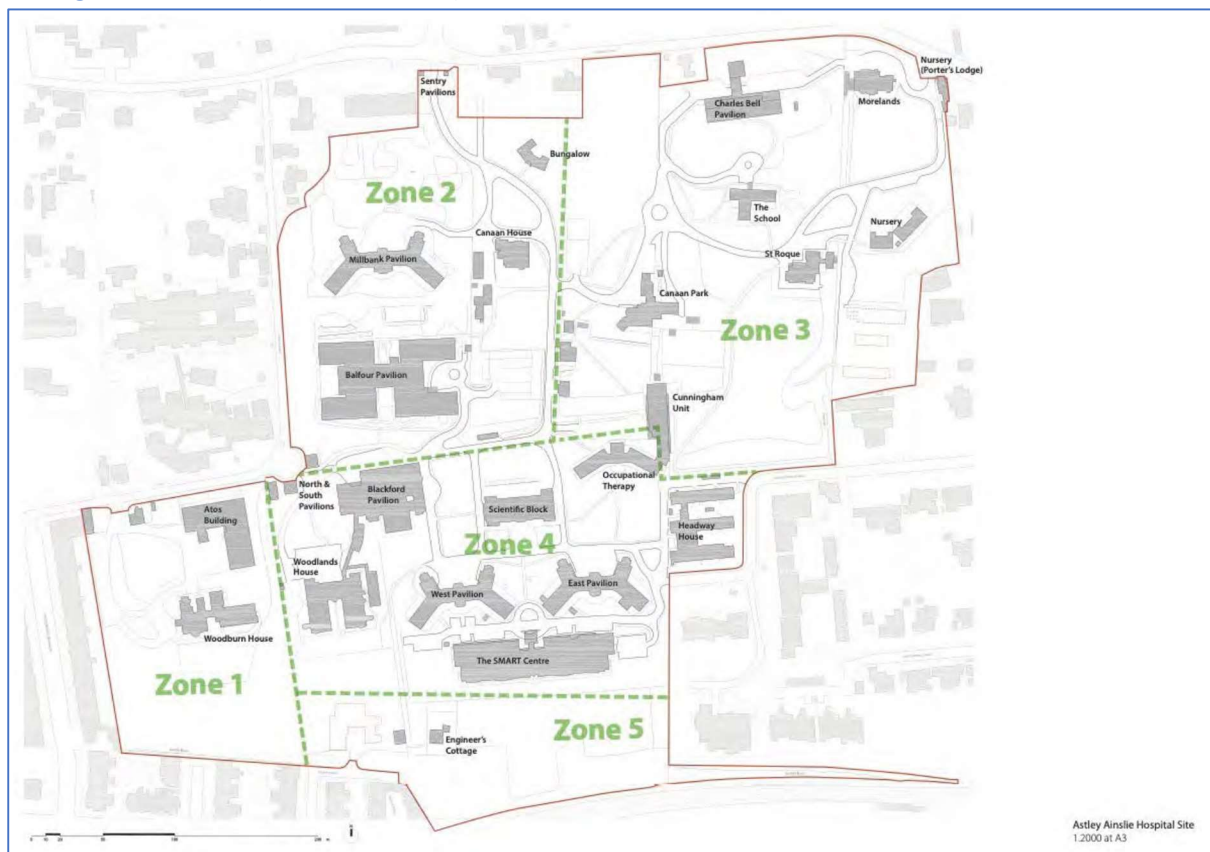
The Trustees of David Ainslie bought the land in 1920 to provide a convalescent hospital for the sick and disabled from the Royal Infirmary. The Royal Botanic Gardens provided plants, seeds, and expertise to improve the gardens. The Trustees undertook research and a pioneering interest in occupational therapy, buying more land in 1945. In 1948, the NHS took over the properties and the bequest. The Astley Ainslie Hospital is the last convalescent hospital in Scotland.

There are approximately twenty buildings on the whole site, with utility structures. There are five 19th century villas; buildings constructed for the Astley Ainslie Institution in the 1920s and 30s, such as the butterfly pavilions and the consultants' bungalow. Others include wartime huts and modern buildings: The School, the Balfour and Charles Bell pavilions, Atos building, and the new Smart Centre. Zone 2 contains 4 significant buildings and two smaller structures.

The biodiversity value of the site in relation to its position in the city is high. The City of Edinburgh Council (CEC) recorded 2000 trees (from the year 2000) including native tree species such as Sessile oak and Silver birch, mature specimens of exotic trees a seminatural shelter belt, mixed plantation woodland and a Norway spruce plantation. The collection of exotic trees may be second only to the Royal Botanic Gardens of Edinburgh.

The orientation map below shows Zone 2 in relation to the whole site.

Figure iv. Astley Ainslie: site map



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3.2 Present day clinical uses

AAH is a rehabilitation hospital. While services are relocating to the Royal Edinburgh Hospital, some continue on site, including three inpatient wards and some outpatients/community services such as chronic pain, cardiac rehabilitation, including the Heart Manual, the SMART centre for rehabilitation technology.

The NHS has announced that it intends to market the site in 2021—although delays due to the Covid pandemic may affect this—and to completely vacate the site by the mid-2020s. Some of the buildings are already vacant. Delays in planning by NHS suggest that these dates may change; indeed, the Astley Ainslie site has been regarded as imminently closing for at least a decade.

4 Community benefits and outcomes

4.1 Community vision

The following objectives are taken from AACT's 2019 Visioning Report, listed here in a loose order of hierarchy only.

Nature & greenspace

A key generator for a range of community benefits involves maximising access to the natural environment for educational use, skills training, food growing and recreation. Site strategies explored varying mixtures of the following programme elements.

- Community gardens; allotments, orchards, Physic garden, foraging, beekeeping, forestry, arboretum
- Sport
- Play
- Outdoor learning
- Environmental art. Permanent and temporary projects
- Woodland – wild
- Land management skills and training
- Botanical research and education – form links with Royal Botanic Gardens of Scotland

Community hub

A response to the high demand for community spaces in the area.

- Creative / Arts; Gallery space, lettable studio space, performance and event space, art therapy & music recording studios
- Enterprise; crafts/maker centre, workshops
- Gathering space
- Café / Restaurant
- Guest accommodation

Health and wellbeing

Community-led and community-based modes of delivering better health outcomes.

- NHS well-being agencies
- Patient respite facilities
- Therapeutic treatment

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- Hospice
- Carer's centre
- Occupational Therapy
- Community gardens. Membership and volunteer models offering
- opportunities to grow food, build communities and promote active
- lifestyles. The garden teams could run regular events, workshops and
- courses

Outdoor learning, recreation, and access

An expansion of the existing provision using more of the available green space.

- Paths & routes; walking, cycling, wheelchair accessible, safe routes,
- interpretive wayfinding
- Outdoor play; bike trails, camping, adventure play, skateboarding
- Leisure pool
- Forest School

Homes

An ambition to provide more low-cost, climate-led housing through community-owned development, and housing provision for e.g., key workers, to balance market driven private developer residential development. Community ownership will allow a greater level of detailed assessment of need and higher levels of provision than the affordable housing ratios required by the Local Authority.

- Community-led housing
- Co-housing
- Supported independent living and care homes.
- Intergenerational living
- Highly adaptable housing
- Housing linked to productive green space

4.2 Defining measurable community outcomes

During the course of this work, AACT have sought to encapsulate the desired outputs above – the story of the future site – to what the community's desired outcomes are. This has helped focus consultation on what activities were more important compared or more emphasised compared to other activities, by asking which activities delivered better to more outcomes. This also provided a base for measuring those outcomes, so that trends and improvement could be demonstrated to the community, to stakeholders, and to funders. See Figure v over.

Figure v. Community outcomes

Aim	Outcome	Activities	Measure
Improves health and wellbeing	A destination location, with community activity to support and maintain the asset.	Community hub Balfour makerspaces	Community activity – volunteering hours Support and maintain assets – delivery of green and infrastructure development milestones
	Opportunities for social and leisure uses for the immediate community and more widely; encourage "destination" access	Community hub Greenspace development including recreational uses	Regular visitor counts Short visitor surveys – “how far have you travelled”
	Community "hub" to increase cohesion and sense of place.	Community hub including office and artists spaces Greenspace volunteering Balfour makerspaces Nursery lets	Use of community hub by community groups / local businesses
	Productive use of significant greenspace enhancing ecosystems and environment.	Community-led development and financing of a greenspace management plan focussed on increasing natural capital Forest schools	Delivery of community development plan enhancing the natural capital assets

Astley Ainslie Community Trust

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Aim	Outcome	Activities	Measure
Community confidence & self-determination	Management of a community built and green asset with opportunities to volunteer, manage and influence.	<p>Purchase, management and development of the site with an emphasis on green assets for community benefit</p> <p>Employ two key full-time posts of Development Manager and Greenspace Manager focussed on delivering community outcomes</p>	AACT and community demonstrate self-confidence by active involvement in strategic and operational decisions through ownership
Addressing social exclusion and deprivation	<p>Intergenerational facility bringing people together.</p> <p>Co-housing, key worker homes, maker spaces, work studios / enterprise building improving access to local jobs.</p>	<p>Forest Kindergarten</p> <p>Forest Schools</p> <p>Millbank accessible housing</p>	<p>Deliver infrastructure aspects of development plan including accessible housing.</p> <p>Measure increase in number of people working / job creation on site.</p>
Public interest	Retaining a community asset in community ownership; creating a new community model in the heart of Edinburgh promoting wellbeing for all, meeting the original Trust wishes	Community ownership and community-led development of a significant natural capital asset	<p>Include wellbeing in use / community surveys to measure trends in wellbeing over time e.g., response to statements such as:</p> <ul style="list-style-type: none"> • I enjoy living in my community • Greenspace and leisure in my community improve my wellbeing • I have access to stimulation / learning / wellbeing opportunities • There are quality jobs and fair work in my community • I have an impact on the decisions which most affect me

Astley Ainslie Community Trust

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Aim	Outcome	Activities	Measure
Ensuring a financially sustainable community asset	The community owns self-sustaining assets that contribute to its outcomes	Community hub office and artists’ studios Balfour makerspaces Nursery letting	Delivery of this overarching business plan Delivery of detailed business plans for each element drawn up to support funding / loan applications
Environmental sustainability	Managing and developing a significant urban green asset to deliver an increase in natural capital; carbon capture, pollution and heat management, and biodiversity	Community-led development and financing of a greenspace management plan focussed on increasing natural capital	Delivery of community development plan enhancing the natural capital assets Measurement of quantifiable outcomes to demonstrate achievements of natural capital increases

Through the process of communication and engagement required to derive this report, AACT and its community have sought to clarify which of these outcomes are the drivers for the community desire to purchase and manage the AACT site. Report 1 and report 2 created conversations particularly around development of greenspace into housing, the creation of housing itself, and a wider discussion on the level of community self-confidence and risk. This helped shape the identification of critical success factors necessary to deliver of the outcomes, below.

4.3 Identifying Critical Success Factors

The Critical Success Factors which require to be met to deliver these outcomes include:

- Identifying social investment capital;
- Ensuring financial sustainability (income generation for asset maintenance);
- Social sustainability (retaining community engagement in the medium to long term);
- Promoting and developing community group capability;
- Partnering with others with specialist skills;
- Understanding risk appetite - of funders, stakeholders, community – and mitigating risk.

This business plan focusses on addressing these success factors for the acquisition. It identifies the use of natural capital accounting to help quantify and value urban green spaces and by so doing, supports the underlying community value and benefits of the Astley Ainslie estate; it focusses on financial viability of the built infrastructure to contribute towards maintenance of the green spaces, including through partnership; and in so doing, sets out a way forward for the community to grow capability and capacity through the process.

5 A natural capital approach

5.1 What is natural capital?

The community's aspirations and concerns for the Astley -Ainslie site are driven by their collective recognition of the site as a green community asset in the heart of Edinburgh. The Covid-19 pandemic accelerated a major reassessment of the value of accessible green space, in particular its role in alleviating the rise in physical and mental health issues. Concepts such as the 'twenty-minute city' and pilot projects such as the 'Transition Towns' movement provide a glimpse of how shared governance of localised food production, energy generation, and education can improve the resilience of urban communities.

These concepts are already being developed in parts of Edinburgh. Transition Edinburgh is working on a range of projects for a Carbon Neutral Edinburgh including a community-led heat project using seawater. Transition Edinburgh South (TES) has begun a community hub in Gracemount Mansion stable block and gardens. Similarly to the Astley Ainslie site, the Gracemount Mansion and gardens were gifted from private ownership in the early 20th century, in this case to the then Edinburgh Corporation. TES continue to develop plans for long term community asset transfer.

City of Edinburgh Council's Open Space Strategy 2021, developed in 2016, aimed to:

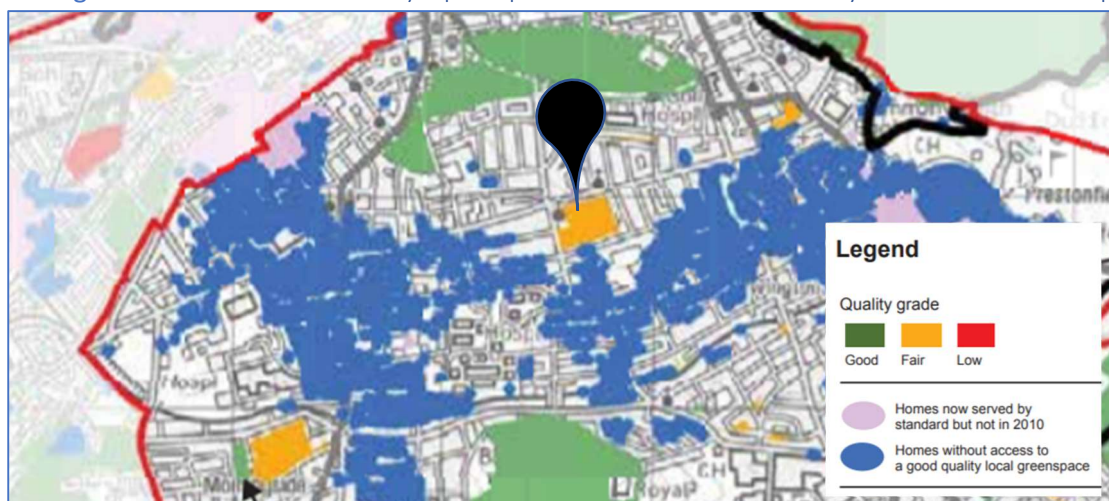
- provide the context to community-led greenspace initiatives and planning decisions;
- identify where links can be formed and improved between open spaces to support walking, cycling and wildlife; and
- help the city prepare for, and adapt to current and future impacts of climate change.

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The Open Space Access Plan produced by City of Edinburgh Council for each part of Edinburgh sought to identify “good quality” accessible open space across the city, setting a standard that all homes should be within 800m walking distance of an accessible large greenspace of at least 2 hectares.

The Astley Ainslie site is identified as an open space of only “fair” quality, leaving a band of households without the Standard access to good open space.

Figure vi. South East Locality Open Space Action Plan: Accessibility of homes to Greenspace



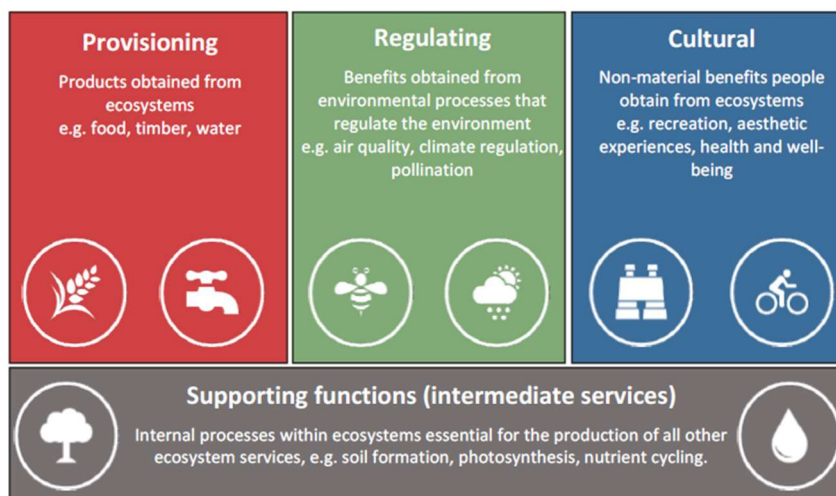
As society endeavours to protect and enhance the green spaces that we intrinsically value, alternative methods for measuring the benefits and valuing them economically are being developed. Social Return on Investment has provided the route for developing the Natural Capital approach which is gaining traction.

Natural capital can be defined as the world’s stocks of natural assets which include geology, soil, air, water and all living things; and recognises and seeks to value the “ecosystem services” humans derive from the ecosystem; these are often divided into:

- “provisioning” services: agricultural and aquacultural extraction, water, oil and mineral extraction, and renewable energy production
- “regulating” services: carbon sequestration, air pollution removal, noise mitigation, urban cooling and flood regulation
- Cultural services: usually health benefits of interaction with the natural environment, including the benefits of living in or with green spaces.

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Figure vii. Ecosystem services from Natural capital

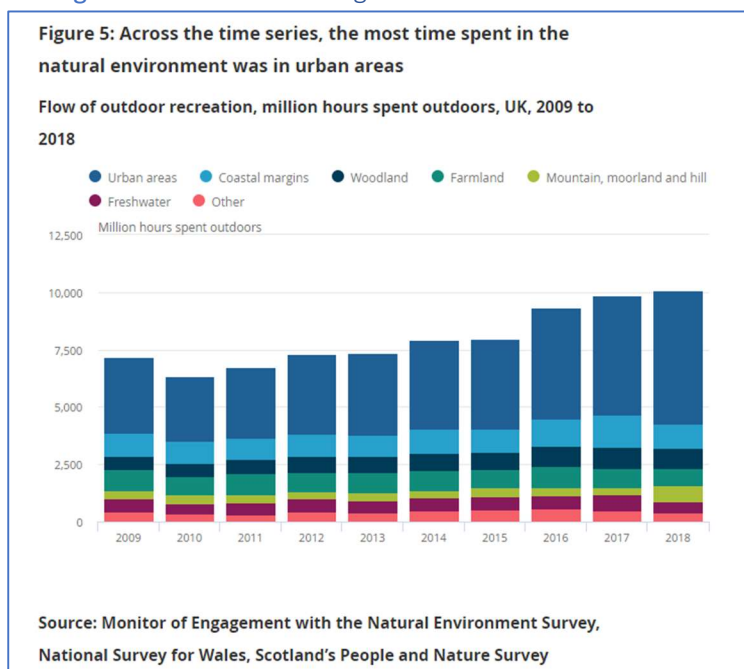


The Natural Capital approach is inherently human-centric; the services which are provided directly to more people, are more “valuable”. It therefore fits well where benefits are delivered in urban areas, rather than in sparsely populated areas.

Methodology and valuation are done by attaching proxy values to the outcome or output; or to the input. Measurement remains experimental and non-standard.

For example, the Office of National Statistics’ measure of natural capital related to natural cultural services measures two things; hours spent in the natural environment, and the additional value of homes living within 500m of a green space. “Hours spent” is a proxy for the physical and mental health benefits – an input in terms of time, but the output / outcome (in terms of improved physical or mental health, improved social interaction and economic productivity, reduced requirement to access health services) are not included. “Hours spent” are valued based on the expenditure incurred to travel to the natural environment and some expenditure incurred during the visit. And on this measure, natural environment within urban areas is the most “valuable” even although it is a small proportion of the total area of green space in the UK. This value was growing even before the Covid 19 pandemic and lockdown reinforced people’s value for open spaces as shown in Figure viii.

Figure viii. The increasing cultural value of urban natural environments in the UK



Source :

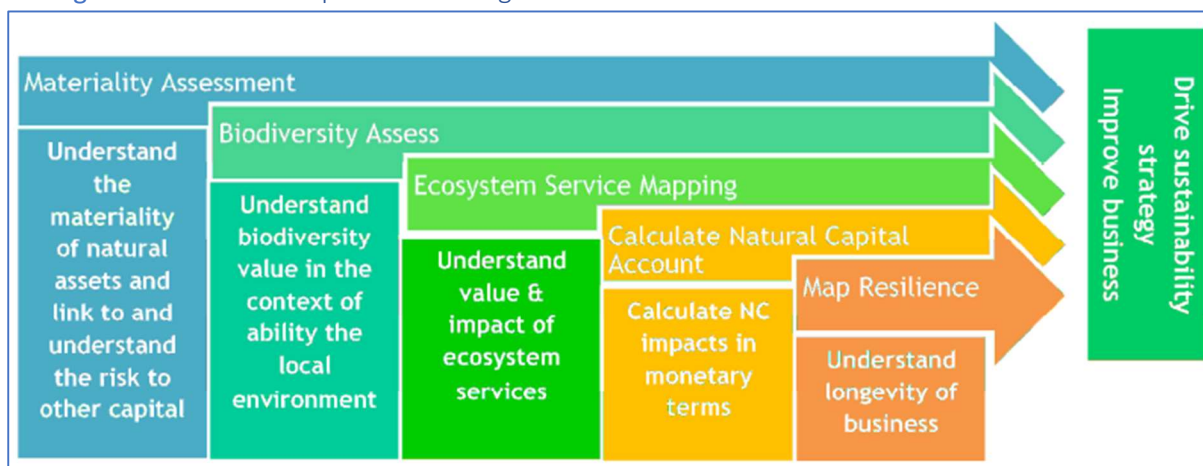
<https://www.ons.gov.uk/economy/environmentalaccounts/bulletins/uknaturalcapitalaccounts/2020>

One of the practical applications of this approach is to enable impact investors to support projects which reduce greenhouse gas emissions or increase carbon uptake, which increase or maintain biodiversity, or have some other natural capital benefits. At its simplest, financial instruments allow investment in ecosystem services where these generate not only a natural capital benefit but also a financial benefit, for example a landowner planting trees for natural flood defences rather than a local authority using concrete flood walls to protect buildings downstream. A financial instrument can be used which allows impact investors to fund the tree-planting in exchange for a financial return based on the cost savings to the local authority – for example a local authority bond.

Natural Capital Accounting and investment is in its early stages, and one of the key issues in attracting capital is a sufficient link from the benefits delivered to an identified cost saving. Greater Manchester Combined Authority is pioneering the use of Natural Capital Accounting to value local provision of ecosystem services, which requires quantifying the service provided (how much carbon reduced? How much mental health promoted?) and then valuing it economically (what is the cost avoided / benefit gained to the economy). Valuation in Natural Capital Accounting can be complex: planting trees provides not only flood defence services, but a host of other services – and the NCA approach can value each of these benefits linked to the asset, not only the flood defence benefit. This increases the possibility of attracting impact investors with different social values, to the same investment proposition.

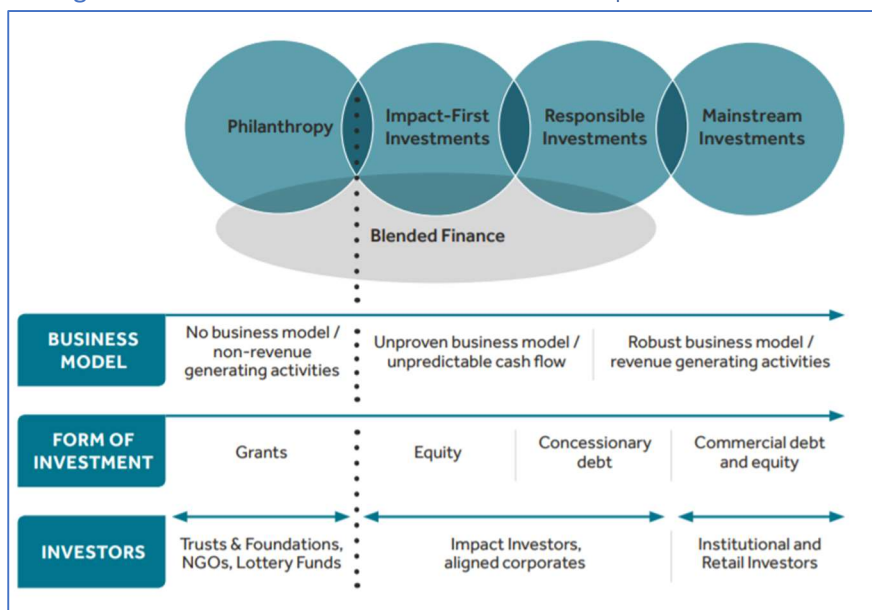
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Figure ix. Natural Capital Accounting Model



Outside the public sector, investment in natural capital has traditionally drawn on philanthropic sources, shown to the left of the dotted line in Figure x, with grants as the main form of investment. For a Natural Capital approach to increase the total investment, investors seeking financial returns are shown to the right of the dotted line in Figure 2, and these projects will often require some form of blended finance (a combination of funds for risk sharing).

Figure x. Schematic of investors in natural capital

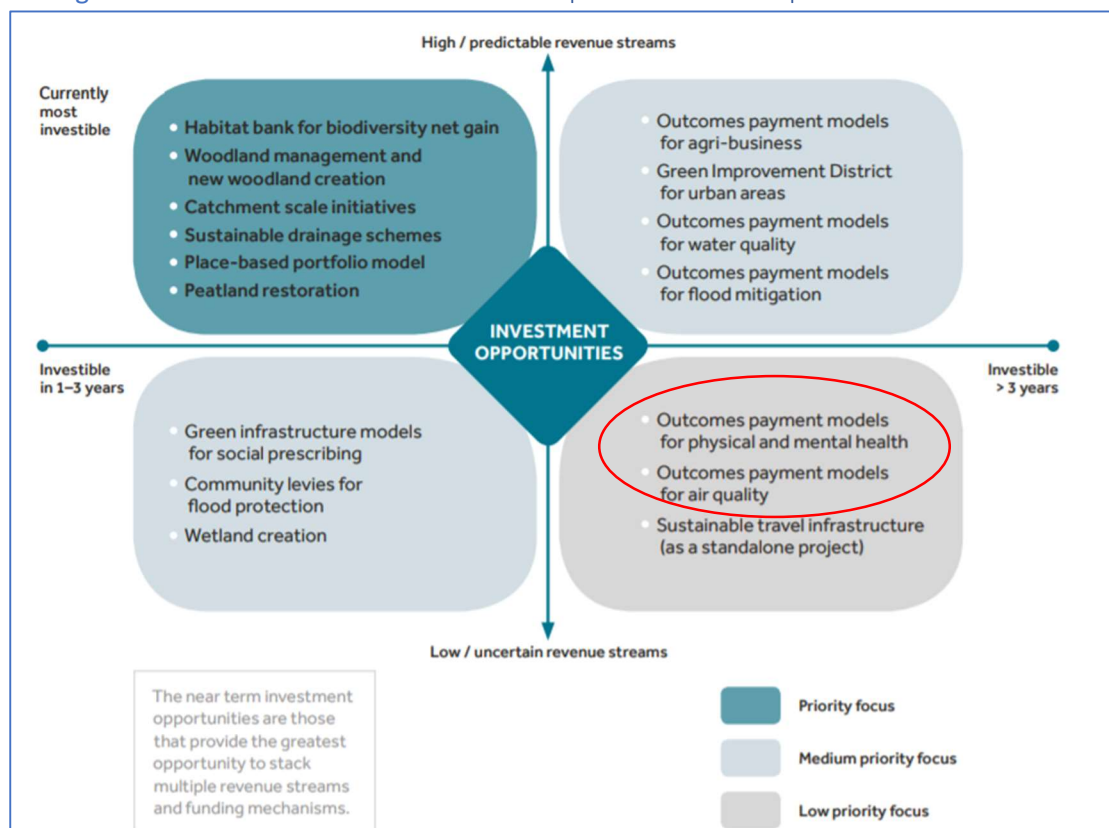


As many business models and outcome-measured financial returns are still unproven or developing, impact investment is currently only happening at a significant scale in relation to carbon credits. Companies are buying carbon absorption projects either as part of a corporate social responsibility scheme, or through access certified carbon credits. The process of project certification is expensive and onerous, and therefore not available to smaller or innovative schemes.

Greater Manchester has carried out an audit of its natural capital, and identified a pipeline of projects where it wishes to attract investment. These are noted below, and have direct applicability to AACT’s ambitions for the Astley Ainslie site.

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Figure xi. Greater Manchester Natural Capital Investment Pipeline



The benefits and outcomes most desired by the local community during AACT’s consultations, relating to physical and mental health, air quality, and active greenspace, are identifiable in this matrix and classified as investible in over 3 years, and with low / uncertain revenue streams.

The trend is that these cultural benefits are increasingly valued, not only by citizens but also by society. The cost to society of ill-health linked to inactivity and social isolation is significant and rising. JogScotland, ParkRun, and similar organisations have demonstrated measurable health improvements in individuals including addressing health conditions which are most prevalent in older adults, such as hypertension; in societal illnesses linked to excess weight; and in reducing social isolation. Currently these organisations are funded by Corporate Social Responsibility, sponsors, and philanthropists, and supported by very significant voluntary effort. They do not however maintain the green spaces in which they are active; these are regarded part of the public realm. There is a missing “link” between the savings to health infrastructure through improved health, and the cost of delivering the services, and the costs of maintaining and improving the green assets which deliver those benefits. The increasing health agenda on prevention has not yet led to direct investment in the infrastructure for health initiatives. It would require intervention at a community level to generate actual savings in health infrastructure. While there are many small-scale studies demonstrating the health benefits to individuals, the change would have to be demonstrated and implemented at community or social level to make an impact in the ever-increasing economic costs of healthcare.

The gift of Astley Ainslie was for convalescence; it became a pioneering centre for active convalescence. There is a key opportunity now for a community-led organisation to build on this inheritance, pioneering protection, enhancement and investment in an essential urban green asset.

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5.2 Enhancing Urban Greenspaces: Parks Trusts

A recent development for safeguarding green infrastructure is through the establishment of Parks Trusts, such as in Milton Keynes and in Newcastle. In both of these local council areas, the ownership of what was council-owned greenspace has been passed to a charitable Trust. The Milton Keynes Parks Trust is self-financing, having been gifted with a substantial property portfolio. The profits from the built assets are used to support and improve the green assets; the Trust is also able to attract philanthropic and social investment, donations and volunteers to help maintain the green space. This legal structure ensures direct income into a body which is focussed on improving both the green asset and its use.

Urban Green Newcastle was also developed from the local council's transfer of Newcastle's 33 parks and 60 allotments. In Newcastle upon Tyne, Council spending reduced by 90% over seven years. It was clear a new approach was needed to secure the future of Newcastle's open spaces. Newcastle City Council, working in partnership with National Trust and National Lottery Heritage Fund, carried out an extensive consultation exercise and developed an outline business plan for a new independent charity to manage, maintain, restore, develop and protect the city's parks and allotments. Urban Green Newcastle was formed in April 2019. Unlike Milton Keynes Parks Trust, it is supported by council contributions totalling £9.5m over 10 years.

Urban Green Newcastle produced Natural Capital Accounts for the year to March 2020. These demonstrated:

- 6 million visitors to Newcastle's parks and allotments every year
- £45 million in physical health benefits
- £83 million in mental health benefits
- A benefit of £22 per person- visit.

The Accounts note:

“The £45m in physical health benefit takes into account the number of annual visitors to the city's green spaces for exercise - running, cycling, gardening - and their lower risk of mortality and quality-adjusted life years. Each year of good health is valued at £60,000 per person. The £83m in mental health benefits generated every year is based on studies by the University of Exeter, which looked at the relationship between the number of visits to a green space and reported wellbeing. Life satisfaction increased in line with the amount of time spent in green spaces every week.”

All this for a cost of £1.35 per visit.

5.3 City of Edinburgh Council; Thriving Green Spaces

City of Edinburgh Council is leading the *Thriving Green Spaces* initiative, funded by the UK's Future Parks Accelerator. It is developing its own Natural Capital Accounting, and is developing an Ecological Coherence Plan which states:

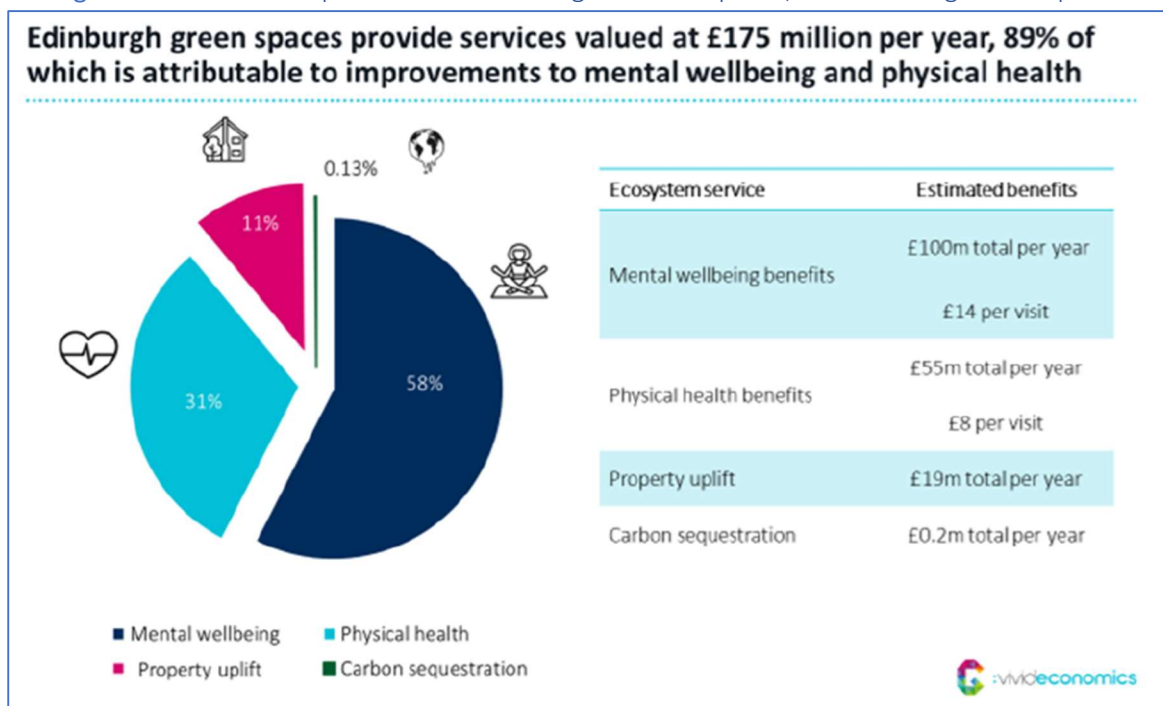
“The Astley Ainslie site is an important greenspace in South Edinburgh with high capacity of ecosystem services providing connectivity for people and wildlife in the area. There are a number of mature, specimen trees providing habitat. The importance of the site was evident in the work conducted in preparing an Ecological Coherence Plan for Edinburgh and its potential role in terms of providing a “green corridor” connecting the Meadows and the Braids was highlighted. Analysis of the data gathered as part of the ECP is ongoing and a strategy and implementation plan is still in preparation, however, once governance of the project has been finalised and agreed it will likely be

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an important site/opportunity and there will be a desire to engage with the responsible owners/manager of the site.”¹

As part of the Thriving Green Spaces project, a Natural Capital value has been estimated for the green spaces of Edinburgh, valuing them in total at £174million per year. Interestingly the carbon benefit of these green spaces is the lowest part of that valuation; however, this is due to the quality of the green space and what it contains.

Figure xii. Natural Capital value of Edinburgh’s Green Spaces, from Thriving Green Spaces



The Thriving Green Spaces initiative is developing relationships with Edinburgh’s Health and Social Care Partnership, whose Thrive Edinburgh initiative seeks to explore and develop the use of Edinburgh’s natural environment as a setting for health activities and benefits. More recently TGS has been working with RSPB Scotland and their ‘Nature Prescription’ pilot which uses social prescribing as a way to signpost people to parks and greenspaces for therapeutic benefits.

5.4 NHS Lothian Estate: Natural Capital Assessment

NHS Lothian published its Report, “Biodiversity and climate change assessment for the NHS Lothian Estate” in March 2021. It states that, “The NHS in Scotland has a duty as a public body to further the conservation of biodiversity (Nature Conservation (Scotland) Act) and meet the ambitious climate change target of net zero by 2045 (The Climate Change (Scotland) Act). At the same time, the importance of biodiversity and natural capital in delivering health benefits is increasingly recognised within the NHS. It is clear that contact with nature, and specific nature-based or green health

¹ Taken from the Ecological Coherence Plan, developed in 2020/21 by the Scottish Wildlife Trust as part of the Thriving Green Spaces project, with support from the University of Edinburgh. Thriving Green Spaces is led by City of Edinburgh Council and funded by the Future Parks Accelerator, to build a sustainable future for the UK’s urban parks and green spaces.

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interventions can help deliver health benefits to people, with the potential for significant cost savings to the NHS. Indeed, the Sustainable Development Strategy for NHS Scotland outlines the need to manage the NHS’ greenspace and outdoor estate as a healthcare facility. Regional strategies also outline the need to maximise the use of the NHS Lothian green estate to deliver health and biodiversity benefits.”

The Report mapped the NHS Lothian state, totalling 174ha of which 46% is greenspace. The report noted that the habitats that comprise the greatest proportion of the green estate are broadleaved parkland and woodland (20%), followed by amenity grassland (8%). The larger sites tend to have a greater range of habitats present within them and have significant areas of woodland and parkland.

The mapping and assessment exercise concluded that, “The condition of each habitat within the GIS base map was assessed, 71.5% were in poor condition and 28.3% were moderate, with only 0.2% in good condition. As a consequence, the overall biodiversity units for the estate were 484, a score which leaves opportunities for improvement.” (p3)

The Report assessed both ecosystem services and, to a limited extent, the health benefits of greenspace. It concluded that:

- “The woodland, trees and hedges across the estate capture 283 tCO₂e per year, with an annual value of £19,501 and a present value (over 50 years) of £1.14 million;
- The estate natural capital assets also absorb 0.98 tPM_{2.5} per year, with an annual value of £255,993 and a present value of £8.36 million;
- The health benefits delivered by the natural capital of the estate focused on green interventions such as therapeutic gardening and outdoor activities. ...A cost-benefit analysis of two existing therapeutic gardening activities run by NHS Lothian, which have 350 participants annually, showed a Net Present Value (NPV) of the QALYs produced by this nature-based health intervention over a period of 50 years of £4.65 million. This is a return on investment (RoI) of 2.00. That is, every £1.00 spent on therapeutic gardening results in benefits to health with a value of £2.00.”

The Report notes that this limited assessment of the Natural Capital asset did not include for example wider use for outdoor recreation; flood alleviation; water quality; noise regulation; urban cooling; biodiversity support; and so on. There was no data available to enable estimates to be made of the use of the sites for recreation, preventing this being taken into account in the Natural Capital Accounting.

The Astley Ainslie site is a significant green asset in the NHS Lothian estate. The report shows that it is second only to the Royal Infirmary of Edinburgh (PFI site) in terms of areas of greenspace and biodiversity units, and top for carbon sequestration and air quality regulation. It holds 15% of the green space, with one-fifth of the carbon sequestration and air quality regulation.

Figure xiii. Contribution of the Astley Ainslie Site to NHS Lothian Natural Capital

	Area of Greenspace ha	Biodiversity Level BI units	Carbon Sequestration tCO ₂ e	Air Quality Regulation tPM _{2.5}
Total NHS sites	80.50	484.00	282.00	0.98
Astley Ainslie	12.38	77.74	61.34	0.19
% of total	15.4%	16.1%	21.8%	19.4%
RIE (PFI)	13.36	78.18	43.10	0.13
% of total	16.6%	16.2%	15.3%	13.3%

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The Astley Ainslie estate, similarly to the overall Natural Capital of the NHS Lothian estate, has significant potential to increase that contribution in terms of habitat quality, carbon sequestration and air pollution regulation. None of the habitat was in “good” condition, and there are significant areas in “poor” condition. The Report did not quantify these areas, but they are mapped at Figure xiv.

Figure xiv. Habitat Condition Map of the Astley Ainslie site

Map A2.6 Condition of habitats at the Astley Ainslie Hospital.



The Report’s recommendations were to:

- Improve greenspace quality: Focus on improving poor condition habitats through better management, and replacing low value biodiversity habitats;
- Improve greenspace quantity, noting that “the green assets are a finite space, any loss of greenspace will have to be compensated for if the biodiversity and climate change policy responsibility of the NHS Lothian are to be upheld, and or the state to continue to promote health benefits from its green assets”.
- Connect with surrounding green infrastructure to increase biodiversity and health activities
- Encourage more health based activities, noting that, “Creating a reasonable sized greenspace on the estate to run one programme of outdoor activity involving 180 patients per year would deliver benefits that value £2.38m over 50 years with an RoI of 2.0.

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Expanding the NHS nature-based interventions would be a cost-effective way of supporting the provision of considerable public health benefits.”

- Promote the use of the estate as a health asset; and
- Develop a co-ordinated strategic approach to managing the natural capital assets.

NHS Lothian is currently considering the findings of the Report, including developing management plans for its green assets which increase their natural capital value. George Curley, NHS Lothian’s director of facilities, was quoted in the Guardian newspaper (27-07-2021) as stating:

“The site of the Astley Ainslie hospital is one of the most significant in NHS Lothian’s estate portfolio in terms of green space and biodiversity, and orders to preserve the trees and their natural beauty are in place,” he said. “We are looking closely at whether we could make more use of the green space on site for care and treatment for patients and for staff.”

There is an opportunity for the AACT and others in the community to continue engaging with NHS Lothian, opening up opportunities for input into that increased management.

5.5 Enhancing urban greenspace: the natural capital benefits

Increases in outcomes and benefits, and therefore in natural capital values, are few; the approach of valuing greenspace through a systematic collection of data is relatively recent. The Land Trust has provided two examples. One is Silverdale Country Park in Newcastle. The 83 ha Park was developed from a former colliery after it closed in 1998, is owned by the Land Trust and managed by Groundwork West Midlands who have increased multi-user footpaths, woodlands, amenity grassland, wetlands and a lake. The second is Beam parklands, a post-industrial site in East London.

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Figure xv. Increased Natural Capital values through improved management



Despite these benefits, the Land Trusts identifies its critical issue:

“We are passionate about parks and open spaces, but we are equally determined that **we must be able to identify a sustainable form of long-term funding** to prevent them falling into disrepair and to deliver our charitable aims for community benefit.”

Among other activities, the Land Trust offers a management service to the public and private sector, where the Trust is paid a service charge to deliver the outcomes and is able to leverage additional funding. The Land Trust's majority source of income is investment income from the initial endowments at the time of the Trust being set up.

5.6 Conclusion: a community-led Natural Capital opportunity

Community-led approaches to managing and enhancing green assets have a long history. Community-led gardening groups providing space, activities, producing food, and maintaining spaces are active all over the world, demonstrating the benefits that people know they gain from interacting with others for the green social good.

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The Astley Ainslie site provides an opportunity for a community-led approach to enhancing natural capital in a significant urban green asset, and generating information and data about the multiple social benefits of those assets – physical and mental wellbeing, carbon uptake, air pollution remediation, increasing biodiversity, and potentially flood alleviation and urban cooling in an increasingly varying climate.

The difficulties for sustaining and enhancing green urban assets arise not in the debate around the value of those assets to society, but primarily in competing against short term cash profits from housing developers; and secondly in creating a flow of income to the green asset that helps sustain and deliver those benefits.

Scotland's green assets are losing the competition. According to one news media source, "Scotland's public institutions sold off more than half a billion pounds worth of land and property between 2015 and 2019, with public assets being shed to make up for budget shortfalls. The sold property includes housing, schools, nurseries, hospitals, care homes and healthcare clinics. It also includes community centres, town halls, libraries, public toilets, swimming pools, farms, shop units and college and university campuses."

Unfortunately, and despite the policy on climate change, wellbeing, and "upstream" preventions to improve health, the methodology for Natural Capital Accounting is not yet well developed and the medium term cash savings or returns therefore unclear. For example, the NHS Lothian Assessment does not include in its valuation, the value of wellbeing services to people who use the estate assets for recreation, with carbon sequestration and air pollution remediation being valued at £10m NPV over 50 years – but the Office for National Statistics demonstrates that urban recreation is valued very highly and would therefore add significantly to the NHS' value. The Thriving Green Spaces work demonstrates the overall value of City of Edinburgh Council's green assets including recreation at £175million annually, suggesting that the NHS Lothian valuation is significantly understated.

Natural England's 2020 Review of the Health and Wellbeing Evidence for Green Infrastructure Standards² concluded that, "As of yet there does not appear to be an applicable set of robust health and wellbeing metrics ready to be tested. A process of synthesis and prioritisation and then testing and refinement is needed to identify sets of need/provision and impact/outcome metrics for the key benefit categories at different spatial scales and in different contexts."

That said, the level of interest and focus on the social value of green assets has never been greater. This is a developing area of work, with interest at government and local level in protecting and enhancing urban "green lungs". Governance and operating structures such as the Milton Keynes Park Trust provide examples for others to consider and adapt.

Community-led groups such as AACT are in a unique position to pioneer the use of Natural Capital Accounting for protection and development of green assets. As with other local community assets, communities have a direct connection to the asset, a micro-local understanding of how it is and could be used to generate further benefits, and the freedom to develop that asset outside of considerations of competing budget priorities. Community bodies have access to philanthropic and

² Lovell, R., White, M.P., Wheeler, B., Taylor, T., Elliott, L. (2020) *A rapid scoping review of health and wellbeing evidence for the Green Infrastructure Standards*. European Centre for Environment and Human Health, University of Exeter Medical School. For: Natural England, Department for the Environment, Food and Rural Affairs, Public Health England, and Ministry for Housing, Communities and Local Government, England.

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impact investment capital – and to human capital in volunteers – which are more difficult for entities such as the NHS and City of Edinburgh Council; impact and philanthropic investors are unlikely to invest in government and quasi-government bodies. While CEC has demonstrated leadership and vision in the Saughton Park development with Park Power, it has had to rely on Council funding and energy efficiency incentives to do so – rather than being able to encourage investment based on the value of the green asset.

There is an immediate opportunity for the AACT and others in the community to continue engaging with NHS Lothian, opening up opportunities for input into increased management which enhances natural capital. This opportunity is not contingent on asset ownership, but can help demonstrate community engagement with and benefits from the Astley Ainslie site.

One next step may be to use the approach developed by City of Edinburgh Council, with volunteers to provide input into a Green Infrastructure Mapping Project which would allow detailed mapping of the infrastructure – and provide a basis for discussions about future activities which enhance the green asset value.

Such an approach would help quantify both the costs of undertaking such a programme (which are unique to each site) and the impact on natural capital.

6 Development Programme Summary

6.1 Strategy

The previous Reports 1 and 2 explain the extent and complexity of the proposed asset transfer. Zone 2 of the site contains 6 buildings extending to 7,000m² gross internal floor areas and 2.75ha of greenspace. Such an asset requires a development strategy over a period of time. AACT require to develop capacity, capability, confidence and expertise in managing community assets –key outcomes of the Scottish Land Fund and something that requires an ongoing period of development. AACT also need to demonstrate a track record in development and delivery to enable them to undertake larger developments with private and public sector partners.

The proposed strategy is based on four key principles:

- Maintaining and developing the green asset, with significant community-led development and involvement to both ensure visibility of the asset and to improve and sustain its Natural Capital Value with a view to future impact investment funding streams – as set out above;
- Ensuring a viable “meanwhile” use for the buildings while AACT seek capital and partners to develop the building assets, both for direct community benefit and to provide financial viability for the green asset;
- Exploring developing concepts in renewable energy, particularly ground source energy for district heating, and the potential for their application to the site;
- Identifying, managing and mitigating the risks to AACT of ownership of this substantial asset. It is key that the majority of the buildings are currently in use by NHS Lothian, and are therefore insurable, wind and watertight, connected to services, and (in most cases) heated.

The strategy focussed on three phases:

- Immediate – the first three years: how AACT would care for, use and develop assets for use on community takeover;

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- Phase 1: three to six years: further development of assets to deliver a financial surplus and to meet identified need based on experience of the first three years (thus demonstrating a financial track record)
- Phase 2: larger capital developments which depend on developing Government initiatives and on development of the rest of the site. These opportunities are included in Phase 2 given these dependencies but should the conditions arise earlier they could be delivered as Phase 1.

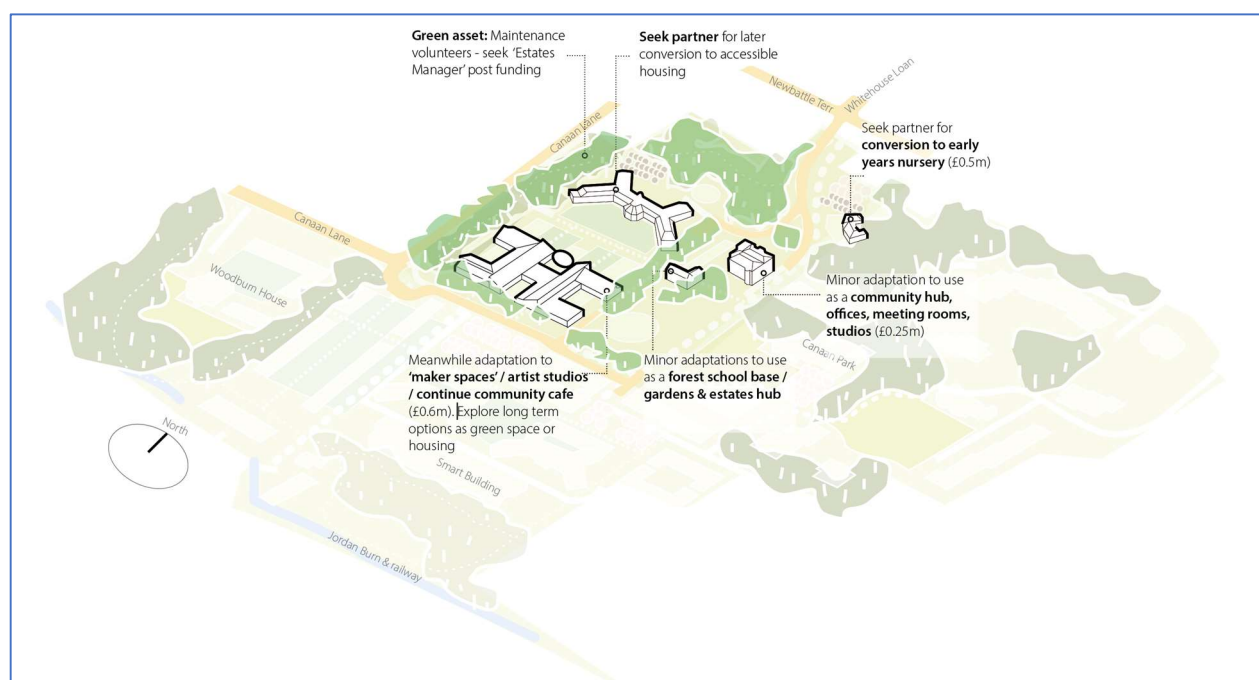
The strategy is shown in site schematics at Figure xvi Figure xviii, with an overview table at Figure xix below, and detailed in Section 7.

To deliver this strategy, AACT require to attract substantial amounts of capital and work in a range of different sectors including land management, under-5s education, Forest School education, makers spaces, office rental, accessible housing, renewable energy and affordable or private housing. AACT's primary objective in acquiring the site is to protect and enhance the social benefits from the green assets. To gain expertise and access to capital, AACT should focus on forming strong partnership with key stakeholders in the public, private, and third sectors, including:

- NHS Lothian
- City of Edinburgh Council
- Third sector for maker spaces
- Private / third / public sector for Kindergarten provision
- Private / third / public sector for Forest Kindergarten / School provision
- Private / third sector for accessible housing
- Private / third sector for private / affordable housing.

Figure xvi. Immediate: the first three years

How AACT would care for, use and develop assets for use on community takeover



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Figure xvii. Phase 1: three to six years:

Further development of assets to deliver a financial surplus and to meet identified need based on experience of the first three years (thus demonstrating a financial track record)

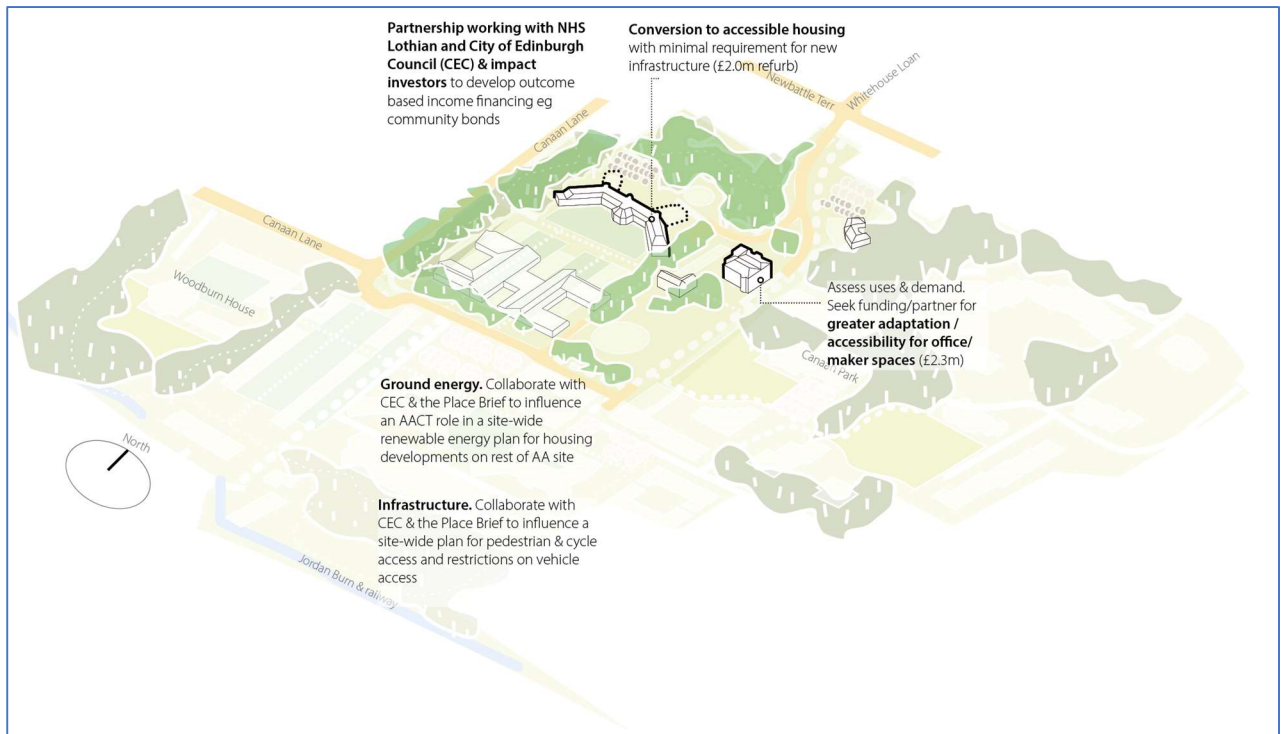
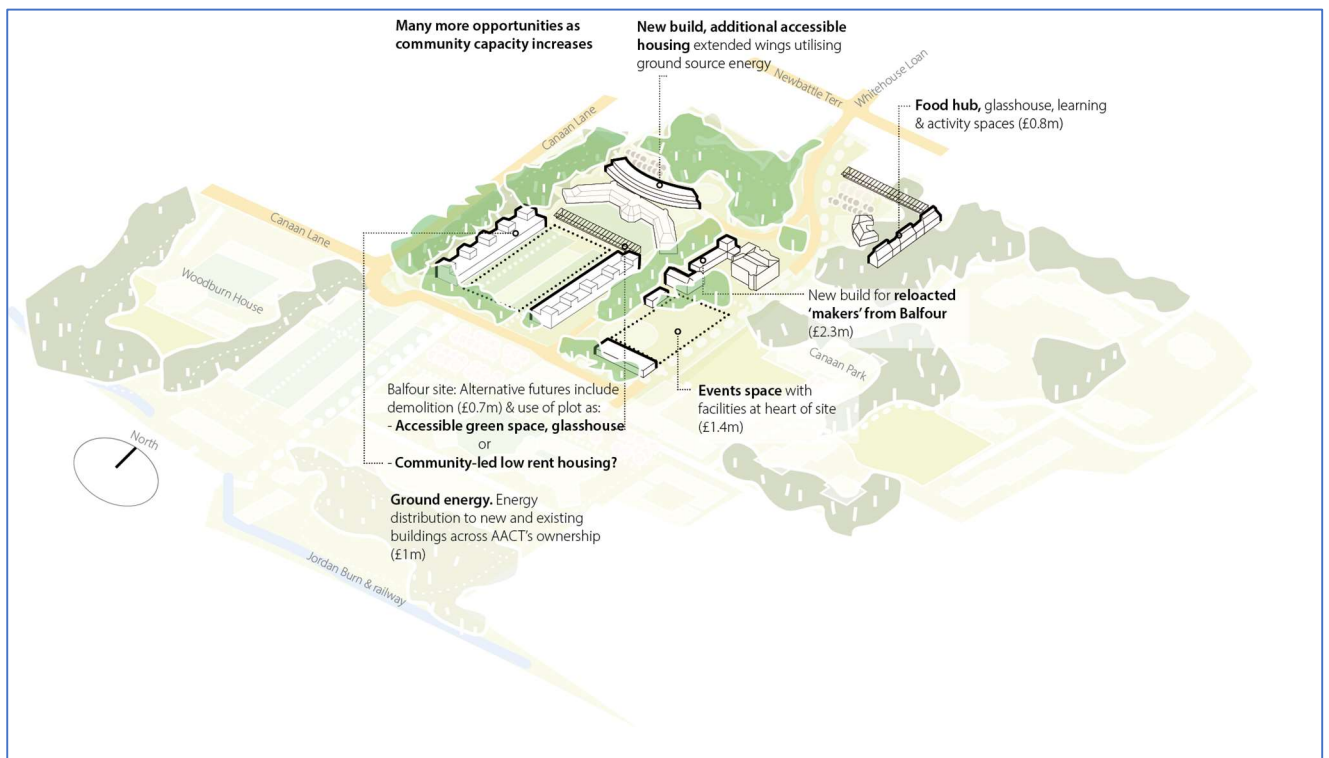


Figure xviii. Phase 2: larger capital developments

These depend on developing Government initiatives and on development of the rest of the site.



Astley Ainslie Community Trust

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Figure xix. Site Development Strategy

Infrastructure	Current use	Immediate	Phase 1	Phase 2 onwards
Green asset	Maintained by NHS as urban park / grounds	Maintenance – volunteers Seek funding to appoint “Estates Manager”, work with community and volunteering groups develop detailed plans	Work in partnership with health and social care providers including NHS Lothian and City of Edinburgh Council, impact investors to develop outcome-based income financing e.g. community bonds Work with City of Edinburgh Council on planning requirements for housing developers on the rest of the AA site including AACT as land managers for greenspaces	Infrastructure including community greenhouses £0.6m Food hub £0.8m Events space £1.4m
Canaan House: Estate Offices: Forest School 250m2	In use as storage for gardening equipment, offices for estates manager	Forest school , garden storage, offices – “as is” Consider retaining as Forest School pending confirmed use of Bungalow		(Depends on conditions survey and listing) Maintain as is / demolish for new build / renovate £1.5m
Canaan House: Community hub 1040m2	Used as offices by NHS Lothian	Community hub , offices / meeting rooms / artists & maker spaces for rent AACT offices Allow £0.25m		Better assess uses & demand Seek funding and / or business partner (e.g. WASPS, OOTB) for extension for additional office/maker spaces £2.3m refurb Consider need / demand for extension £1.5m
Bungalow Site: Kindergarten 175m2	Used as offices by NHS Lothian	Kindergarten: Seek business partner & funders for conversion & use £0.5m		
Millbank Pavilion: accessible housing 890m2	Vacant and boarded up	Accessible housing Ensure secure; Conditions survey Seek business partner for conversion & use	(depending on business partner) Conversion of existing building Minimal requirement for new road / parking infrastructure £2.0m	New build Use of ground source energy for whole building Significant infrastructure requirements £3.3m

Astley Ainslie Community Trust

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Infrastructure	Current use	Immediate	Phase 1	Phase 2 onwards
Balfour Ward: Housing / greenspace 3550m2	West side: vacant East side: shop, café, Offices	Ensure secure; Conditions survey; Use existing café facilities as community café ? Makers spaces if H&S compliant – minimum work Seek housing partner £0.6m		Demolition £0.7m & new build £12.7m a) for greenspace and ground energy b) as part of new housing build
Balfour Ward Carpark	Existing carpark	Allotments / raised beds on existing tarmac (Grosvenor)		Depending on decisions above
Ground energy	n/a	Planning ; governance; feasibility and funding	Work with City of Edinburgh Council on planning requirements for renewable energy for housing developers on the rest of the AA site Await outcomes of government funding plans for renewables	Energy distribution to existing and new buildings across the AACT site £1m
Roads and infrastructure			Work with City of Edinburgh Council on planning requirements for site infrastructure for housing developers on the rest of the AA site	£1m, included in Balfour Ward Housing costs
Total Capital costs		£1.4m	£2.1m	£18.9 plus 5.1m = £24m

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6.2 Finance and funding

The summarised income, expenditure, and finance required for the first 5 years are summarised below.

Overall, the proposal is forecast to generate from £72k in year 1 to £116k in year 5 of net cash inflow to help support the greenspace development and maintenance. Note that the costs included in the finances include 2 key posts, of Development Manager and of Greenspace Manager, which will be essential to develop and deliver the community engagement, planning, and funding.

The finance required, of £888k grants and donations and of £3.4m of loans, is a significant target for any community group. Achieving this will require commitment, capacity, and partnership working – as set out in the Critical Success Factors in Section 4.3 above.

Figure xx. Summary of capital costs and income by asset and phase

Costs	GIFA £/m2	Immediate			Total Immediate	Phase 1	
		Canaan House Refurbishment - meanwhile	Existing bungalow (Nursery)	Balfour Pavilion meanwhile uses		Supported care housing - Millbank Pavilion Site Existing building	Total Immediate plus Phase 1
		1050	175	3550	5025	890	5,915
Demolition		£ 125.00		£ 100.00			-
Refurb		131,250	298,900	355,000	785,150	1,323,000	2,108,150
New Build					-		-
1200 high boundary fencing					-	36,000	36,000
Gates					-	7,500	7,500
Sensory garden; perennial planting / seating / paths etc					-	48,400	48,400
Roads and infrastructure					-		-
Path and ramp		7,500			7,500		7,500
Site clearance		5,000			5,000		5,000
Other							-
		143,750	298,900	355,000	797,650	1,414,900	2,212,550
					-		-
Prelims	15%	21,563	44,835	53,250	119,648	212,235	331,883
Contingency	7.5%	12,398	25,780	30,619	68,797	122,035	190,832
Inflation		-	-	-	-	-	-
Total before Fees		177,711	369,515	438,869	986,095	1,749,170	2,735,265
Professional Fees	15%	26,657	55,427	65,830	147,914	262,376	410,290
Total Excl VAT		204,368	424,942	504,699	1,134,009	2,011,546	3,145,555
VAT%		20%	20%	20%		0%	-
VAT		40,874	84,988	100,940	226,802	-	226,802
Total cost		245,241	509,931	605,639	1,360,811	2,011,546	3,372,356
Funding							-
Housing subsidy					-	492,936	492,936
Grants / donations		195,241			195,241		195,241
Mortgage / Loan/ Bonds		50,000	509,931	405,639	965,570	1,518,610	2,484,179
							-
Total funding		245,241	509,931	405,639	1,160,811	2,011,546	4,344,961
Income and Expenditure							
Annual income Yr1		216,378	42,000	213,000	471,378	98,640	570,018
							-
Management fees			1,050	5,325	6,375	2,466	8,841
Other costs		176,950	2,100	138,450	317,500	13,810	331,310
Loan repayments		18,802	27,510	50,448	96,759	81,925	178,684
							-
Net cash inflow		20,626	11,340	18,777	50,744	439	51,183

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Figure xxi. 5-year Cash Income and Expenditure Summary

5- year Cash Income and Expenditure					
Immediate / Meanwhile Uses Plus Millbank Housing					
	2023/24	2024/25	2025/26	2026/27	2027/28
	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Rental Income					
Community Hub	216,378	218,856	222,270	226,690	242,192
Nursery	42,000	43,050	44,126	45,229	46,360
Accessible Housing	-	98,640	101,599	103,631	105,704
Balfour Meanwhile uses	213,000	217,260	221,605	226,037	230,558
Total income	471,378	577,806	589,601	601,588	624,814
Management Charge	6,375	9,000	9,225	9,456	9,692
Other property management costs	121,748	139,338	143,873	167,349	172,212
Community Hub costs	195,752	200,176	204,710	190,556	195,320
Operating Costs	323,875	348,514	357,808	367,361	377,224
Community Hub	18,802	18,802	18,802	-	-
Nursery	27,510	27,510	27,510	27,510	27,510
Supported Housing	-	81,925	81,925	81,925	81,925
Balfour Meanwhile uses	50,448	50,448	50,448	50,448	50,448
Loan Repayments	96,759	178,684	178,684	159,882	159,882
Community Hub	195,752	200,176	204,710	190,556	195,320
Nursery	30,660	30,738	30,819	30,902	30,987
Accessible Housing	-	98,201	98,874	99,536	100,228
Balfour Meanwhile uses	194,223	198,083	202,090	206,250	210,572
Total costs	420,634	527,198	536,493	527,244	537,106
Community Hub	20,626	18,680	17,560	36,135	46,872
Nursery	11,340	12,312	13,307	14,328	15,374
Accessible Housing	-	439	2,725	4,095	5,476
Balfour Meanwhile uses	18,777	19,177	19,515	19,787	19,986
Annual Surplus	50,744	50,608	53,108	74,345	87,708
Cumulative Surplus	50,744	101,351	154,460	228,804	316,512
	50,744	101,351	154,460	228,804	316,512
Investment requirements					
Grants:					
Community Hub	195,241				
Nursery					
Accessible Housing		492,936			
Balfour Meanwhile uses	200,000				
Total grants and donations	395,241	492,936			
Loans:					
Community Hub	50,000				
Nursery	509,931				
Accessible Housing		1,518,610			
Balfour Meanwhile uses	405,639				
Total loans	965,570	1,518,610			
Total funding & finance	1,360,811	2,011,546			

6.3 Recommendations and Next Steps

The detailed analysis for each use is provided in Section 7. The summary recommendations below are numbered with reference to the subsection in Section 7.

6.3.1 Summary Recommendations

- 7.1. Focus on the green asset as delivering social and environmental benefits to the immediate and wider communities; develop a natural capital approach to the ongoing management of the Astley Ainslie site, with baselines to demonstrate increasing natural capital value from activities.
- 7.2. Use the existing Estates Office buildings to create further links with the green assets between children, young people, and those at risk of exclusion, to provide demonstrable benefits; these activities and programmes are likely to be supported by existing methods such as activity agreements and project-based grants in the first instance.
- 7.3. Develop Canaan House after an update programme funded by £250k grants and loans to deliver a Community Hub, offices and artists' studios, providing a site focus, activities and opportunities for the community. This will generate funds to cover two key members of AACT Staff, a Development Manager and a Greenspace Manager; it could also provide cash surpluses of £40k per year towards site maintenance.
- 7.4. Work with an existing early years provider to renovate the Bungalow to be suitable for this use; determine who will fund the £500k renovations, and agree the rental. This could provide cash surpluses of £11k per year towards site maintenance.
- 7.5. Millbank Pavilion: Identify a specialist Registered Housing Association to deliver the redevelopment project, who will benefit financially from economies of scale. The creation of accessible housing will both deliver community benefit and re-use an abandoned building. Any sale of land associated with this part of the project could provide a capital receipt towards site development.
- 7.6. Millbank Extension: while the current financial costs and income indicate that this is not financially viable, it may be possible for a specialist provider to access finance at a reasonable cost while providing infrastructure and residential presence to the site.
- 7.7. Balfour Building: work with existing makerspace / artist studio providers to determine what investment and renovations would be essential to deliver additional creative space in Edinburgh. This could provide just under £20k of income per year towards site maintenance.
- 7.8. Affordable Housing on the Balfour site: While potential income of £20k and rising per year would be a beneficial contribution to maintenance of the green asset, AACT have decided that the financial and operational risks (see section 7.8.8 below) and management / organisational time required outweigh the benefits.
- 7.9. Ground Energy: It is evident that the existence of open land within the city may enable clean heat generation – far more easily than land which is covered by infrastructure. While AACT should continue to explore this possibility, it is not at the time of writing, a viable option. This may change as further incentives – including the successor to the Renewable Heat Incentive payments, which scheme closes to new entrants in March 2022 – become clearer.

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6.3.2 Next Steps

Next Steps for the AACT to commence delivery of these Recommendations are:

- Vision: sharpen the Vision and Focus for the community asset transfer around the potential for enhancing the Green Asset, supported by use of the infrastructure for other allied purposes.
- The Green Asset:
 - continue to work with other stakeholders to build knowledge and support, including engaging with NHS Lothian on current management of the green asset;
 - establish the current baseline for recreational use;
 - engage with the community on how increased engagement and eventual ownership would improve social benefits;
 - engage with the £1 Billion Challenge Expert Finance Group on the potential for accessing capital
 - create an appropriate legal body to own and fundraise for the site purchase
 - considering models as an Amenity Manager not only for Zone 2 but also for the rest of the site.
- Forest Kindergarten & Forest School:
 - Engage with the existing Forest School programme in Edinburgh to determine how the site might contribute, having previously discussed with NHS Lothian
- Canaan House:
 - Obtain any further information on current building use and state of the asset
 - Identify potential partners regarding office space rental and artists studio rental
 - Engage with the community to identify potential events, social and community uses
- Early Years Provision:
 - Identify a project partner to help deliver the early years provision
 - Obtain any further information on current building use and the state of the asset
- Millbank Pavilion and Extension:
 - Obtain any further information on current state of the asset
 - Identify RHAs with a particular focus on accessible housing, and determine their interest in co-developing the site
- Balfour Building:
 - Obtain any further information on current building use and state of the asset
 - Identify potential partners regarding artists studio rental and makerspaces
 - Discuss with NHS Lothian, any possibility for short-term lease of the unused part of the building to test the concept of makerspaces.
- Ground Energy:
 - Continue to work with energy providers and keep the potential for energy use under review.

7 Development Programme

7.1 Enhancing the green assets

Attracting funding for purchasing the Astley Ainslie site will require a vision and plan for ongoing future development. A clear process is set out in the [Ecosystem Approach Handbook](#) available from the Ecosystems Knowledge Network. The process is:

- Define the partnership
- Understand the place – valuing the special qualities of the place, identifying and valuation ecosystem services
- Plan for change, including understanding stakeholder aspirations and focussing on key attributes to enhance natural capital
- Develop integrated delivery plans including funding and focussed action
- Integrate delivery and monitoring.

Undertaking this process is beyond the scope of this brief; however, some indications of process are set out below. There is significant scope for community-led work in this process, either by AACT gathering additional information, or by working with the current landowner, NHS Lothian, and by considering in more detail how the natural capital value could be increased and that increase captured using one of the current methodologies.

7.1.1 Defining the partnership

AACT's focus is on community asset transfer to secure the green capital of the site for future generations. This aspiration aligns with both political goals – the Scottish Government's focus on Natural Capital (e.g. the [Natural Capital Accounts 2021](#)); the Net Carbon Zero target of 2030, and therefore the increasing requirement on the current owners, NHS Lothian, to help deliver on these goals.

The partnership is wider; City of Edinburgh Council was the first local authority to join the Scottish Forum on Natural Capital. It has joined Thriving Green Spaces and is creating an Ecological Coherence Plan (ECP) for Edinburgh using the Ecological Coherence Protocol, mapping the habitat network and ecosystem services across the city. It is also working to develop a Natural Capital Account (NCA) for Edinburgh. While the CEC can manage Council-owned green spaces; it is keen to partner with other owners of green space in the city. The CEC's protocols and processes would provide assistance to AACT's proposal to measure and value the green asset and to link it as an ecosystem with other green places.

The [Central Scotland Green Network](#) is a national development within the National Planning Framework which aims to make 'a significant contribution to Scotland's sustainable economic development'. It involves public agencies and stakeholders working together to align their policies, programmes and actions to achieve a common aim. It provides case studies and information.

The [Sustainable Scotland Network](#) also provides support and advice, specifically to drive action on climate change. Membership is restricted to public sector organisations and individuals who work in the public sector. One of its aims is to help ensure consistent methodologies and tools.

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Outside the public sector, [Social Farms and Gardens](#) provides a network of resources and links to community gardens across Scotland. While AACT's plans are for more than a garden, the experience of these groups will help support AACT in planning.

In terms of recreation, Scottish Government has recently (July 2021) published the findings of its report, "[Outdoor recreation - understanding the drivers of participation](#)". The report highlights what motivates people to participate, the challenges and barriers, and sets out key drivers for motivation and continuing to participate including where AACT could develop plans for user participation and hence recreational value :

- Strengthening the sense of identity people feel with an activity can help sustain and deepen participation.
- There is a role for greater information provision and communication of the benefits of outdoor activities, particularly among minority ethnic groups.
- There is scope to emphasise the range of activities that can be enjoyed, including by people who are less physically mobile.
- Availability of good quality, easy to access local spaces helps to facilitate regular participation, while a lack of these can be a barrier in more deprived areas.
- The physical infrastructure and maintenance of outdoor spaces affects their accessibility, appeal and usage.
- Activity groups and organised trips can help both to initiate and to sustain participation.
- More informal social meetings for outdoor activities can also help to initiate and sustain participation.

While AACT is motivated by a sense of potential loss of the greenspace, there has never been more political and social interest – and evidence – to support their intrinsic community value of the Astley Ainslie estate.

7.1.2 Understanding the Place

Understanding the place involves more than mapping the habits and the recreational uses of the space. It also includes understanding why people value the space, locally. The Visioning work undertaken by AACT helps support this understanding; however it focussed on the future uses. Additional experiential evidence of current feelings may also add to understanding community value. The Cyrenians "Recovery Through Green Infrastructure" project at the Astley Ainslie included volunteer work to convert rough grassland into gardens at Astley Ainslie; outcomes from this project would add to the evidence base.

Report 2 in this series provided a summary of key landscape and natural assets, together with a tree "heat map" and details of current access. These provide a broad baseline for considering the community value and focussing on gathering further information.

For measurement, there is no clear standard yet in place. The methodologies used by Scottish Government institutions – SNH, and the ONS – while appropriate for national levels of measurement, are not appropriate for the natural capital at the site. The Ecosystems Knowledge Network provides a [list](#) of potential tools; it has also just launched its own NATURE tool for rural and urban environments.

The existing Natural Capital Assessment by NHS Lothian used a habitat assessment tool, demonstrating that the of the habitat on the Zone 2 site, some was "poor" and some was "medium".

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Understanding how this information was derived, together with the more detailed information on the pilot sites, would enable comparable detailed information to be gathered in a way that meets the expectations of a key stakeholder.

The methodology used by the CEC study is also likely to be of interest; this was developed with the Scottish Wildlife Trust, who have developed an Index of Natural Capital, which includes recreation and well-being in addition to habitats.

Understanding these methodologies and how natural capital is valued, would assist AACT in focussing on why and where the current condition of the site does

Information on current recreation and use by members of the community is missing; NHS Lothian focussed on their statutory duties to patients and staff, and not on wider community benefits. AACT could consider gathering more information on current and potential recreational use to help support both the current community value, and to help derive plans to increase such use in discussion with the responsible landowner, NHS Lothian.

“If just one in 100 inactive people took adequate exercise, it could save the NHS in Scotland as much as £85m per year”.

The Forestry Commission (2005) Economic Benefits of Accessible Green Spaces for Physical and Mental Health

7.1.3 Planning for change

As explained elsewhere in this Report, NHS Lothian is considering commissioning a new management plan for the Astley Ainslie site, including community engagement in the process.

While such a plan would be NHS-led and not community-led, this would provide a great opportunity for constructive and positive engagement with the current landowner, emphasising the benefits both to NHS Lothian, to the community, and to increasing natural capital of further community engagement and activity on the site. It would also provide an opportunity for the community to consider in more detail, the changes they wish to see on-site and how they would be involved in helping to deliver these. The process of planning should increase the engagement and therefore involvement, whether that is through volunteering, funding, or simply becoming aware of and using more, the space for recreation and well-being.

Appendices 2a, 2b, and 2c to Report 02 provide some examples of the work that could be undertaken to increase biodiversity, increase recreational use, and increase volunteering. Other examples are:

- Currently the expanse of gang-mown grass is registered as poor in the NHS Biodiversity Climate Change Assessment. This can be improved by a change in mowing regime and the addition of various species for example Yellow Rattle to increase the species diversity. This increase in species diversity will increase the biomass stored in the soil and depth of root zone, leading to higher carbon storage potential. SNH commissioned a [study](#) in 2013 on the management of roadside verges for biodiversity, including some indicative costings³.

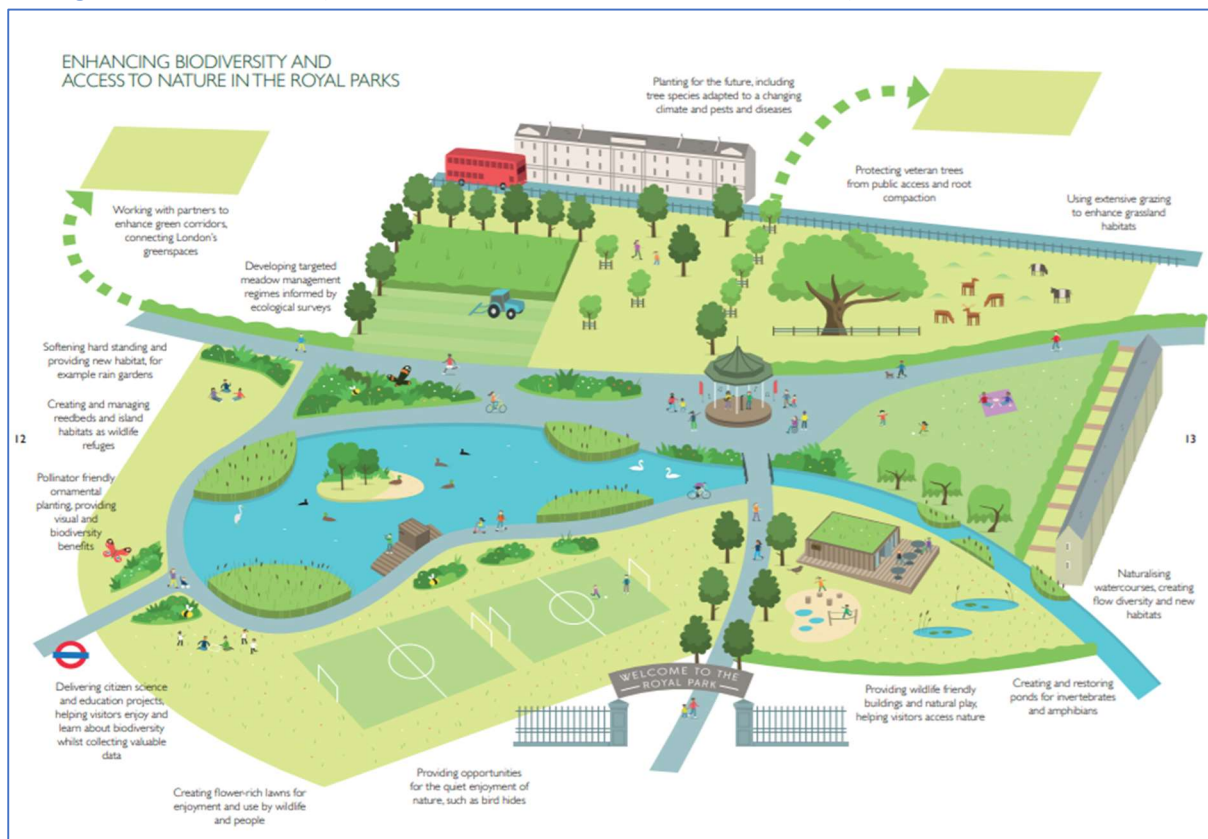
³ Hambrey Consulting. 2013. The management of roadside verges for biodiversity. Scottish Natural Heritage Commissioned Report No. 551

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- Increasing biomass on the site more broadly by planting large canopy trees and leaving them to grow to full size along with creating standing deadwood, creation of log piles will add to the carbon store on the site.
- These changes will also increase the water storage capacity of the site reducing flooding down-stream. Daylighting the river from a culvert to a natural bank and flood zone will also reduce flooding, increase biomass, and biodiversity leading to all the benefits we have discussed previously, along with capturing pollution, decreasing nitrogen and the temperature of the run off, having a positive effect on the wider catchment area in Edinburgh.

In considering changes, the mix of uses of the greenspace is important. One example of planning to increase natural capital is the Royal Parks in London, which have over 77 million of visitors a year to these important green lungs. Their [Biodiversity Framework](#) to increase natural capital over the decade to 2030 balances sporting, recreational, play, and biodiversity:

Figure xxii. Biodiversity and Recreational balance in the London Royal Parks



7.1.4 Develop integrated delivery plans including funding and focussed action

AACT are concerned about the financial commitment required to deliver a natural capital based plan for the green infrastructure. One key point is that green infrastructure – unlike buildings – will grow if it is not actively managed. From a biodiversity point of view (although not a recreational point of view) neglect of a previously heavily-managed space will increase natural capital.

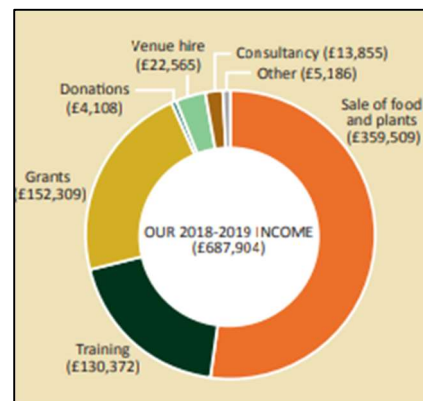
The use of the built infrastructure to generate income towards maintenance of the green spaces will assist, together with grant funding and crowd funding programmes for specific initiatives. These will

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take time to develop but again the development process will increase partnership and community engagement.

Other communities have successfully taken over greenspace, creating both financial and community sustainability, and further contact with these will help generate both ideas and confidence. A few short case studies are included below.

[Organic Lea](#) was founded in 2001 as a cooperative. Their vision is of “ a socially and environmentally just food system where the means of production and distribution, including access to land, seed and water are controlled by the people themselves. We are working to create just production and trading systems that provide a fair income to food producers and guarantee the rights of communities to access healthy and nutritious food produced using ecologically sound and sustainable methods, a food system existing in a wider context of social justice.”. They produce over 25 tonnes of produce per year, trained 108 adult learners and worked with 22 schools, allowing 282 people to gain accreditation. They run workshops, volunteer activities, and tours, and are largely self-sustaining.



[Grow Totteridge](#), a community farm and forest school, is a partnership with chefs in schools, local education trusts. The Grow Farm is a 6 acre site in Barnet, North London, at the edge of the green belt. It relies heavily on volunteers for the community farm, and partners with the local Academy for food and flower sales.

Other examples include [Sutton community farm](#) –a successful initiative that provides training and community benefits.

For wider greenspace management, the [Lambeth Cooperative Parks Programme](#) was set up in 2014 to deliver financial savings. The proposal was to accelerate the collaborative work already taking place with Friends of Groups in the delivery of the parks service by transforming the service into a cooperative model by 2015. Working alongside our communities the Cooperative Parks Programme aimed to transform the service by creating an ambitious vision to ensure:

- No reduction in front line service standards.
- Maximise cooperative working to increase social value, local innovation and deliver service improvements.
- Opportunities for communities to lead service delivery.
- Transparent management arrangements, which will promote local innovation and increased accountability over revenue and capital budgets.
- There is an understanding of the role of parks and open space in the growth agenda and the delivery of the Community Plan.
- That Lambeth Council continues to fulfil its responsibilities as custodians of public open space in the borough.

The Plan set out how there would be cooperative management between the Council over its 60 parks and greenspaces, which then had a budget of £5.35m per year (approx. £90,000 per park, a budget that was cut to £2.7m by 2016). The Plan included a comprehensive [Risk Register](#). The Plan included a proposal to hand over the running of each park – a “Pioneer Park” – to a community

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group. While the initiative to hand over each park failed, some continued to have active “Friends” groups who work with the Council, fundraise, and volunteer to look after their local park (See e.g. [Larkhall Park](#), a 5ha park in an area of high deprivation and low access to greenspace). A Community Benefit Society, [Streatham Common Cooperative](#) was set up to manage Streatham Common. SCCoop aims to employ a dedicated Park Manager and increase its staff (currently a team of 6). Since 2015 SCCoop has managed to gain £1m to invest in playgrounds and the yard, and to turn a disused storage area into a micro-brewery business. The website emphasises a clear need to raise funds and to have income-generation on-site that meets social, environmental, and financial objectives; and to have a dedicated Park Manager to enable this work.

7.1.5 Ongoing financing and funding

Ongoing maintenance costs are the single most difficult aspects of maintaining green infrastructure. This is an issue for all owners of greenspace, from housing developers to local councils.

One proposal for achieving this aim is to follow the lead set by others, e.g., SCCoop above, and form a Community Benefit Society (BenCom) with a membership. This would allow fundraising from grants and trusts, as it is seen as a quasi-charitable body. Such a body would also enable crowdfunding to raise funds towards the development plan, or to accept donations (albeit not tax-deductible) from developers. (To enable tax-deductible donations, a Trust would have to be set up to receive the donations and make grants to the BenCom).

The BenCom would then act as an asset management company, and could either bid or be promoted as the land manager for any new housing developments on site.

Income to the BenCom would be in the first instance from the building infrastructure as set out in summary in Section 6.2 and developed in detail in the following sections 7.2 to 7.7.

The security of the green assets might be further enhanced by using Real Burdens, as set out in Report 1, or by using planning permissions to the developers of the rest of the site contingent on maintenance of the assets to a particular standard. The developers would then sell on to the homeowners and include in the contract of sale, the requirement to pay service charges for maintenance of the green assets in perpetuity to AACT.

AACT would then be able to have an income to fund both the Zone 2 assets and to fund maintenance of the other green assets on site. As a BenCom, the residents would be able to be members, be on the Board of Management, and take decisions about the development and maintenance plan.

7.1.6 The £1 Billion Challenge

The BenCom may be able to attract funding from the Scottish Conservation Finance Project’s £1 Billion Challenge. This Challenge was launched by the Scottish Environment Protection Agency (SEPA) and the Scottish Wildlife Trust as an ambitious initiative to pioneer, develop and showcase cutting-edge investment and funding models to help close the dramatic gap between the need for funding to protect and restore the world’s vulnerable ecosystems, and the level of funding available. Much of this money, to date, has come from public or philanthropic sources, despite the growing interest from investors in financing the 2030 Sustainable Development Goals (SDGs).

While the Astley Ainslie project is not aimed directly at protecting vulnerable ecosystems, it may fit within the “vacant and derelict land” fund. While the Astley Ainslie estate is neither vacant nor derelict from an asset management perspective, it has little ecosystem value - and it certainly has

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the potential to be transformed into “profitable business opportunities that deliver biodiversity benefits.” The conversion to more ecosystem and social productive uses of the Astley Ainslie site central echoes the £1 Billion Challenge fund for such sites; “Restoration of these sites will provide access to green space (with its attendant wellbeing benefits), employment opportunities and improved quality of place. Low carbon uses will contribute to Scottish Government climate commitments. Natural infrastructure within sites will reduce local climate change impacts.”

7.1.7 Key risks

There is a risk that...	Because...	Likelihood	Impact	Score	Mitigations
Community asset transfer fails	Lack of support at NHS Lothian Lack of funding for purchase	3	5	15 H	Work with NHS Lothian, City of Edinburgh Council, MSPs to gain buy-in to the benefits of the community-led concept Create a fundraising strategy for philanthropic funding; crowdfunding; ensure political support Further develop partnerships with other third sector partners / social enterprises / private sector (for housing) to build critical mass and demonstrate robust planning
Leadership and appetite for community-owned site at AACT and its members could change causing instability.	Significant pressure and commitment from volunteer Trustees through what will be a demanding fundraising and planning process	4	3	12 H	Identify funding for a continuing Development Officer post to help with the management and administration, and to pull together Trustee efforts
The community interest in and ability to deliver services (beyond engagement and decision making) is not sustainable	Over dependence on service delivery through a volunteer/non-contracted resource. Unable to identify funding for staff, equipment, materials.	3	4	12 H	Ensure that volunteer management is pro-active and a key activity of AACT and its team Identify funding for a Volunteer Manager post Ensure sufficient time and support given to staff and trustees for fundraising Balance building maintenance requirements against greenspace requirements

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There is a risk that...	Because...	Likelihood	Impact	Score	Mitigations
Failure to manage communication, perception and expectation of AACT members and other interested third parties through a transition strategy.	Some community groups' and other interested third parties' aspirations are high. Risk of failure on delivery of aspirations, leading to loss of vision and engagement. Lack of communications strategy and processes	3	4	12 H	Continue to develop engagement and communication processes widely; ensure regular meetings with community; publicise plan for engagement and follow through
Potential Natural Capital benefits are not realised	Activities to deliver the outcomes (e.g., daylighting the river, low mowing regime for biodiversity) do not meet community aspirations	3	3	9 M	Obtain funding and professional advice for a community-led Natural Capital plan, to ensure measurable benefits in line with both Natural Capital principles and community wishes
Inability/failure to comply with legislation and compliance requirements.	Lack of expertise in specialist compliance Insufficient levels of resource (both funding and staff)	3	3	9 M	Work with partners and key stakeholders who have expertise in these areas Carry out a skills audit of the Trustees and fill skills gaps Ensure sufficient budgets for H&S, insurance, etc

7.2 Estate Offices: Forest Kindergarten and School

7.2.1 Background

One of the key activities to encourage the community to engage with the natural environment within the Astley Ainslie estate is through educational and learning activities. While the overall vision for the site includes a purpose-built forest school and food hub, in the interim alternatives must be found which provide shelter, storage and learning spaces.

The current Estates Office contains 250m² of internal floor area, with offices upstairs and storage space below which is currently used as the equipment storage. This space could be re-purposed as the Forest School in the interim, and used to support a Forest Kindergarten and a wider access Forest School.

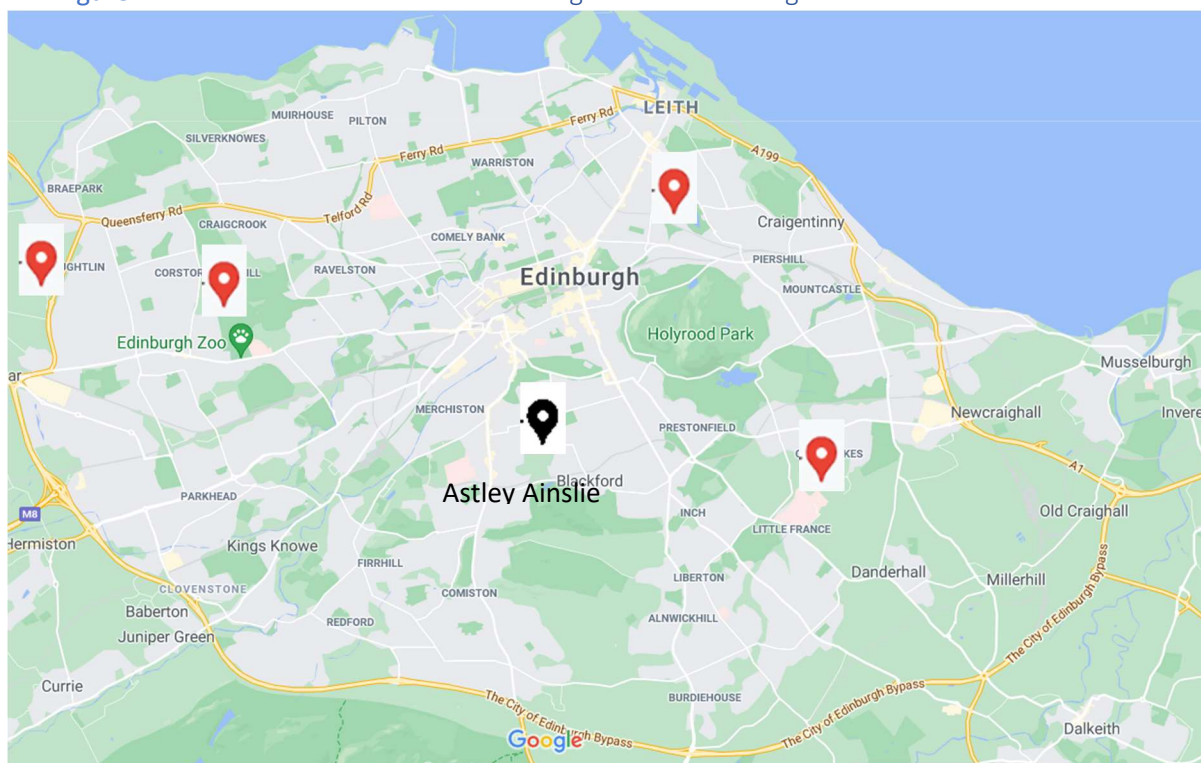
Although not highlighted in Report 2, the Estates Office is shown in the suite buildings register as a stone building, with occupied offices above. Minimal repair and redevelopment would be required to repurpose this space.

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7.2.2 Forest Kindergarten

CEC is developing “Forest Kindergartens” across the city, proposing the formation of 5 new facilities. At the Hub-South-East a design was agreed using repurposed container units to provide staff accommodation, storage and composting toilets. These will be set up in 5 locations, 4 shown on the map below and one at Queensferry. CEC is still investigating other potential Forest Kindergarten sites:

Figure xxiii. Sites of identified Forest Kindergartens in Edinburgh



The central location of the Astley Ainslie site would enable a Forest Kindergarten to be provided in the heart of Edinburgh. Linking the Forest Kindergarten ethos to early years provision in the existing Bungalow would create a unique offering for parents and children. The Forest Kindergarten could be operated alongside traditional provision, generating an income to the AACT. With a forest kindergarten ethos and existing infrastructure, this would provide a significant community asset in an existing building.

7.2.3 Governance

The community-led activity in the forest kindergarten and school would be led directly by AACT, as a Trust. The Greenspace Manager would lead on developing this activity and sourcing additional funds to support both the activities and staff to deliver them.

7.2.4 Activities, Community outcomes and Natural Capital benefits

The benefits of additional early years provision in a natural environment will enable more children to gain the benefits of outdoor play. Case studies have shown children who spend time in Forest Schools can:

- Develop self-regulation skills.
- Cope with and learn from failure.
- Build resilience (the skill of coping with risk and failure).

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- Gain a sense of achievement.
- Increase motivation and concentration.
- Improve problem solving.
- Expand their vocabulary and communication skills.
- Feel empowered and have new perspectives.
- Build positive relationships with adults and peers.
- Have overall improved wellbeing and mental health.⁴

Children are also more active, more enabled to learn through play, and more able to develop transferable skills such as analysis, mathematics and engineering to more academic subjects.

Forest School sessions can be successfully used as an intervention strategy for children and young people who are at risk or disadvantaged in social, behavioural or economic ways. Research has shown that disadvantaged pupils who attended Forest School had increased academic attainment and attendance at school in comparison to those who did not attend the sessions.

Case studies have shown that children with complex learning difficulties including autism, behavioural difficulties, speech and language difficulties and problems with hearing and vision can benefit from Forest School. SEN children tend to respond well because of the multi-sensory and enabling environment of Forest School, where children can explore and take supported risks. Particular benefits include gaining more independence, reducing anxiety and creating a sense of belonging.

However, to gain these benefits, children must spend significant time at Forest Kindergartens. The Forest Research cited above stated that, “It is evident that some of the children displayed positive changes in behaviour that surprised practitioners and could be attributed to their involvement in Forest School. It was also clear that for many children it takes time for change to occur. They need to become familiar with Forest School and gain confidence, and this can take many weeks.” The early years provider, AACT and CEC would need to work together to ensure that as many children as possible could benefit from this approach.

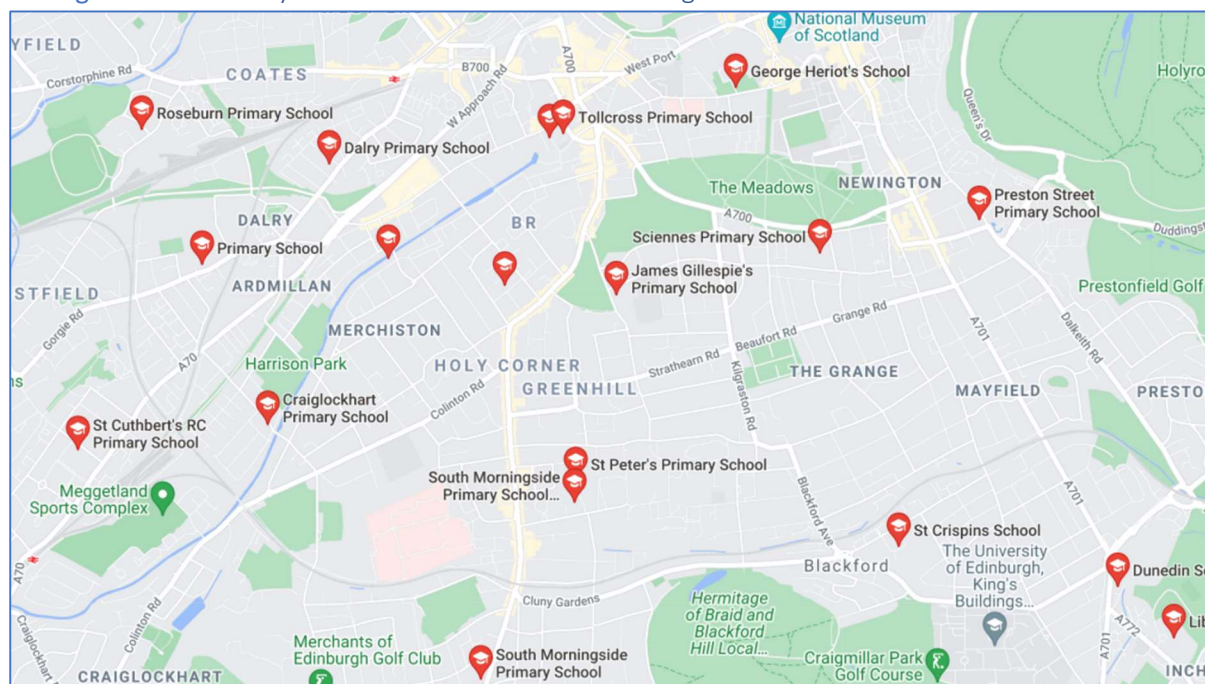
The delivery of a Forest Kindergarten creates the potential for measurable benefits. There are many existing measurement tools in early years education. This author has not been able to find a social return on investment for Forest Kindergartens specifically. Investment in high quality childcare for disadvantaged 2-year-olds has been shown to deliver a return of £8.40 for every £1 in investment, over 5 years⁵. There were benefits not only to the children directly but also to families, to local authorities, and to health and social care staff.

The Forest Kindergarten would be accessible to a number of urban primary schools that currently have access to very little active green space, if any. The following primary schools would have closer access to the Astley Ainslie Forest school than to those currently being developed, enabling more frequent visits, potentially whole weeks spent at the Forest School, ensuring that the full benefits of this approach can be delivered.

⁴ <https://www.forestresearch.gov.uk/research/forest-schools-impact-on-young-children-in-england-and-wales/>

⁵ Cambridgeshire’s Funded Two-year-old Childcare Social Return on Investment Report, T. Chance, January 2013 accessed at <https://socialvalueuk.org/wp-content/uploads/2016/04/130624-SROI-Report-CCC-v4-FINAL-1.pdf>

Figure xxiv. Primary Schools in South Central Edinburgh



7.2.5 Forest Schools and Community Woodlands

In addition to Forest Kindergartens and young school-age children, the forest school ethos is applicable to many people who have not responded to formal education, training and work.

Much of this activity is funded through government-led programmes that recognise the benefits of learning and activity in the outdoors.

Community-led forest trusts - for example, Borders Forest Trust, Abriachan Forest Trust – have well-established health and wellbeing programmes for people excluded from or at risk of exclusion from society. For example, both these Trusts deliver Forest Scotland's "Branching Out" programme. Branching Out is a development for adults who use mental health services in Scotland. For each client, the service consists of around three hours of activities per week in a woodland setting, over 12 weeks.

Activities are adapted to suit the client group, site and time of year, and generally include:

- physical activity e.g. health walks and tai chi;
- conservation activities e.g. rhododendron clearance and bird box construction;
- bushcraft, e.g. fire lighting and shelter building; and
- environmental art e.g. photography and willow sculptures.

These do not require a very extensive woodland setting – community benefits can be delivered in small community woodlands as much as in larger forest areas. This type of activity would link to the original donation ethos and to its current uses.

Abriachan Forest School have taken this further. Regular volunteers who have progressed from Branching Out have now become involved in the Roots to Resilience : Growing made easy project funded by the Scottish Government's Climate Challenge Fund. They are cultivating vegetables, learning to cook wholesome meals using seasonal produce, reducing food miles and therefore CO2e.

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More recently wellbeing improvements have been developed further by the introduction of Outsider Decider Skills – a “toolbox” of strategies to use when the need arises. Adults who have support from NHS community mental health teams already recognise and use Decider Skills. Abriachan staff are now working in partnership with secondary schools to roll out Outsider Decider with groups of young people, particularly those at risk of exclusion.

Young people who have just left school, and have some extra support needs, but perhaps don't have an immediate plan for future learning or employment, attend Abriachan Forest on Scottish Government's Activity Agreements that are individually tailored to suit interests and abilities.

Abriachan Forest Trust has also worked with the Prison Service, with people on probation or on community service, maintain paths, trails, park infrastructure, with the opportunity for ex-offenders or those about to be released to learn skills and qualifications. This activity has become more difficult to deliver in recent years as prisoner numbers increase.

Abriachan also teaches the trainers, providing Outdoor Woodland Learning workshops for practitioners and school staff.

More widely, there is a large network of community woodlands in Scotland. Borders Community Woodlands, the forerunner of Borders Forest Trust, was set up in 1987 to help manage Wooplaw Community Woodland, the first community woodland in Britain which continues to flourish as a community organisation with 55 acres including several buildings, ponds, a stream, paths, and sculptures. The Central Scotland Forest Trust was an early Forest Commission initiative, designed to transform landscape between Glasgow and Edinburgh into a complex of productive and amenity forests. The Community Woodlands Association was established in 2003 as the representative body of Scotland's community woodland groups. There are now around 200 groups across Scotland, involved in or responsible for the management of thousands of hectares of woodland and open space. Just over half own their woodlands, the remainder lease or work through a variety of formal and informal partnership arrangements. Woodlands vary in size from small well-loved local patches and policy woodlands to large commercial woodlands.

7.2.6 Costs and funding

The Community Woodlands Association provide a list of [funding sources](#) for planting, managing, and maintaining community woodlands. Many of these funds support community engagement.

A key initiation fund is the Woods In and Around Towns fund from Scottish Forestry, via the [Rural Payments and Service](#). Support will be provided for applications that can:

- bring neglected woodlands into management
- develop opportunities to use and enjoy existing and newly created woodlands
- enhance woodland sites supported under previous programmes

AACT will need to have in place an approved [Woods In and Around Towns – Urban Woodland Management Plan](#), there is £1,000 to support the development of this.

Once the management plan is in place then this will indicate what works need to be carried out and costs for these are supported via the [WIAT](#) option with [standard costs](#) for capital items

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It is important to note that the grant funding is retrospective and can only be claimed after the work is complete so the group will need to consider cash flow.

There is no specific provision in this Plan for infrastructure costs for the forest school and kindergarten. The key development costs will be the costs of the Greenspace Manager, funded by grant income and rental income from the Community Hub (see section 7.3.2 below). Activities will be funded through a mix of funding – outcome agreements, Activity Agreements, funding for mental health, funding for education, and Foundations and Trusts.

7.2.7 Key risks

There is a risk that...	Because...	Likelihood	Impact	Score	Mitigations
Funding is not achieved	Lack of clear planning for kindergarten / school; Failure to engage with partners – Council, health, schools, prison services Perception that AA site is not a “forest”	3	3	9 M	Possible to commence on part-time basis and to build this service as funding permits and as outcome Link with existing Forest Schools initiative for support and to help identify funding etc Consider whether NHS Lothian might permit some aspects of this on-site prior to ownership (as they have done with the Cyrenians garden)
Inability/failure to comply with legislation and compliance requirements.	Lack of expertise in the area of compliance including safeguarding Insufficient levels resource (both funding and staff)	3	3	9 M	Work with partners and key stakeholders who have expertise in these areas Carry out a skills audit of the Trustees and fill skills gaps Ensure sufficient budgets for H&S, insurance, etc

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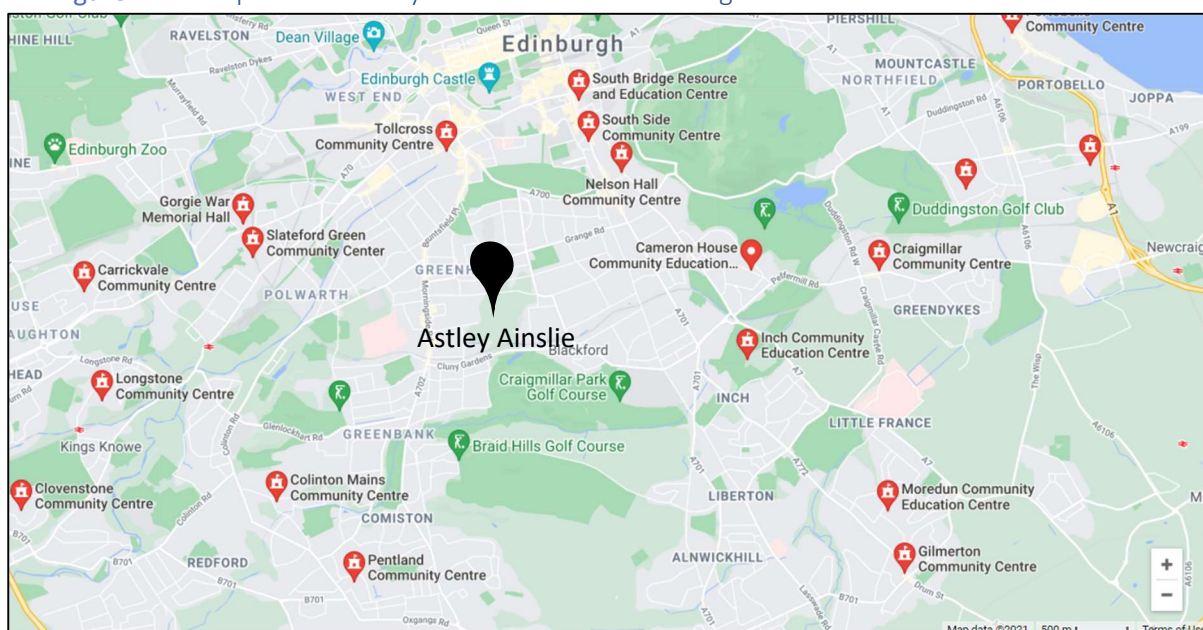
7.3 Canaan House: Community Hub

7.3.1 Background

The Canaan Park site is a substantial stone Victorian villa currently being used by the NHS as office space. Information set out in Report 2 indicates that the interior spaces have been subdivided to create smaller offices; these partitions are likely to be relatively easy to remove, if need be. The building is anticipated to be in reasonable condition, and therefore immediately available for a variety of uses. Canaan House's location on the main north south axis of the site and nearest the principal site access from the north towards the city centre, makes this an ideal site for the most publicly accessible building within the community owned zone. Canaan House would be the place of orientation for the numerous community enterprises and activities within the wider site.

The area around the Astley Ainslie site is not well serviced with community infrastructure. There are no community centres within one mile of the site, as shown in Figure xxv below. Lack of such infrastructure inhibits the development of a "20-minute community" in the area; a community hub or centre would create a focus to redevelop community links in the local area and provide physical presence for a resurgent community.

Figure xxv. Map of community centres in South Edinburgh



The building could be used immediately as maker space, lettable events space, and the AACT offices. A community café would require funding for the kitchen equipment, with additional requirements arising from building standards, and would form part of a Phase 1 of the development.

The indicative availability from outline drawings is:

- Lower ground floor: community café (used for events / lettable space prior to any refit), AACT offices, flexible function spaces 125m² – assume 50m² lettable space.
- Ground floor: gallery / exhibition spaces or large events space, class studio, toilets and services 125m² – assume 100m² lettable space
- First floor: securable lettable space, 5 large rooms at 25m² each – 125m²
- Attic floor: 3 lettable spaces for creative enterprises, at 15 – 20m² each = 50m²

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Full accessibility would require installation of a lift for which funding would be sought, and this is included in the full renovation budget together with fully accessible toilets.

In total for meanwhile use there would be 200m² of office / events / makers spaces on the lower ground and ground floors, and 10 large rooms averaging 20-25m² – a total of 425m² of space, of which 325m² is lettable space. Please see Figure xxvi over.

7.3.2 Governance and operations

The Hub would be owned and operated directly by AACT as one of its core activities.

The costs of the Hub include 2 full time posts, Development Manager and Greenspace Manager. The Development Manager would be responsible for management, development and fundraising of the built infrastructure; the Greenspace Manager for the green infrastructure. These posts would in the first instance report directly into the Trustees, who would have to provide hands-on support to these posts. In addition, volunteers would be required to provide additional support. Typically volunteers and trustees assist with fundraising, marketing, communications, IT, bookkeeping, HR, stakeholder management, and repair management.

While all of the infrastructure leasing (Early years childcare, Millbank, Balfour) includes management fees to cover administration costs, these fees will cover additional costs inherent in running the properties and are therefore not included in this income.

As the income from the assets grows and / or as funding is achieved towards these posts, the intention would be to provide paid support roles. However, each additional activity undertaken by AACT will require to be self-funding, including the posts required to support that activity.

Community hubs have a patchwork of income from leases, room hire, events, grants towards core costs usually in the early years, and grants towards specific activities. The right Development Manager will be key to ensuring the financial viability of the Hub and its community support and engagement roles. This post will be part-funded by grants in the first three years.

The Greenspace Manager will have a similar role regarding the green assets, with a focus on increasing community engagement with the green assets, increasing recreation and active use, developing productive green space, liaison with stakeholders. It will be key that this post tracks and measures the impact and outcomes from the various activities, to demonstrate the wellbeing and carbon benefits from AACT's management. This post will be part funded by grants from trusts and foundations in the first three years.

The main funder for such projects remains the National Lottery Community Fund's Community Led funding programme which enables groups to apply for up to three years to improve or continue existing services, or to develop new activity. It can fund up to 100% of the costs of activity – up to £150,000 - including staff, equipment, premises costs and overheads. Groups can also include up to £50,000 of minor capital costs as part of overall activity for items such as building refurbishment, adaptations or landscaping.

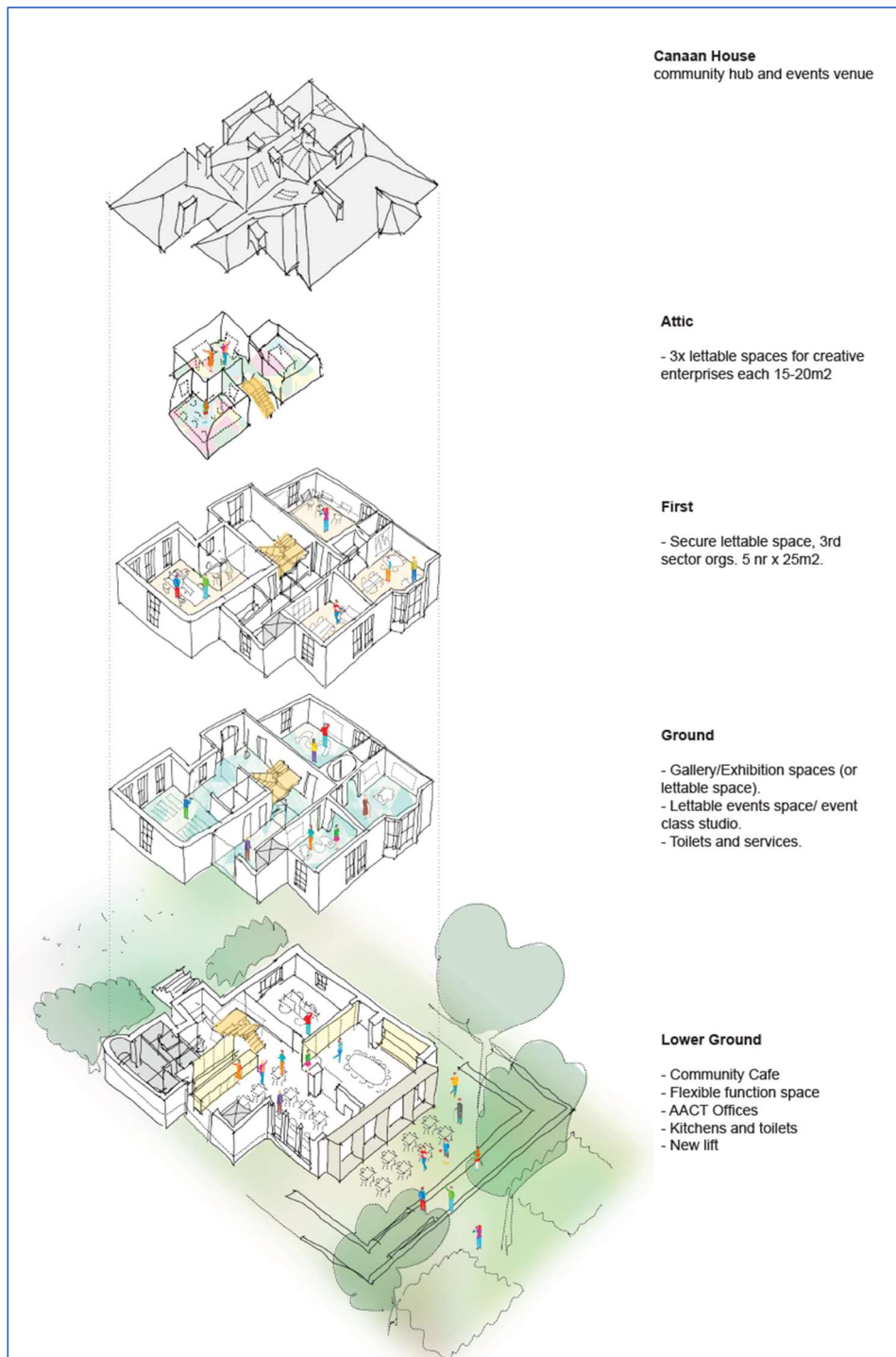
Given the relative affluence of the AACT community area, it will be challenging to access grant funders for community development activity in the Hub; funders tend to focus on relative deprivation as a decision factor in grant awards. Further, it will be challenging to access grant funding for initial works compared to a full redevelopment of the buildings, given the potentially short-term nature of such repairs. AACT will have to ensure that their fundraising campaign includes

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costs for the redevelopment of the hub infrastructure – a relatively small amount compared to the main fundraise. Grant income should be more readily available for accessibility improvements and for energy-saving measures.

Grant funding will also be more readily available for specific programmes of work to be carried out by AACT staff, and for the Greenspace Manager. Focussing on intergenerational activity, promoting inclusion, and engaging with the wider community including those from more deprived areas into the greenspace, will help attract funding.

Figure xxvi. Architect's sketch for potential use of Canaan House



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7.3.3 Planned activities: creative spaces

Edinburgh has a developed and expanding reputation as an artist's city, with increasing recognition and interest in the creative arts city-wide. Supporting and promoting this expansion are a number of makers spaces and artists' studios across the city; one key provider, "Out of the Blue", notes on its website:

"Out of the Blue provide studio space for over 200 artists in Edinburgh. We have over 600 people on our studio waiting list. Space is allocated utilising a policy which tries to offer appropriate space to artists and organisations from a range of disciplines.

Out of the Blue's aims to provide creative space faces challenging circumstances due to an Edinburgh property market with an extremely high level of commercial value. Our analysis of the current Edinburgh market is that we are returning to 1990's levels of scarcity of space for participatory arts as most land and buildings are utilised for greater commercial reward (e.g., housing, hotels, retail)."

Another significant provider of maker spaces is WASPS, who has been actively developing and managing creative spaces for 40 years. WASPS now has creative spaces in Scotland's four largest cities, Glasgow, Edinburgh, Aberdeen, Dundee; and 10 other locations from Shetland to Kirkcudbright. They have 3 premises in Edinburgh for over 150 artists, and have no available space for rental.

The benefits of additional maker space on this site would be to add to the community – and City's cultural heritage, and to generate significant social and economic benefits. A Study, "Making Community: The Wider Role of Makerspaces in Public Life"⁶ undertaken in 2016 identified the social and economic benefits. Makerspaces are rarely just where creativity is carried out. Rather, they are hubs of community, where people come together to work together, learn from each other, or simply socialise. Benefits were:

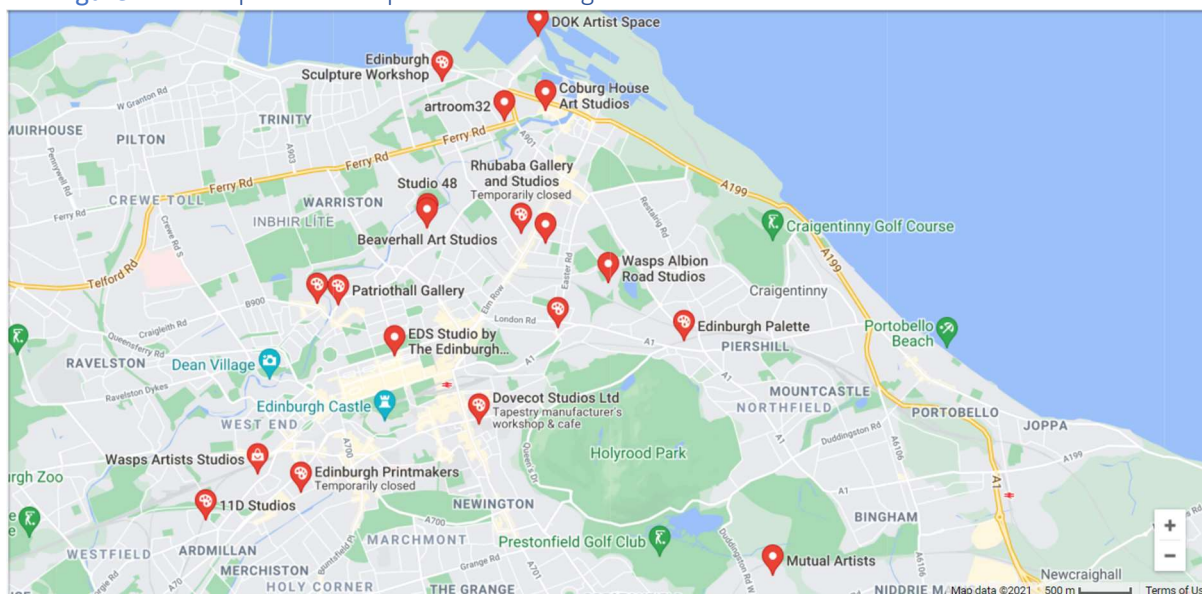
- Increased socialisation, improving creativity, self-esteem and mental health
- Local relevance, with makerspaces responding to their local community need and being very much community-driven
- Provision of opportunities through taster and open days to increase awareness, interest and take-up
- Economic benefits; provision of informal and formal training, including apprenticeships.

The Study noted that, "Although the dominant focus has been on individual makers and their skills, past work has noted that the community within these spaces is often one of the most valuable resources they have. There is implicit and explicit effort required to maintain this community within a makerspace, such as donating equipment, teaching other users, welcoming new members or taking on quasi-official roles within the space. This has the effect of turning otherwise solitary activities into communal activities that could be shared with others."

⁶ Taylor, Nick & Hurley, Ursula & Connolly, Philip. (2016). Making Community: The Wider Role of Makerspaces in Public Life. 10.1145/2858036.2858073 accessed at https://www.researchgate.net/publication/298058205_Making_Community_The_Wider_Role_of_Makerspaces_in_Public_Life

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Figure xxvii. Map of Maker Spaces in Edinburgh



Out of the Blue has 6 buildings in Edinburgh developed for studios, workshops, classes, projects, exhibitions, social enterprises, events, clubs, music making, markets, a cafe and more. They are currently working with the City of Edinburgh Council to create additional studio space at Niddrie Mains to match the increasing demand. They have taken a year-on-year rolling lease on a building in Craigmillar, opposite the new library on Niddrie Mains Road. This building will accommodate around artists in 17 studios of varying size. The building is suitable for artists who wish to utilise the space for a studio, private workshop or storage.



As an example of pricing and capacity, Out of the Blue are currently offering a room of 40m² for between 3 and 6 people at a total rental of £600 per month, at its building in the Old Drill Hall.

WASPS has extensive and long term provision in the City. Patriothall Studios in Edinburgh is one of their earliest successes, having been open since 1984 and provides studio space for over 50 artists. Albion Road Studios has 22 studios over two floors and currently provides workspace for 33 artists. West Park Place provides 40 studios over a number of floors. The studios range in size and shape including individual studios and open plan studios. It currently provides studio space for around 70 artists. WASPS typically charge £200 for a fixed desk per month in a hot-desk open environment; and £300 for a creative space in a shared office, with 3 creative spaces in a 20-25m² room.

Other smaller providers include 11D (space for 7 creatives in one open-plan space, £60 - £100 per month); and Mutual Artists, a cooperative which again provides creative space in open plan area for £50 per month.

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Edinburgh Contemporary Crafts (weaving, textiles, printmaking, upholstery, dressmaking and machine knitting, Edinburgh Printmakers, and Edinburgh Sculpture Workshop have a more focussed offering, providing access to equipped spaces with highly specialised tools and machinery. They also offer courses and training, creating an additional income stream for the resident artists.

Using the figures for OOTB and WASPS suggests an average of £625 per month per 25m² room is used for income calculations for maker spaces, with £25 per m² .

OOTB - 40m² - £600 - £15 per m² or £2.32 per ft² per month

WASPS - 25m² - £900 - £36 per m² or £3.34 per ft² per month.

These rentals are far lower than those for the small office market, which start at 16 per ft² per month and explain why it is so difficult for artists to find space in a buoyant property market.

7.3.4 Planned activities: Office space: the Small Office Market

The Edinburgh City Plan 2030 Commercial Needs Study: Office Market (Nov 2018) provides detailed background and future needs. Key findings extracted from the Executive Summary are that:

- Edinburgh has an 11% vacancy rate, the lowest in major UK regional markets;
- Office stock is 46% in the city centre, 20% in West Edinburgh and the remainder decentralised throughout the City;
- Office space is being lost to alternative uses: 5% has been lost over the past 5 years to alternative uses, the majority of this loss in the city centre;
- Average rents over the last 5 years are £18 per square foot;
- Projected needs to the period to 2030 are for another 3.8 million square feet, or 333,000 square feet per annum.

The Study notes (Executive summary, para 14) that “Edinburgh’s new-build offices tend to be small, expensive co-working spaces, or large, expensive headquarters. However, most of the city’s office market is ‘mid-market’, by location, quality, size (typically multi-let) and cost. It is not currently evident that there is any response to this market’s needs, while the continuing loss of traditional offices and the potential loss of older urban office blocks reduces the supply available to that mid-market.”

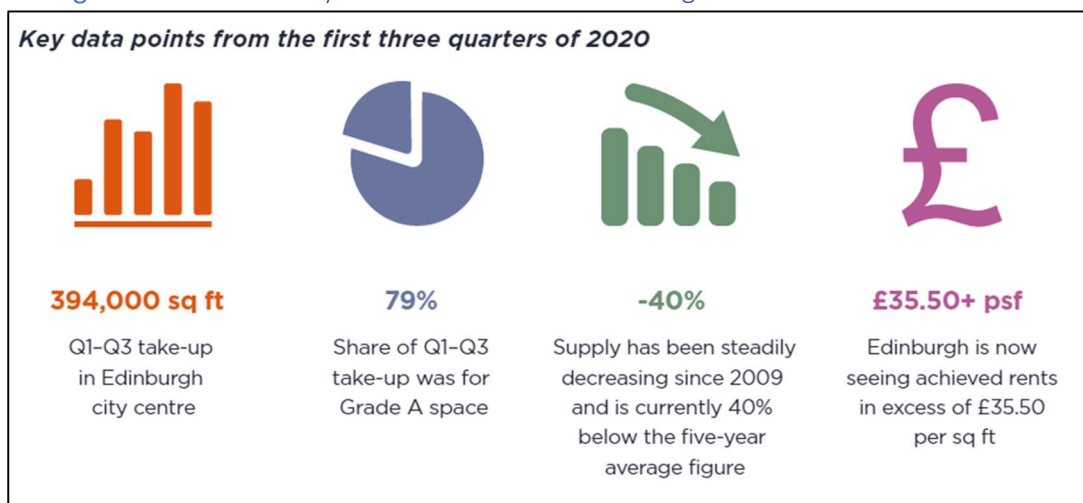
The Report concludes that one of three planning priorities is to “Meet the needs of the city’s large mid-market. This is both an economic development and a planning policy priority and will likely require market intervention.”

Edinburgh’s office market has not been significantly damaged by the impact of the pandemic, according to a report from commercial letting agents. A report from “The Insider” in January 2021, based on information from Knight Frank and focussed on higher-end multiple occupation offices, stated that the market proved highly resilient during 2020. It reported from a Knight Frank survey of occupiers last summer which found that just 8% believed they would need less space per employee on the back of Covid-19, while 23% and 69% said they would need more and the same, respectively. Meanwhile, Edinburgh’s development pipeline has also remained severely restricted, with just 281,000 sq. ft. of new space under construction.

Savills UK, also focussing on the premium market, reported similar findings as below.

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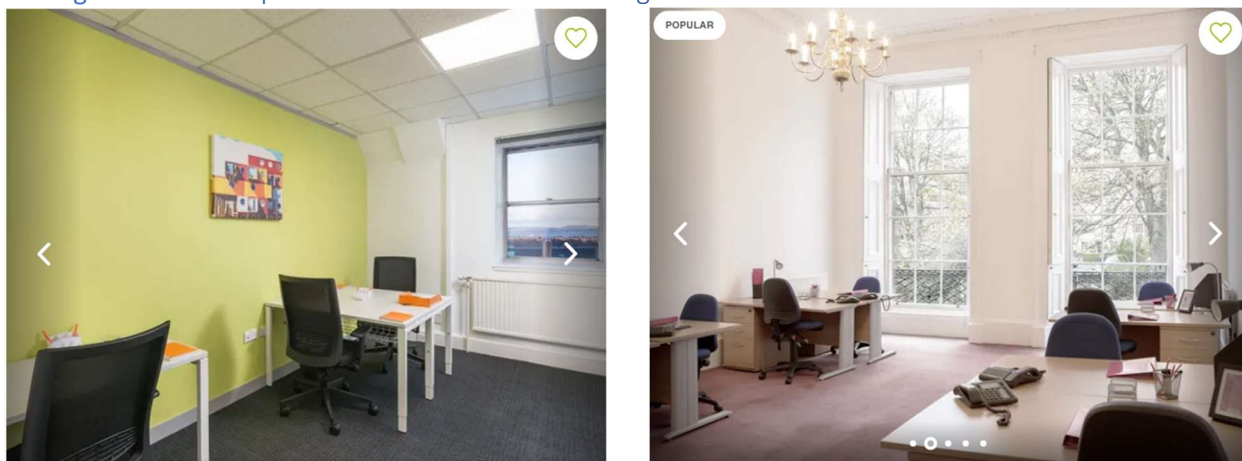
Figure xxviii. Key features of the 2020 Edinburgh Office market: Savills



A review of the current offices to rent on the Property Gazette website⁷ indicated that there are a wide range of properties available. The lowest rental per square foot quoted was £16 per month in Valleyfield Street, quoted as a “Self-contained ground floor unit in a mid-terraced traditional building which benefits from a central location nearing the Meadows and the A700 which leads to Edinburgh city centre”.

There is clearly an increasing trend for rental per desk space; Instant Office is specialising in this market, offering desk spaces from £130 per space per month up to £400 depending on location and the size of the space. From a review, most of the desk spaces are set at the minimum space requirements for health and safety, are in shared spaces, and are provided with access to a conference room and a reception space. Industrial buildings, housing space, and older office buildings are refurbished to a basic standard.

Figure xxix. Examples of the Instant Office offering



This type of offering meets the mid-market requirements identified by City of Edinburgh Council’s Commercial Needs Study, and also offers office rental spaces although the information provided does not include a £ per square foot.

⁷ <https://propertylink.estategazette.com/offices-for-rent/edinburgh>

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In conclusion, there remains a strong medium and long demand for office space in Edinburgh, including a market for mid-rental offices and spaces. The commercial market is responding by renovating older buildings in addition to building new spaces, and there is a fast developing and growing provision of desk spaces and smaller offices to meet the needs of Edinburgh's Micro SMEs.

Rentals for this type of space are assumed to commence at £150 per month for a desk space, and around £18 per square foot per month in Gross Internal Floor Area (GIFA) corresponding to the 5-year average and to the rentals currently available on the market.

7.3.5 Natural Capital benefits and community outcomes

The natural capital benefits relate primarily to the income generation from the building to help support the management of the green assets. Further, a Community Hub will:

- Grow community self-confidence through developing and managing a community asset;
- Provide a focus and a place for revitalised community activity on the site and in the wider community around Astley Ainslie;
- Provide volunteer and learning opportunities both managing the hub and in activities within the hub;
- Provide support for community projects including those in the wider community;
- Combat loneliness, providing a place for people of all ages to gather and socialise;
- Positively impact the lives of younger people, providing activities and events which allow a productive use of energy and creativity;
- Encourage creativity and culture, particularly linked to the presence of an artistic community on-site;
- Encourage sharing and communication of information about what's on in the community;
- Provide much-needed facilities for individuals, voluntary groups and organisations to hire space for their activities.
- Encourage local jobs and enterprise particularly through the provision of medium-cost office and entrepreneurial space.

7.3.6 Development costs and funding

To reach its full potential as a community hub, the building requires to be altered to suit modern accessibility and energy conservation requirements. Whilst its C Listing makes adaptation more challenging it may also be an opportunity to attract funding.

It is currently functioning as offices and could continue to do so under a short-term lease while other proposals are developed. Further, artists spaces could be easily adapted from existing layouts.

While the ThomsonGray Consultants report of 28 April 2021 provides a cost of £1,815,000 for the refurbishment of Canaan House, this is not expected to be a requirement for its immediate use and is based on a provision of £1,350 per m² for updates to the interior including installation of lifts and other access, and creation of a kitchen and café area. As set out in Section 7.7, the Balfour Pavilion has an existing catering facility.

A sum of £125 per m² or £131,250 is provided for immediate updates, repainting as required, etc, giving total costs of £245k as per Figure xxx below.

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Figure xxx. Community Hub: Development Costs

Development Costs	£
Refurbishment	131,250
Path & ramp	12,500
Prelims 15%	21,563
Contingency 7.5%	12,398
Total construction	177,711
Professional fees 15%	26,657
Cost excluding VAT	204,368
VAT	40,874
Total costs	245,241

The VAT is included as an irrecoverable cost, given that this will be repurposing of a building for non-residential uses. If the building is opted to tax, VAT will have to be charged to the office and artists space users, who may or may not be able to recover VAT. Specialist advice should be sought to determine available options.

It will be challenging to access grant funding for initial works compared to a full redevelopment of the buildings, given the potentially short-term nature of such repairs. AACT will have to ensure that their fundraising campaign includes costs for the redevelopment of the hub infrastructure – a relatively small amount compared to the main fundraise. Grant income should be more readily available for accessibility improvements and for energy-saving measures. The amount of funding required will be dependent on the current condition and layout of the building. This will require a buildings condition survey and a costed programme.

The income and expenditure projections set out in Section 7.3.7 below show repayment of a £50,000 loan taken out for improvements to the let accommodation, which is less likely to be funded through grants.

7.3.7 Ongoing income and expenditure

7.3.7.1 Income

Income is assumed from four sources:

- Rental of office space and artists' spaces
- Ad-hoc space rental / rental to community groups
- Rental / net income from events
- Grant income towards officer posts and then towards specific activities.

Note that as a charity, the Trust can hold up to 15 fundraising events per year which will not be counted towards its VAT turnover – they will be exempt. It can also hold an unlimited number of events where it does not raise more than £1,000 per week.

The key rental assumptions are set out in Figure xxxi below. Earned income is assumed to increase by 7.5% a year as void rates fall and activity increases, to a maximum at year 5

Figure xxxi. Income assumptions for Community Hub

Income assumptions	Area m2	£ per m2	£ per ft2	Year 1		Year 5	
				Voids %	Monthly	Voids	Monthly
Attic studio	50	36	3.34	10%	1,620	10%	1,620
Office rental	150	108	10	35%	10,495	10%	14,531
Space rental	125	20	1.86	50%	1,250	35%	1,625
Events net income					500		740
Total per month	325				13,865		18,516

Grant income is assumed at £25 k to each of the posts (65% of cost), falling to £15k and then to £5k by year 3. This process of reducing grant per year is a standard practice where the aim is for the community to build up to be self-sustaining.

Grant is also assumed for activities towards £20k per year of sundry costs – small equipment, consumables, etc – at £10k from year 2, rising to and maintained at £20k thereafter. As noted above, it is one of the key tasks of the posts to raise funding towards activities.

7.3.7.2 Expenditure

Expenditure is based on exemplars from other community hubs and halls of a similar size, building type, and level of activity.

As explained section 7.3.2 above, expenditure includes 2 key posts, the Development Manager and the Greenspace Manager, at £35,000 per post, plus pension and national insurance.

It is assumed that the rental income is inclusive of heat and light but not of any rates or content insurance payable by the tenants; if required they would pay a contribution towards cleaning and refuse.

The detailed annual costs are shown at Figure xxxii, and compared to the exemplar location for reference. Total overhead costs are £104,150 per year, with staff costs at £72,800.

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Figure xxxii. Community hub: detailed operating costs

Core Staff Costs	72,800
Activity costs (events, engagement)	20,000
Marketing	12,000
Office costs	5,000
Alarm system Fire and Health and Safety	2,000
Cleaning	16,000
Insurance	5,000
IT Software and Consumables	3,500
Light, Power, Heating	14,000
Rates	
Refuse Collection	2,500
Repairs & Maintenance	6,000
Water	3,000
Premises costs	52,000
Sundry and general	2,400
Audit & Accountancy fees	7,500
Legal fees	5,000
PRS fees	250
Compliance and licensing	12,750
Total Operating Costs	104,150

7.3.7.3 Total income and expenditure

Income and expenditure for the first 5 years is as below.

Year	Annual increase	Year 1	Year 2	Year 3	Year 4	Year 5
Monthly Rental Income	7.50%	£13,865	£14,905	£16,023	£17,224	£18,516
Annual Rental Income		£166,378	£178,856	£192,270	£206,690	£222,192
Grant Income for Officer Posts		£50,000	£30,000	£10,000		
Grant income for activities			£10,000	£20,000	£20,000	£20,000
Total Income		£216,378	£218,856	£222,270	£226,690	£242,192
Personnel Costs	2.50%	£72,800	£74,620	£76,486	£78,398	£80,358
Activity costs	2.50%	£20,000	£20,500	£21,013	£21,538	£22,076
Office costs incl marketing	2.50%	£20,500	£21,013	£21,538	£22,076	£22,628
Utilities	2.50%	£14,000	£14,350	£14,709	£15,076	£15,453
Repairs and Maintenance	2.50%	£6,000	£6,150	£6,304	£6,461	£6,623
Other costs (water, cleaning etc)	2.50%	£25,900	£26,548	£27,211	£27,891	£28,589
Insurance	2.50%	£5,000	£5,125	£5,253	£5,384	£5,519
Accountancy & Legal		£12,750	£13,069	£13,395	£13,730	£14,074
Loan repayments	8.00%	£18,802	£18,802	£18,802		
Annual Expenditure		£195,752	£200,176	£204,710	£190,556	£195,320
Surplus / (Deficit)		£20,626	£18,680	£17,560	£36,135	£46,872
Accumulated Surplus		£20,626	£39,306	£56,866	£93,001	£139,874

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Overall, the Hub is forecast to generate a surplus of £36k a year by years 4 and 5, which will enable a contribution to the green infrastructure and to building upkeep.

7.3.8 Key risks

There is a risk that	Due to	Likelihood	Impact	Score	Mitigation
AACT cannot raise funds (grant or loans) to renovate the building	Business perceived as too risky by lenders Grants-based organisations do not recognise as high priority	Medium	High	12 H	Include necessary access / building condition / redecoration repairs as part of main fundraising Raise grants towards posts and activities, allowing rental income to support short term social loans.
Canaan House is not fit for purpose	Dilapidation / spaces not meeting needs	Low	High	8 M	Proposed meanwhile uses are very similar to current uses; may be requirements for additional WCs and access requirements and provision has been allowed for this
AACT cannot achieve sufficient income to meet costs	Not enough demand / prices too high	Low	High	8 M	Rates and rents are set at low to mid-market and below those from commercial property owners. Office and artist's studio space is a market with unmet demand, particularly in this part of Edinburgh. Costs are estimated based on a 19 century community hall and venue in poor repair and with poor insulation

7.4 Bungalow site: Early Years provision

7.4.1 Background

The bungalow site (GIFA 175m2) is currently used as offices, and is therefore assumed to be in appropriate building condition. The internal configuration is not known. This building is proposed as an early years education site, following interest by the childcare provider currently on-site.

The Scottish Government has made early learning and childcare (ELC) a key policy action to help ensure children's development improves and to reduce the attainment gap; to support parents to work, train or study, and to increase family resilience through improved health and wellbeing of parents and children.

To support this policy, the Scottish Government increase the entitlement of funded care for all three- and four-year-olds, and for vulnerable two year olds from 600 hours to 1140 hours per year,

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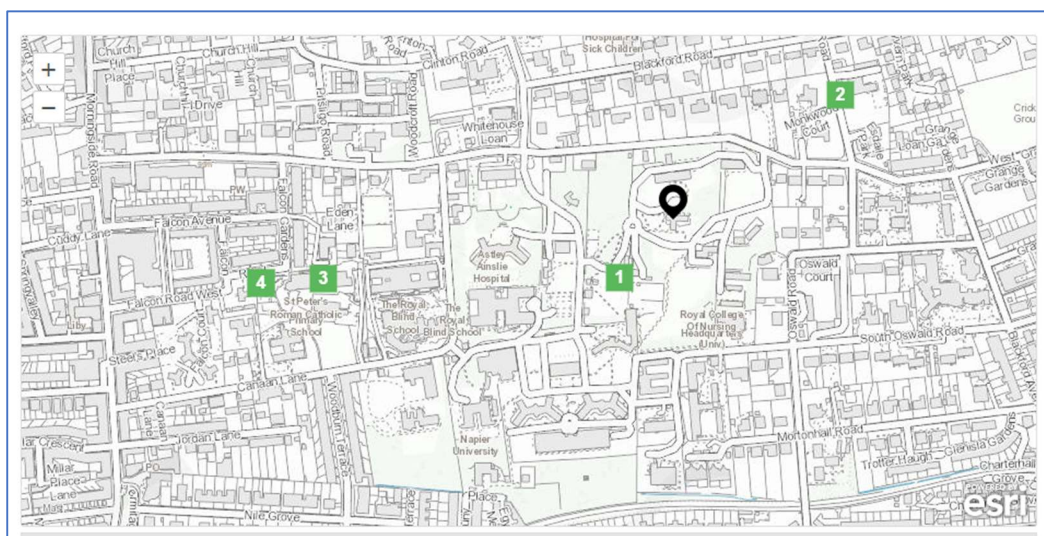
or 30 hours per week⁸. This entitlement was first proposed in 2016 and was to be rolled out by August 2020; this was put back to August 2021 due to Covid-19.

The CEC Report of October 2020 stated that, “Edinburgh had been responding well to the challenge of expanding Early Years provision by 2020 and has been phasing in the increased funded hours since August 2017. In March 2020, we were on track to deliver 1140 across the city by August 2020. Unfortunately, the impact of COVID 19 has delayed some aspects of our programme. Occupancy levels in many of our early years settings will need to be reduced to meet the requirements of the Scottish Government guidance published on 30 July.”.

There are currently 4 providers around the wider Astley Ainslie site, including one on the site Kidzcare Grange Loan. The only local authority provider is at St Peter’s RC primary school, which is reported as having reduced capacity due to the new government guidelines and is not able to provide the increase in hours. Their total complement is as below:

Figure xxxiii. Availability of childcare around Astley Ainslie

Facility	Places	Comment
1. Kidzcare Grange Loan	104 places	Offers year-round services
2. Kidzcare Norwood House	66 places	Offers year-round services
3. St Peters RC School	Not given	3yo and over only, term time, 600 hours only
4. Childsplay Nurseries	Not given	Offers year-round services



7.4.2 Governance

A potential approach would be for AACT to enter into discussions with a registered childcare provider either from the private or third sector for the use of the bungalow, to agree a design and delivery approach, and then to consider how to split the capital cost of renovations. AACT would lease the building to the registered childcare provider. Traditional early years provision is highly regulated and relies on careful matching of places, ages, uptake, and the required ratios to deliver both the required quality and financial viability. A registered childcare provider with the appropriate

⁸ ‘A Blueprint for 2020: The Expansion of Early learning and childcare in Scotland – Early Learning and Childcare Expansion Planning Guidance for Local Authorities’ issued in March 2017 by the Scottish Government

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registrations could also support the delivery of the Forest Kindergarten, either as an extension of its activities or by subcontracting AACT to advertise, manage, and fund the costs of the provision while the provider ensured the quality of provision and regulatory compliance. The provider would gain access to a unique facility; AACT would be enabled to deliver a Forest Kindergarten experience not only for local children, but for children across the city.

7.4.3 Planned activities

The costings suggest that conversion to a nursery would cost in the region of £370,000 for a gross internal floor area of 175m². At between 2.3 and 3.7 m² per child, and assuming 2/3 of the space would be used for children (that is, not storage or offices) this would allow spaces for around 40 children under current Care Inspectorate expectations. A greater number of children would be able to attend the proposed Forest Kindergarten.

7.4.4 Development costs and funding

The configuration and condition of the building is not known, and the internal area has been determined from a map outline. Any costs are therefore indicative only from the ThomsonGray Consultants report of 28 April 2021 and are set out below at Figure xxxiv.

Figure xxxiv. Early Years Provision: Development Costs

Development Costs	£
Refurbishment	298,900
Prelims 15%	44,835
Contingency 7.5%	25,780
Total construction	369,515
Professional fees 15%	55,427
Cost excluding VAT	424,942
VAT	84,988
Total including VAT	509,931

The VAT is included as an irrecoverable cost, given that this will be repurposing of a building for non-residential uses. If the building is opted to tax, VAT will have to be charged to the childcare provider, who make exempt supplies and generally cannot recover VAT. Specialist advice should be sought to determine available options.

This model assumes that AACT fund the redevelopment costs and that a market rental is charged. It may be that AACT only pay part of the redevelopment costs and the rental is lower.

Funding is assumed from one source:

- A 40-year loan of £510,000 at 4.5%.

This will be from a social investment provider such as Triodos.

7.4.5 Ongoing income and expenditure

Income and expenditure relate to the letting of the bungalow to a childcare provider. A rate of £20 per square meter is used, comparable to commercial non-office spaces. Income and expenditure for the first 5 years is shown at Figure xxxv.

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Figure xxxv. Early Years provision 5-year income and expenditure

Year	Annual Increase	1	2	3	4	5
Monthly Rental Income	2.50%	£3,500	£3,588	£3,677	£3,769	£3,863
Annual Rental Income		£42,000	£43,050	£44,126	£45,229	£46,360
% of income						
Management Charge	2.50%	£1,050	£1,076	£1,103	£1,131	£1,159
Repairs and Maintenance Charge	2.50%	£1,050	£1,076	£1,103	£1,131	£1,159
Property Owners Insurance	2.50%	£1,050	£1,076	£1,103	£1,131	£1,159
Loan Repayment @ 4.5%		£27,510	£27,510	£27,510	£27,510	£27,510
Annual Expenditure		£30,660	£30,738	£30,819	£30,902	£30,987
Surplus / (Deficit)		£11,340	£12,312	£13,307	£14,328	£15,374
Accumulated Surplus		£11,340	£23,652	£36,959	£51,287	£66,661

Sensitivity analysis shows that breakeven is at £14 per m2 which would be substantially below market rate.

The analysis above demonstrates that Early Years provision could generate over £10k per year for the AACT, generating income towards the green infrastructure in addition to providing an essential community service on-site.

7.4.6 Key risks

The particular key risks relating to this meanwhile use are set out below.

There is a risk that	Due to	Likelihood	Impact	Score	Mitigation
The Bungalow is not fit for purpose	Spaces not meeting needs / regulatory requirements for early years provision	Medium	Medium	9 M	Cost allowance of £2,114 for conversion; building is already in use
AACT cannot raise funds (grant or loans) to renovate the building	Renovations costs too high for potential income Business perceived as too risky by lenders	Medium	High	12 H	Work in partnership with organisations with a track record and experience in this space to demonstrate robustness of income assumptions. If funding unavailable, consider model where provider raises funding and AACT charges lower rent.
AACT cannot achieve sufficient income to meet costs	Not enough demand / prices too high	Low	High	8 M	As above

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7.5 Millbank Pavilion: Accessible housing: existing building

7.5.1 Introduction

The Millbank Pavilion was built in 1928 as a ward for convalescence of patients recovering from tuberculosis. More recently it was used for orthopaedic rehabilitation, generally of older people. Much can be learnt from the Millbank and the East and West Pavilions about building design for post pandemic recovery. Buildings such as these with a narrow plan, which are daylit, have naturally ventilated spaces with direct access to sunny terraces are all features that are valued more than ever. The single-story Pavilion has been vacant and boarded up for a few years and is suffering from neglect and accumulating graffiti. Derelict buildings are more prone to deterioration, and are at risk of water ingress, lack of ventilation, and arson. Despite these risks, buildings in more evident states of disrepair, even slated for demolition, have been saved and become revitalised assets.

Report 2 highlighted two possibilities which would encourage intergenerational occupation of the site and re-use of a single storey building for people requiring fully accessible housing. This could be a more traditional care home; however this is a highly-regulated and complex sector, and would require design input and delivery by a registered care home provider. The health and social care policy model is for people of all ages to stay at home as long as possible, receiving care and support at home as needed. There is a significant shortage of such housing across Scotland including in the capital, as discussed in Section 7.5.3. In 2017/18 47,000 people received free care at home in Scotland, compared to 30,000 people in care homes. Many people including children require accessible accommodation who do not need free care or support – they can care for themselves or have a family carer. There are between 700,000 and 800,000 family carers in Scotland – 17% of the adult population.

This plan therefore explores the accessible housing option; people would access care – including any need for 24-hour care - through existing care at home and support providers.

Report 2 proposed both redevelopment of the existing Pavilion and a new build of similar size. For business planning purposes these are discussed as two separate phases; the new build is more costly as it requires significant investment in new infrastructure including a new carpark and access road which are not required for development of the existing Pavilion.

7.5.2 Governance

The Scottish Land Fund require that housing on land acquisitions that it supports, must be affordable or at mid-market rents. The other condition is that the allocation policy is consistent with equalities law and a letting policy must be provided with Stage 2 applications. To be eligible for subsidies relating to the provision of such housing, the ownership of the homes must be through a Registered Housing Association (RHA).

Governance of affordable housing is a challenge for community groups. Very few communities (e.g. West Harris Trust) have funded, built, and manage affordable housing themselves; the small rural and island communities who can take advantage of the provisions of the Rural and Islands Housing Fund have generally partnered with a Registered Housing Association (RHA) for some part of the process, recognising the level of technical expertise required. (See Rural Housing Scotland's [webinar](#) on this topic).

AACT would not have access to the RIHF and would therefore have to take the route of either becoming an RHA on or partnering with an established RHA to access affordable housing grants. A relatively simple way of AACT enabling affordable housing would be to sell the footprint of the

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development to an RHA and allow it to fund, build and manage the housing; however, the design would be determined by the RHA, and allocations would be determined by Edinburgh Council's allocation policy. The advantage of this approach would be to create a capital receipt to AACT to fund other works; the disadvantage would be that SLF and other funders may decide not to fund land acquisition with a proposed sale. There is a policy for the SLF permitting land sales where the proposal is to cross-subsidise affordable rental or to enable low-cost ownership opportunities.

The possibility of shared equity should be considered, as this would allow a capital receipt to AACT and reduce the amount of long-term loan required and therefore the financial risk. However, shared equity would also reduce the rental from the tenants on that part of the home which is owned by AACT.

7.5.3 Demand

This section uses evidence provided from policies and action plans for older people, simply because these are more visible. However, it applies equally to younger adults who require accessible housing. Older people require more accessible housing only due to physical or mental disabilities relating to age; younger adults may have been born with or developed such disabilities.

The demand for accessible housing for older people is not abating and will not in future. Scottish Government policy has been for over a decade, that people should live well in their own homes for as long as possible, with people with accessing increasing levels of care and support at home. Allied to this is the increasing difficulty of delivering care through a "care home" model. As people are now admitted to care homes with higher levels of dependency, so the funding model for a care home increasingly no longer covers the full cost of care.

The Care Inspectorate's Report "Edinburgh services for older people joint inspection report May 2017" highlighted the increasing pressures of an aging population. "Over the next 20 years, the number of people aged 65-74 years, 75-84 years and over 85 years will increase significantly. More people will be living with long-term conditions, disabilities and complex needs. The number of older people requiring intensive levels of support is expected to increase by 61% over the next 20 years due to estimated population trends. Within 20 years the number of people living with dementia could rise by 61% to over 11,000 people in Edinburgh. As more older people are supported to live at home, this puts additional demands on unpaid carers who are a key part of the health and social care workforce. There are estimated to be 65,084 carers in Edinburgh, or 13.7% of the population. One in five of these carers provides over 50 hours of care a week. It is expected that the numbers of carers will rise due to the rising population."

That Report stated that..." Too many older people had their discharge from hospital delayed because of a lack of appropriate support for them at home, or because they had a lengthy wait for a care home place." Follow up reports in December 2018 found only limited improvement. The Strategy published by the Joint Integration Board 2019-22 was to deliver improvements including the following actions:

- work towards shifting the balance of care from acute services to the community
- continue to build our partnership with the voluntary and independent sectors
- work with the housing sector to ensure new and existing housing options to support people to live independently.

Astley Ainslie Community Trust

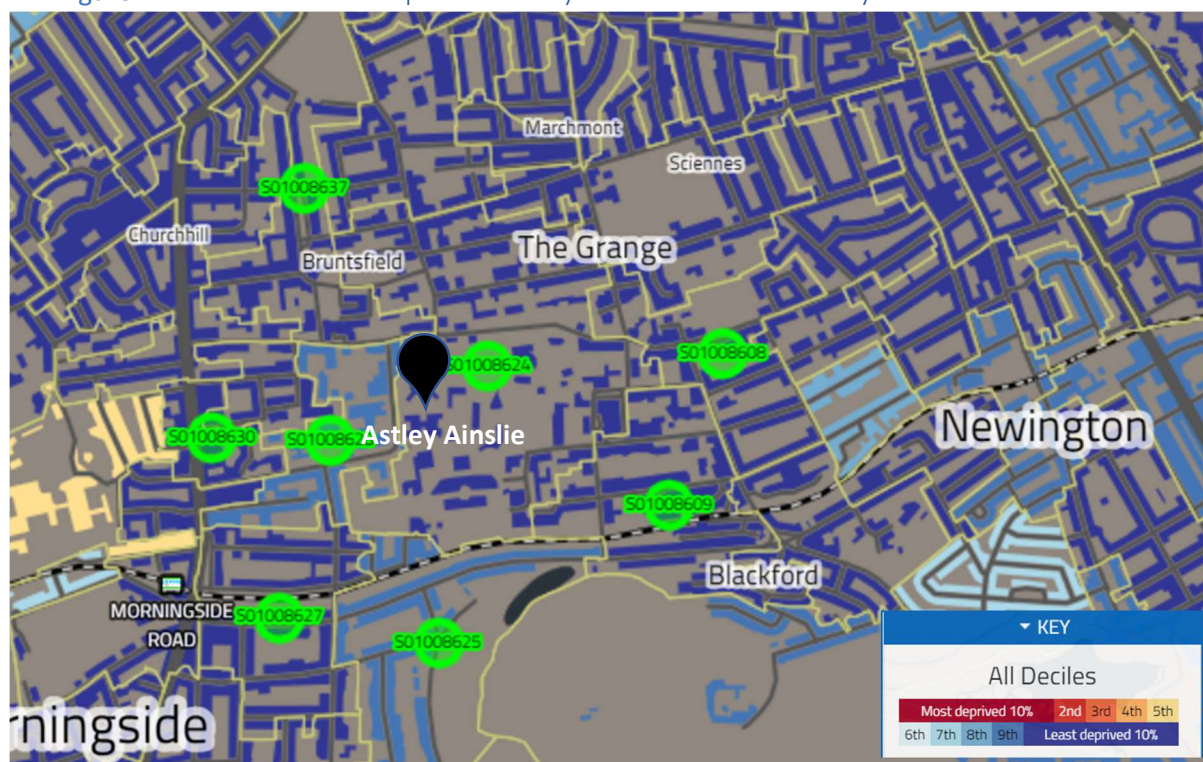
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Edinburgh has several Housing Associations who provide supported living⁹ but these lists are accessible to people on a set of “points” which includes not only their level of disability but also their income. There is a very high level of demand for social housing in Edinburgh, driven by the increasing house prices set against stagnant or declining average household earnings; reports in October 2020 showed that the waiting list for family homes was over 3 years.

The demand for younger adults to have their own front door and assisted living is showcased by the development at Heron Court, Leith, where specialist assisted living company HBV worked with City of Edinburgh Council and Inclusion Housing to deliver 21 apartments over 4 floors at a cost of £5.4m. The costs were met through mortgages and loans, with the repayments being met through rental agreements with tenants who are referred by NHS Lothian. Horizon Housing Association also specialise in affordable housing for people with disabilities, and have over 800 properties across central Scotland with 25% designed for wheelchair users and people with accessible needs.

The area around the Astley Ainslie site has some of the wealthiest and oldest neighbourhoods in Scotland. SIMD data from the 2020 measures shows the extent of the lack of deprivation, as below. Dark blue neighbourhoods are in the 10% least deprived in Scotland.

Figure xxxvi. SIMD map of the Astley Ainslie wider community



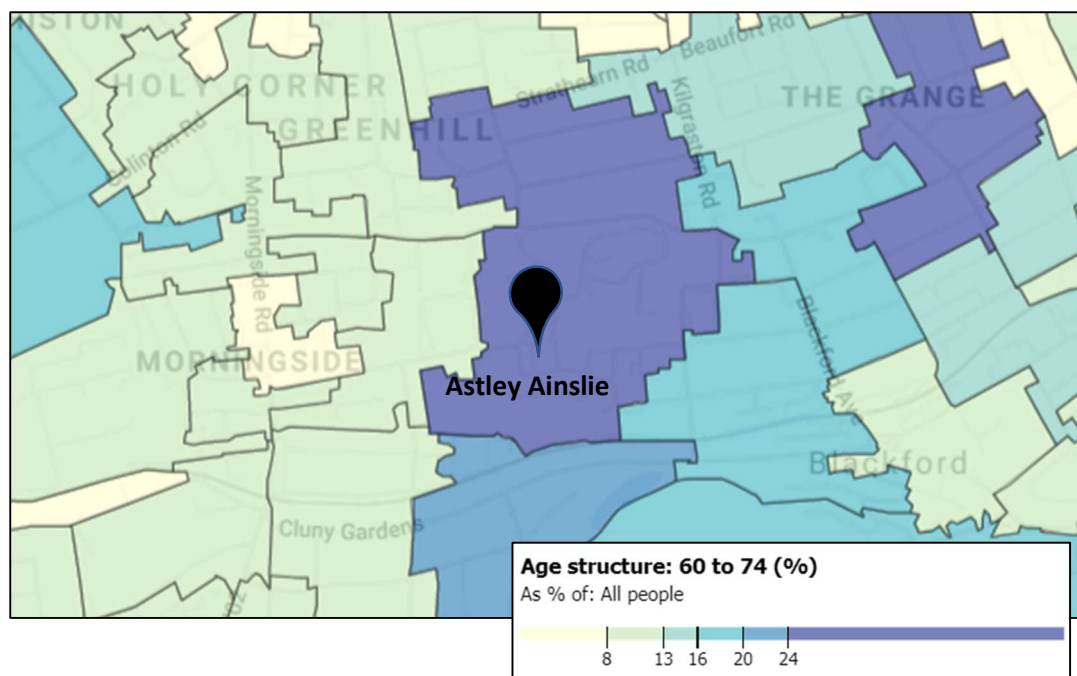
⁹ Viewpoint Housing Association, Trust Housing Association, Barony Housing Association, Blackwood Group, Bield Housing Association; and CIC provides Community Integrated Care for adults with mental, physical and learning difficulties

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For the 8 datazones that make up the neighbourhood of the Astley Ainslie, 6 are in the least deprived 10% in Scotland and the remaining 2 are in the least deprived 20%.

Figure xxxvii. % of population aged 60 to 74, Census 2011 data

Source <https://ukdataexplorer.com/scotland-census-map/>



The age structure around the Astley Ainslie has in fact become older in the years to 2019. Using the National Records of Scotland Small Area Population Estimates, 25% of the 6,285 people in the 8 data zones were over 65 – a total of 1,581 people.

This combination of personal wealth (or more accurately lack of deprivation), a substantial and aging population, and the chronic and increasing shortage of adaptable or suitable housing creates an excellent market opportunity for use of the Astley Ainslie site. People who wish to downsize to accessible smaller homes (thus freeing up larger homes) have little opportunity to do so while remaining in this community. Equally, there is very little available housing for younger adults who require adapted housing.

7.5.4 Requirement in Strategic Housing Investment Plan

In August 2019 Scottish Government issued revised guidance for the SHIP. The guidance requires local authorities to set targets across all tenures for the delivery of wheelchair accessible homes and to report annually on progress. The City of Edinburgh Council was one of the first local authorities to have a Wheelchair Accessible Homes target; with 10% of all social rented homes being wheelchair accessible. The Edinburgh Design Planning Guidance includes Lifetime Homes as the standard sought for older peoples and particular needs housing within the city.

Around 13% of the homes to be approved in the first two years of the SHIP are specifically designed for this group, including amenity, supported and fully wheelchair accessible homes.

CEC has worked closely with Veterans Housing Scotland to provide wheelchair accessible homes specifically for disabled veterans at Salvasen Gardens, Citypark and a new development nearing completion at Canonmills.

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It is important to note that the majority of new build properties funded through the AHSP are designed to meet the Housing for Varying Needs Standard (HFVN). HFVN standard will be reviewed by Scottish Government in 2021. Many properties delivered through the AHSP are therefore accessible for people of limited mobility, meaning particular needs housing requirements can often be met through allocation of a standard general needs property.

Work is underway on a new regional South East Scotland Housing Needs and Demand Assessment (HNDA). A study on need and demand for particular needs housing was to be commissioned early in 2021 to inform the HNDA, Health and Social Care priorities and investment requirements.

7.5.5 Natural capital benefits and community outcomes

The natural capital benefits relate primarily to the income generation from the building to help support the management of the green assets. There may also be input into design and uses of the natural capital from the resident community, and the presence of a resident community in a previously unoccupied part of the site will reduce vandalism and crime in that area.

The Scottish Government’s Housing to 2040 sets out the social benefits of affordable housing:

“Good affordable homes in vibrant neighbourhoods lead to reduced poverty and inequality, better health outcomes, improved educational attainment and more cohesive communities. Through the provision of high-quality affordable homes, people can reduce the proportion of their income spent on housing and bills and therefore increase the money available for other essentials in life.”

(Scottish Government, Housing to 2040, Executive Summary).

7.5.6 Development costs and funding

The costs of the new housing have been provided by the ThomsonGray Consultants report of 28 April 2021 and are set out below at Figure xxxviii.

Figure xxxviii. Development costs: Proposed affordable housing, Millbank Pavilion

Item	Cost
Building refurbishment	1,323,000
Landscaping and fencing	91,900
Construction	1,414,900
Preliminaries 15%	212,235
Contingency 7.5%	122,035
Total before professional fees	1,749,170
Professional fees 15%	262,376
Total cost	2,011,546

It is assumed here that conversion of a non-residential building into a residential building would permit it to be 0% VAT rated. Professional advice on this should be sought.

The costs per unit are £167,000 on average; a cost which would be funded by the Affordable Housing Supply Programme and loans. The mid-market rental is assumed for these homes (see Figure xxxix below), which is equal to the Local Housing Allowance maximum. Grant for Mid-Market Rental homes is based on £46,000 for a 2-bed, 3-person home, and varies according to size.

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Figure xxxix. Subsidy: Proposed affordable housing, Millbank Pavilion

Number	Description	% of subsidy	Total subsidy
12	1 bed 2 person	89%	£492,936

The total loan funding that could be supported by the income generated would be £1.5million (assuming a 40-year loan period and a 4.5% interest rate).

Figure xli. Funding: Proposed affordable housing, Millbank Pavilion

Source	Amount
Subsidy	£492,936
Mortgage	£1,518,610
Total cost	£2,011,546

This funding package is not untypical of a community organisation delivering housing, and 12 units have been delivered by other, more rural, community and development trusts.

7.5.7 Ongoing income and expenditure

The total potential income is calculated based on the Mid-Market Rental set out by Scottish Government.

Figure xlii. Income: Proposed affordable housing, Millbank Pavilion

Number	Description	Social Rent	Local Housing Allowance	Mid-Market Rent
12	1 bed 2 person	344.83	688.09	£688.09
Total monthly rental				£8,257.08

Expenditure is based on an allowance of a management charge (to cover administration costs), repairs charge, and insurance. The first five years income and expenditure are estimated as below.

Figure xlii. Income and expenditure: Proposed affordable housing, Millbank Pavilion

Year	Annual Increase	Year 2	Year 3	Year 4	Year 5	Year 6
Monthly Rental Income	2.00%	£8,220	£8,467	£8,636	£8,809	£8,985
Annual Rental Income		£98,640	£101,599	£103,631	£105,704	£107,818
% of income						
Management Charge	2.50%	£2,466	£2,528	£2,591	£2,656	£2,722
Repairs and Maintenance Charge	5.00%	£4,932	£5,179	£5,438	£5,709	£5,995
Property Owners Insurance	5.00%	£4,932	£5,179	£5,438	£5,709	£5,995
Voids 4%	4.00%	£3,946	£4,064	£4,145	£4,228	£4,313
Loan Repayment @ 4.5%		£81,925	£81,925	£81,925	£81,925	£81,925
Annual Expenditure		£98,201	£98,874	£99,536	£100,228	£100,950
Surplus / (Deficit)		£439	£2,725	£4,095	£5,476	£6,868
Accumulated Surplus		£439	£3,164	£7,259	£12,735	£19,603

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The potential income of £5k per year is a beneficial contribution to the maintenance of the green asset; however, it is not a significant contribution. AACT could gain the same community benefits by allowing a specialist RHA to deliver the redevelopment project, and the RHA would benefit financially from economies of scale. While according to SLF guidance, the housing must remain in the ownership of the community body, there is an exception for sale of a proportion of the land assets to be sold to enable finance to be raised to cross-subsidise the housing.

This would mitigate the key risks below.

7.5.8 Key risks

There is a risk that	Due to	Likelihood	Impact	Score	Mitigation
The Pavilion is not fit for purpose	Dilapidation / spaces not meeting needs	Medium	High	12 H	Liaise with NHS Lothian on building condition; note that NHS Lothian must ensure such information would be available to other potential purchasers If permitted by NHS Lothian, carry out a building survey
AACT cannot raise funds (grant or loans) to renovate the building	Renovations costs too high for potential income Business perceived as too risky by lenders Grants-based organisations do not recognise as high priority	Medium	High	12 H	Work in partnership with organisations with a track record and experience in this space. Consider a model of leasing directly to those organisations, who then renovate and lease out
AACT cannot achieve sufficient income to meet costs	Not enough demand / prices too high	Low	High	8 M	As above Consider possibility for “property guardianship” model to test the market (see Section 7.7.8 below)

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7.6 Millbank: Extension / New Build

7.6.1 Background

The design in Report 2 shows an additional new building at Millbank, totalling 890m² and providing a further 12 units of accommodation. This would double the amount of accessible accommodation, and increase the possibilities for economies of scale in delivering any care and support required by the residents. Depending on the needs of those living in the housing, and with their consent, a registered care provider could be able to pool self-directed support funding by acting as a broker, using funds to employ carers specifically for care provision at that site. This would then help ensure continuity of care for the residents and provide a better experience for the carers. Rural communities have adopted such care provision models for care at home (for example, Boleskine Community Care) although these have faced challenges such as availability of care providers in rural areas, and significant transport time. A larger development would also help enable economic provision of communal facilities such as a central dining / socialising space, with a small commercial kitchen or with meals prepared delivered from the café elsewhere on the site.

However, as noted above, the Millbank extension would require additional infrastructure, including parking and access, and would therefore be more costly as set out in Figure xliii below; £3.2m compared to £2.0m. The cost of the infrastructure means that the price per unit is excessive, both for the affordable housing / mid-market scheme or for New Supply Shared Equity Scheme. There may be a private market opportunity given the location of the flats and nearby amenities, but this would not be permitted under the current SLF criteria.

7.6.2 Development costs and funding

The costs of the new housing have been provided by the ThomsonGray Consultants report of 28 April 2021 and are set out below at Figure xliii below.

Figure xliii. Development costs: Proposed affordable housing, Millbank Extension

Item	Cost
Demolition of existing Millbank wings	50,000
New Build	1,600,000
New roads and infrastructure	384,224
Soft landscaping	241,645
Construction	2,275,869
Preliminaries 15%	341,380
Contingency 7.5%	196,294
Total before professional fees	2,813,543
Professional fees 15%	422,031
Total cost	3,235,575

It is assumed here that construction of a residential building would permit it to be 0% VAT rated. Professional advice on this should be sought.

The costs per unit are £270,000 on average.

7.6.2.1 Funding for rental affordable homes

To meet with the current SLF guidance, this must be affordable housing. Provision of such housing would allow the development cost be funded by the Affordable Housing Supply Programme and loans. The mid-market rental is assumed for these homes (see Figure xxxix and Figure liv below),

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which is equal to the Local Housing Allowance maximum. Grant for Mid-Market Rental homes is based on £46,000 for a 2-bed, 3-person home, and varies according to size.

Figure xlv. Subsidy: Proposed accessible housing, Millbank Extension

Number	Description	% of subsidy	Total subsidy
12	1 bed 2 person	89%	£492,936

The total loan funding that could be supported by the income generated would be £1.5million (assuming a 40-year loan period and a 4.5% interest rate). However, the combination of the subsidy and the loan would not be sufficient to cover the development cost – see Figure xlv – and would require additional funds of £1.2m: very broadly, the costs of the hard and soft landscaping.

Figure xlv. Funding: Proposed accessible housing, Millbank Extension

Source	Amount
Subsidy	£492,936
Mortgage	£1,518,610
Funding required	£1,224,029
Total cost	£3,235,575

7.6.2.2 *Reviewing an alternative: the New Supply Shared Equity scheme*

However, for people aged over 60 (or one person over 60 where their partner is 55) and for people with disabilities, there is an opportunity to use the “New Supply Shared Equity” scheme. This is a Scottish Government initiative to help encourage local councils and social landlords to build housing that meets the needs of older people.

Under this scheme, the individual owner pays for the biggest share – usually between 60% and 80% of the home's cost – and the Scottish Government holds the remaining share under a 'shared equity agreement' with the resident. Although the owner will have complete title to the home, there will be a standard security on the property to protect the Scottish Government's share. On the sale of the home, the Scottish Government will get its proportion of the proceeds. The property can be sold on the open market to anyone aged 60 and over and the Scottish Government will have first refusal on the property under the 'golden share' arrangement which enables the properties to remain available as affordable housing. The title to the property is not transferable except through sale via the Scottish Government or on the open market.

The NSSE scheme is aimed at households with low to medium incomes, so the local council or social landlord will assess applications to see if the person qualifies.

[Link Housing](#) undertakes such schemes in the Edinburgh area, although its website reports that there are no NSSE houses currently available.

The maximum expected grant per unit is £40,000, which would leave the residents looking to find £250,000 for a one-bedroom fully accessible flat – compared to current market prices e.g., £130,000 for a new build retirement property in West Savile Terrace. This level of equity requirement would take it out of the expectation of homes for people with lower incomes, although it may work for older people who are asset-rich and income-poor.

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7.6.3 Ongoing income and expenditure under MMR

The total potential income is calculated based on the Mid-Market Rental set out by Scottish Government.

Figure xlvi. Income: Proposed accessible housing, Millbank Extension

Number	Description	Social Rent	Local Housing Allowance	Mid-Market Rent
12	1 bed 2 person	344.83	688.09	£685
Total monthly rental				£8,220

Expenditure is based on an allowance of a management charge (to cover administration costs), repairs charge, and insurance. The first five years income and expenditure are estimated as at Figure xlvi. The loan repayments and interest are based on the maximum affordable loan of £1.5m at 4.5% interest over 40 years.

Figure xlvi. Income and expenditure: Proposed accessible housing, Millbank Extension

Year	Annual Increase	Year 3	Year 4	Year 5	Year 6	Year 7
Monthly Rental Income	2.00%	£8,220	£8,467	£8,636	£8,809	£8,985
Annual Rental Income		£98,640	£101,599	£103,631	£105,704	£107,818
% of income						
Management Charge	2.50%	£4,932	£5,055	£5,182	£5,311	£5,444
Repairs and Maintenance Charge	2.50%	£2,466	£2,528	£2,591	£2,656	£2,722
Property Owners Insurance	4.00%	£3,946	£4,103	£4,268	£4,438	£4,616
Voids 4%	4.00%	£3,946	£4,064	£4,145	£4,228	£4,313
Loan Repayment @ 4.5%		£81,925	£81,925	£81,925	£81,925	£81,925
Annual Expenditure		£97,214	£97,676	£98,111	£98,559	£99,020
Surplus / (Deficit)		£1,426	£3,924	£5,521	£7,145	£8,798
Accumulated Surplus		£1,426	£5,349	£10,870	£18,015	£26,813

The potential income of £5k per year is a beneficial contribution to the maintenance of the green asset; however, it is not a significant contribution, and does not allow for any increase in the amount of the loan to cover the funding gap.

7.6.3.1 Reviewing an alternative: Private sales

Development of the Millfield Extension for private sales causes difficulties with the SLF funding, as the SLF have not prior permitted such sales other than for self-build plots in remote communities.

Under this model, AACT would be the developer, and would fund the development of both the new Extension and the Pavilion – the latter in partnership with an LHA. For the Extension, the AACT would offer the housing at full market price less a discount related to a Real Burden held by AACT to prevent their onward sale other than as accessible housing in line with allocation criteria.

This would enable AACT to generate capital profits from the market sale which could be used to either subsidise the other housing, or to help pay for improvements elsewhere on the site.

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This would require a one-off permission from SLF for this type of development, and would have to be justified in terms of the unmet need for this type of housing, as set out in section 7.5.3 above.

Unless such permission could be provided, the Millbank Extension is unlikely to be fundable.

7.7 Balfour Building: Meanwhile Uses

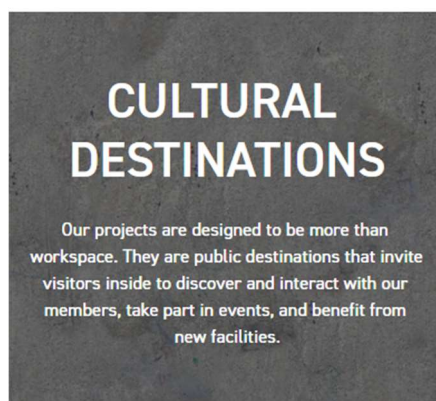
The Balfour building dates from 1983 and is described in Report 02. It is understood to have been used for elderly care and orthopaedic rehabilitation and includes the staff and visitor Café & shop. Its Gross Internal Floor Area is estimated at approximately 3550m². It is considered that it mostly consists of small wards or single bedrooms, evidently built with adjoining bathrooms. At the time of writing, some areas appear to remain occupied on the east side and areas on the west side appear to be closed down. Without full occupation and likely limited confidence in the building's future it might be reasonable to expect only a rudimentary repair and maintenance regime.

Meanwhile uses for this building are inspired by other buildings elsewhere in the UK where old industrial / office buildings are re-purposed pending further decisions on future redevelopment. The layout of small rooms each with access to running water, WCs, sinks and drainage – all on the ground floor – suggests space that will be accessible and useable, albeit the condition is unknown. It is anticipated that it is wind and watertight.

Examples are drawn from sites in London, where the drive for new housing and the increase in land prices has increasingly pushed out lower-income enterprises as rentals increase. Development timelines mean that these vacated sites can lie unused for years. Enabling temporary occupation.

[MakeShift](#) is a self-described social enterprise which:

- used recycled shipping containers and reclaimed materials to transform an empty plot of land in the heart of Brixton, South London, into a thriving community space that is now home to around 50 local businesses and attracts over 1 million visitors each year;
- transformed seven levels of an underused multi-storey carpark in Peckham into a cultural destination and workspace for local creative workers. The space includes 50 studios for artists, makers and small businesses; as well as space for food businesses, retailers, markets, events and more;
- based on the financial success of the first two projects, financed and built new light industrial units for the same purposes at Hackney Bridge; the success of this has been constrained by the Covid 19 pandemic as the site was intended to open in September 2020.



These projects are promoted as “more than workspaces”; they include cafes / restaurants / events spaces and encourage visitors. Similar models have been adopted at [The Coachworks](#), Ashford, Kent; these are part of a world-wide movement to use old and derelict buildings as cultural and artistic hubs.

One of the innovators in this movement was what used to be the world's largest cotton mill, the [Spinnerei](#) in Leipzig, Germany. The site was purchased in 2000 by three enthusiasts, who state, “We had a problem. Financing an industrial complex over a hundred years old, with 20 buildings on a site

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measuring approximately 10 hectares and with 90,000 m² of usable space, only about 6,000 m² of which presently had tenants, looked like a considerable risk.” Their vision – and their phased approach to development where and when they could raise the finance and the clientele – has led to great success. The website states, “Contrary to the trend of the early 1990’s of quick and expensive total refurbishment based on dodgy utilisation forecasts, a new settlement with alternative utilisation started at the same time as the disassembly of the production lines. Meanwhile about 70% of the total area is rented out. However, some gentle renovation measures and works in the appurtenant structures will be finished step by step.”

Success at the Balfour Pavilion will depend on the building’s condition and the suitability of the spaces; this will require at least a visual survey of the interior. An architect’s sketch of the possibilities is shown at Figure xlviii, over.

7.7.1 Governance

The governance could be through the new trading subsidiary; alternatively, there may be VAT and tax advantages from running the activity directly through the charity. Specialist tax advice should be sought.

Alternatively, AACT may wish to lease the building in whole or in part to a specialist provider of artists spaces or makerspaces, allowing the lessee to manage the risk of voids, minimising management input but allowing others to guide the development and its uses.

7.7.2 Planned activities

The financial models assume that the main activities are letting income from maker spaces / artists’ studios / offices, as set out in sections 7.3.3 and 7.3.4.

Artists’ studios require only a basic level of finish. There is a cautionary note that health and safety remain with the landlord, and therefore there must be appropriate policies and safeguards.

The internal area is estimated at 3550m², and it is this that is used as the basis of calculation for rentals. There is no assumption of income from events or of net income from a catering operation run in the current café; these will be very dependent on the equipment available, its condition, and the nature of open spaces in the building. However, all of the examples of thriving cultural artistic hubs combine artists’ studios / offices with some form of café and (as in MakeShift) events.

There may also be an opportunity to create makerspaces; these are equipped spaces which provide use of specialist equipment. Examples include The Forge, Edinburgh, which provides “pop up” makerspace in woodwork and metalwork; Splintr, who worked with Edinburgh Contemporary Crafts to design their makerspaces; Out of the Blue’s Abbeymount Studios. This opportunity will depend on the building infrastructure, and would be pursued in partnership with an existing provider to access grants and loans for the equipment.

7.7.3 Demand

As set out in sections 7.3.3 and 7.3.4, there is demand for artists’ studios/ entrepreneur start up space in Edinburgh, and the Astley Ainslie site and the Balfour Pavilion create an opportunity to meet these needs. It is assumed that the space will not attract the same level of rents or the same occupancy rates as those in Canaan House, as they will be fitted out to a lower level of finish.

Figure xlvi. Balfour Pavilion: Sketch of meanwhile uses



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7.7.4 Natural capital benefits and community outcomes

The natural capital benefits relate primarily to the income generation from the building to help support the management of the green assets. There may also be input into design and uses of the natural capital from the artistic community, including commissioning or displaying outdoor art installations in the green areas.

[Case studies](#) on the impact of similar developments in the UK have identified the following social benefits:

- Making accessible and practical spaces for artists leading to the production of world class artworks that contribute to the cultural economy;
- providing a hub and training opportunities for individuals and for local businesses;
- remaking disused / hard to let land and properties into a commercial and social asset;
- building inclusive communities through participation and training in creative industries.

7.7.5 Development costs and funding

As noted as section 7.6, the configuration and condition of the building is not known, and the internal area has been determined from a map outline. Any costs are therefore indicative only.

For the purposes of modelling, an assumption of £100 per m² is used for renovation costs; this totals £505,000 for the whole building including professional fees but excluding VAT (on the assumption that VAT is recoverable – see section 7.7.1).

Figure xlix. Balfour Meanwhile Uses: Development Costs

Development Costs	£
Refurbishment – 3550m ² at £100 per m ²	355,000
Prelims 15%	53,250
Contingency 7.5%	30,619
Total construction	438,869
Professional fees 15%	65,830
Cost excluding VAT	504,699

Funding is assumed from two sources:

- Grants or donations of £200,000
- A 10-year loan of £405,000 at 4.5%.

A 10-year loan is assumed as this is a “meanwhile” use. However, it may be that the aims of the community change in respect of the area occupied by the Balfour Pavilion, and that a significant creative arts provision – with its links to community mental health and wellbeing – becomes part of the offering. This would enable longer term funding and reduce the need for grants, which are very competitive and again may not be available for a 10-year term.

7.7.6 Ongoing income and expenditure

As explained above, these spaces will be fitted out to a base level that is compliant with statutory requirements and health and safety. While £28 - £30 per m² per month (around £32 per ft² per year) is assumed for Canaan House with 10% voids for office space and 20% voids for space rental; the assumptions for the Pavilion are £10 per m² per month (approx. £12 per ft² per year) and a 50% voids assumption.

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This would give the rental income for a 3m-by-3m space as £90 per month – an extremely low amount in Edinburgh’s rental market. A further comparative figure is £250 per month for a 250 sq. ft studio space.

The five-year income and expenditure for these meanwhile uses are as set out in Figure I below, and demonstrate a potential net profit of around £20,000 per year.

Figure I. Balfour Pavilion 5-year income and expenditure

Balfour Meanwhile Uses		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Year	Annual Increase	1	2	3	4	5	6
Monthly Rental Income	2.00%	£17,750	£18,105	£18,467	£18,836	£19,213	£19,597
Annual Rental Income		£213,000	£217,260	£221,605	£226,037	£230,558	£235,169
	% of income						
Management Charge	2.50%	£5,325	£5,458	£5,595	£5,734	£5,878	£6,025
Repairs and Maintenance Charge	7.50%	£15,975	£16,374	£16,784	£17,203	£17,633	£18,074
Property Owners Insurance	7.50%	£15,975	£17,173	£18,461	£19,846	£21,334	£22,934
Voids	50.00%	£106,500	£108,630	£110,803	£113,019	£115,279	£117,585
Loan Repayment @ 4.5%		£50,448	£50,448	£50,448	£50,448	£50,448	£50,448
Annual Expenditure		£194,223	£198,083	£202,090	£206,250	£210,572	£215,066
Surplus / (Deficit)		£18,777	£19,177	£19,515	£19,787	£19,986	£20,104
Accumulated Surplus		£18,777	£37,954	£57,469	£77,257	£97,243	£117,347
Major Repairs Expenditure							

Sensitivity testing shows that, at this level of rental income and costs, the breakeven is for voids to be 54% of available floor space. Alternatively, for 50% voids, income breakeven is at £9.10 per m2 per month. Both calculations provide income of just over £16,000 per month which meets annual costs and loan repayments. The voids percentage is the more critical factor; with voids of 40% and £9.10 per month, the income would be £38,000 per year.

	£ per m2	Voids	Monthly income	Annual income	Annual cost	Surplus
Assumed	10	50%	£17,750	£213,000	£194,223	£18,777
Breakeven voids	10	54%	£16,330	£195,960	£194,223	£1,737
Breakeven rental	9.1	50%	£16,152	£193,830	£194,223	£-393
Low rental, low voids	9.1	40%	£19,383	£232,596	£194,223	£38,373

The Balfour Pavilion’s meanwhile use demonstrates that it could be a significant income generator for AACT, even given lower rental values and greater levels of repairs, insurance, and voids than Canaan House. Financial viability plays a significant part in the increasing number of unused buildings now being turned to such uses, and depending on the conditions and internal configurations, the Pavilion may be another.

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7.7.7 Key risks

The particular key risks relating to this meanwhile use are set out below.

There is a risk that	Due to	Likelihood	Impact	Score	Mitigation
The Pavilion is not fit for purpose	Dilapidation / spaces not meeting needs	Medium	High	12 H	Liaise with NHS Lothian on building condition; note that NHS Lothian must ensure such information would be available to other potential purchasers If permitted by NHS Lothian, carry out a building survey
AACT cannot raise funds (grant or loans) to renovate the building	Renovations costs too high for potential income Business perceived as too risky by lenders Grants-based organisations do not recognise as high priority	Medium	High	12 H	Work in partnership with organisations with a track record and experience in this space. Consider a model of leasing directly to those organisations, who then renovate and lease out
AACT cannot achieve sufficient income to meet costs	Not enough demand / prices too high	Low	High	8 M	As above Consider possibility for “property guardianship” model to test the market (see Section 7.7.8 below)

7.7.8 An alternative model: property guardianship

In order to test the market, AACT should consider whether NHS Lothian would consider leasing the unoccupied part of the building for makerspaces, pending any decision on closure and sale of the Astley Ainslie site, using a concept of property guardianship. This concept, already established in London, allows organisations to make use of unoccupied buildings on a month-to-month lease in return for a very low rent; the organisation provides security to the building owner, and the building owner is no longer required to pay business rates on the unoccupied building.

An organisation called [SET](#) has adapted this model for artists’ studios and workspaces. As a Charitable Incorporated Organisation, it provides a new charitable alternative to vacant property security or property guardianship. SET have made use of an old station, a disused pub, a church, a laundrette, numerous office buildings and light industrial units all prior to development, demolition or sale. SET provides affordable artist workspace to its Associate Members. In return, the members volunteer to contribute towards the arts and educational programme, hosting public workshops, talks or participating in exhibits or performances. SET always bring a property back into a usable and safe condition, which in some cases can mean full renovation, and ensure all centres are all fully compliant, for the safety of members and staff.

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The difficulty with this model for AACT may be any funding required to bring the Balfour Pavilion back into safe use. While ownership would allow AACT to borrow the money against anticipated income, a short-term lease would not offer the same security for lenders. This may point to the use of community bonds as a source of funding.

7.8 Balfour Ward: new housing

7.8.1 Background

One of the concepts tested through the optioneering process was the demolition of the Balfour Pavilion and use of that site for affordable housing, built to a high standard of environmental efficiency, and centred around a community common – for example informal greenspace, gardens or allotments following on models particularly in continental Europe. The design favoured by AACT proposed two slim wings of lower density housing, three to four storeys tall, aligning with the symmetry of the revealed Millbank Pavilion and framing a generous 70 x 70m open space, and is described in detail in Report 2 section 7.3.3.

There are strategic questions around the use of the site for affordable housing. While this business plan focusses on Zone 2, the remainder of the site has been identified as having the potential for development of up to 500 homes. According to the CEC's current housing policy, 25% of these would have to be affordable, and the CEC is considering increasing that percentage to 33%. AACT had an internal debate about whether the community benefits of increasing affordable housing – or of asking developers for a contribution to allow them to build some part of the development quota on the AACT site, thus allowing more private housing on the rest of the site – was of more community benefit than increasing greenspace and recreational space on the site, or of maintaining the current Pavilion building for artists, office space and makerspaces as set out in section 7.6 above.

7.8.2 Governance

Governance of affordable housing is a challenge for community groups. Very few communities (e.g. West Harris Trust) have funded, built, and manage affordable housing themselves; the small rural and island communities who can take advantage of the provisions of the Rural and Islands Housing Fund have partnered with a Registered Housing Association (RHA) for some part of the process, recognising the level of technical expertise required. (See Rural Housing Scotland's [webinar](#) on this topic).

AACT would not have access to the RIHF and would therefore have to take the route of either becoming an RHA on or partnering with an established RHA to access affordable housing grants. A relatively simple way of AACT enabling affordable housing would be to sell the footprint of the development to an RHA and allow it to fund, build and manage the housing; however, the design would be determined by the RHA, and allocations would be determined by Edinburgh Council's allocation policy. The advantage of this approach would be to create a capital receipt to AACT; the disadvantage would be that SLF and other funders may decide not to fund land acquisition with a proposed sale.

7.8.3 Demand

Housing in Edinburgh continues to be a significant issue. Edinburgh's population has grown by 13% in the last 10 years. According to population projections, Edinburgh's population will continue to grow at an annual average of around 3,500 per year during the period to 2032. Edinburgh has smaller households than the Scottish average. The number of single person households is projected to increase more than any other household type. The decreasing household size in the city means

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that household growth will be even higher than the population growth. By 2032, the number of households is projected to increase by 18% - a growth of 41,400.

In the Council's document "The Choices for City Plan 2030", one of the 4 Choices is that Edinburgh is "A city in which everyone lives in a home which they can afford", including:

- Creating sustainable communities
- Delivering more affordable homes
- Building new homes and infrastructure

In the City Plan 2030 Housing Study (Jan 2020) the proposed housing targets are 22,600 units of market housing and 20,800 affordable homes in the period 2019-2032. This would meet the market demand and deliver the Council commitment to deliver 20,000 affordable homes by 2027. These affordable homes would be delivered by direct intervention by the Council and its partners, and by increasing the affordable housing requirement to 35% of market housing. The Housing Study identifies a requirement for additional land for 17,600 units.

The Housing Study sets out three options for delivering this level of housing land; the likely approach is a blend of accelerating the release of brownfield sites and release of limited sites for development, with two-thirds of the housing (11,000 units) on brownfield land. The Housing Study notes that, "The Council and its partners will still need to rapidly intervene to bring forward the delivery of brownfield land for housing... [this] approach will require a compulsory purchase programme to deliver employment land for housing. Delivery will still need to start as soon as possible to enable the Council to achieve an annual delivery rate of 3,340 units per year to prevent the release of further green belt land."

The Housing Study identifies potential brownfield sites totalling an overall capacity of around 16,900 to 27,000 [units] over 142 sites. The Astley Ainslie site is one of the two single largest sites identified. It is assessed as having a medium to high potential as one of the sites which are "particularly suitable for housing development in locations which are, or could become, well served by public transport and community infrastructure, but which may need a form of intervention to enable development." It is considered to have sufficient access to primary and secondary school capacity, bus services, employment clusters, and overall community infrastructure. The constraints identified on the Astley Ainslie site are for access to the wider cycle network, and active travel overall. The inference is that with these issues addressed, the site would have high potential for development. Further, as NHS Lothian rationalise their estate, this site may be viewed as a "quick win" for a Council under significant pressure to deliver brownfield / urban sites for much-needed housing, including affordable housing.

The initial assessment is that the site would be developed at a site-specific density once further work has been carried out, with up to 500 units on site. Modelling carried out in Report 1 demonstrates that this could be met in Zones 1,3, and 4 on the site without impacting on Zone 2.

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7.8.4 Planned activities

The proposed design for the affordable housing shows the following accommodation:

Number	Description	GIFA (Average)	GIFA (total)
12	1 bed 2 person	50	600
18	2 bed 3 person	63	1,134
20	2 bed 4 person	75	1,500
50			3,234
Office / studio rental	225 m2		225

7.8.5 Natural capital benefits and community outcomes

The natural capital benefits relate primarily to the income generation from the building to help support the management of the green assets. There may also be input into design and uses of the natural capital from the artistic community, including commissioning or displaying outdoor art installations in the green areas.

[Case studies](#) on the impact of community-led affordable housing developments in the UK have identified the following social benefits:

- Long term investment through ownership of local assets in perpetuity and the investment of surpluses back into the community
- Delivery of genuinely affordable homes for local people to meet housing need, developed in a way that benefits the local community
- Activating local public support for affordable new homes and estate regeneration and engagement in the planning process
- Increasing the housing supply
- Promoting community cohesion, accountability and a sense of connection leading to long term sustainability of a community
- Housing developments tend to be innovative and built to high environmentally sustainable standards

7.8.6 Development costs and funding

The costs of the new housing have been provided by the ThomsonGray Consultants report of 28 April 2021 and are set out below at Figure li.

Figure li. Development costs: Proposed affordable housing, Balfour Pavilion Site

Item	Cost
Balfour Pavilion demolition	405,036
Housing and communal space construction	7924940
Roads and Infrastructure	1,005,000
Construction	9,334,976
Preliminaries 15%	1,400,246
Contingency 7.5%	805,142
Total before professional fees	11,540,364
Professional fees	1,731,055
Total cost	13,271,549

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The costs per unit are £264,000 on average; a cost which would be funded by the Affordable Housing Supply Programme; loans; and other support. The mid-market rental is assumed for these homes (see Figure liv below), which is equal to the Local Housing Allowance maximum. Grant for Mid-Market Rental homes is based on £46,000 for a 2-bed, 3-person home, and varies according to size as shown in Figure lii below.

Figure lii. Subsidy: Proposed affordable housing, Balfour Pavilion Site

Number	Description	% of subsidy	Total subsidy
12	1 bed 2 person	89%	£492,936
18	2 bed 3 person	100%	£828,000
20	2 bed 4 person	109%	£1,002,800
50			£2,323,736

The total loan funding that could be supported by the income generated would be £8.8million (assuming a 40-year loan period and a 4.5% interest rate), leaving a further £2.1million to be found from other sources.

Figure liii. Funding: Proposed affordable housing, Balfour Pavilion Site

Source	Amount
Subsidy	£2,323,736
Mortgage	£8,847,683
Grants / donations	£2,100,000
Total cost	£13,271,419

This funding package would represent a huge community loan for AACT, and create a significant risk to the organisation. Again, this suggests that to deliver affordable housing on this site, the AACT would manage the financial, delivery and operational risk by partnering with a Registered Housing Association – but then lose control of the design of the affordable housing.

7.8.7 Ongoing income and expenditure

The total potential income is calculated based on the Mid-Market Rental set out by Scottish Government. The new office / studio rental for 225m2 is based on the £28 per m2 identified at section 7.3.4 above. It may be that a premium (up to £35 / m2) could be charged for new purpose build office space in such a location; this would add £1,575 to the monthly income or £18k per year.

Figure liv. Income: Proposed affordable housing, Balfour Pavilion Site

Number	Description	Social Rent	Local Housing Allowance	Mid-Market Rent
12	1 bed 2 person	344.83	688.09	£688.09
18	2 bed 3 person	386.17	822.73	£822.73
20	2 bed 4 person	421.08	822.73	£822.73
	Total monthly rental			£39,520
Office / studio rental	Area m2	Rent per m2 per month	Voids	Monthly income
	225	28	10%	£5,670
	Total potential monthly rental			£45,190

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Expenditure is based on an allowance of a management charge (to cover administration costs), repairs charge, and insurance. The first five years income and expenditure are estimated as below.

Figure Iv. Income and expenditure: Proposed affordable housing, Balfour Pavilion Site

Year	Annual Increase	Year 4	Year 5	Year 6	Year 7	Year 8
Monthly Rental Income	3.00%	£45,191	£46,546	£47,477	£48,427	£49,395
Annual Rental Income		£542,288	£558,557	£569,728	£581,123	£592,745
% of income						
Management Charge	2.50%	£13,557	£13,896	£14,244	£14,600	£14,965
Repairs and Maintenance Charge	2.50%	£13,557	£13,896	£14,244	£14,600	£14,965
Property Owners Insurance	2.00%	£10,846	£11,063	£11,284	£11,510	£11,740
Voids 4%		£21,692	£22,342	£22,789	£23,245	£23,710
Loan Repayment @ 4.5%		£477,311	£477,311	£477,311	£477,311	£477,311
Annual Expenditure		£536,962	£538,508	£539,871	£541,265	£542,690
Surplus / (Deficit)		£5,326	£20,049	£29,857	£39,858	£50,056
Accumulated Surplus		£5,326	£25,375	£55,232	£95,090	£145,146

While potential income of £20k and rising per year would be a beneficial contribution to maintenance of the green asset, AACT have decided that the financial and operational risks (see section 7.8.8 below) and management / organisational time required outweigh the benefits. For example, there would be significantly less development and ongoing financial risk in raising this money through a “giving programme” than via a significant housing development which restricts reclamation of green space on the site.

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7.8.8 Key risks

There is a risk that:	Because:	Likelihood	Impact	Score	Mitigations proposed
Funding is not achieved, or not fully achieved for housing	Business / community case is not made sufficiently to attract funding	High	High	15 H	Dialogue with City of Edinburgh Council, local housing associations, for partnerships Confirm availability of finance from social lenders
Development costs are in excess of plans	Unforeseen issues with site Inflation due to Covid-19, Brexit Lack of capacity and skills in AACT to manage a significant build contract	Medium	High	12 H	Obtain further feasibility funding for detailed design work, technical survey work and ensure sufficient contingency / inflation allowance Consider entering into a partnership with a RHA for design / build / manage
Allocations policy causes community disputes	Policy does not meet community needs / aspirations	Medium	Medium	9 M	Ensure continuing engagement with community to set criteria and policy. Agree a local allocations policy or enter into an agreement with an RHA using a Local Letting Initiative to ensure that allocation points are clearly understood and applied by an external body.
Rental income targets not reached		Low	High	8 L	This Plan demonstrates a significant housing need in Edinburgh.
Expenditure for maintenance is higher than forecast	Edinburgh pricing results in higher repair costs than forecast	Low	Medium	9 L	The financial plans show an allowance for repair and maintenance costs. Consider a partnership with an RHA for management and maintenance

7.9 Ground Energy

An idea to both maximise returns to the AACT and / or to reduce energy costs, was the concept of ground source heating. This is being used for example at [Saughton Park](#), Edinburgh and was supported by the Park Power programme funded by Greenspace Scotland. The park uses a micro-turbine in the Water of Leith to provide power to two Ground Source Heat Pumps (GSHP) which are used to heat the park's visitor facilities, café and greenhouses. The GSHPs save around 72 tonnes of CO₂ per year, and the micro turbine around 90 tonnes per year.

An early concept for Saughton Park was to use the renewable energy source as a source to other buildings around the park; this was unviable due to the length of the pipes required across a road and a river, and the energy solutions focussed on the Park's own use.

The Saughton Park energy schemes were funded through bringing together six different funding sources all with different requirements and durations. The main funding for the park redevelopment came from the Heritage Fund. Other contributors included Sustrans, Scottish Energy Efficiency Programme, Salix Finance and Scottish Power's Green Economy Fund. The latter contributed approximately £500k to install the micro-hydro project.

Electrification of heat is a key part of the government's strategy for achieving net zero carbon by 2050, and sooner for many local authorities self-imposed targets. Heating homes and businesses makes up 21% of the UK's emissions. The Scottish Government requires that new homes built after 2025 will no longer be allowed to install gas central heating, which means that electric heating for new builds will have to be reconsidered.

The use of GSHP's could make a significant improvement in carbon reduction as the carbon intensity of electricity is falling with a greater proportion of the capacity provided by renewable sources, GSHPs will look increasingly favourable, particularly compared to mains gas. Using SAP10¹⁰ figures for carbon intensity this would indicate the reduction in carbon emissions compared to direct gas to in the region of 69%. A further benefit of a GSHP system is that the site would produce no point of use emissions at the site, avoiding the negative impact on local air quality for the residents of the site compared to mains gas.

Kensa Engineering were contacted and provided outline feasibility reports for a ground energy solution at the Astley Ainslie site. Kensa has established a specialist contracting division, focused on the design, delivery and implementation of ground source heat pumps for all heating applications. In recent years, Kensa Contracting has provided renewable heating solutions with over 2000 ground source heat pumps installed across the residential and commercial sector for both including high rise tower blocks, housing developments, schools, fire stations and numerous public sector-owned buildings.

Kensa's solutions were based on a Shared Array, which is a combination of deep boreholes connected in sequence which all form an ultra-low temperature heat network from the ground, providing ambient temperature to individual heat pumps. This heat is then upgraded inside the building. The Shared Array has an estimated life of 100 years. Shared Arrays can be treated as asset infrastructure which are owned and operated over a long term, for example by a Local District Heating Company. Due to the long life of the asset infrastructure, the LDHC would be able to

¹⁰SAP-10 is the methodology and testing procedures used to calculate energy use in new residential developments.

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recover the capital expenditure associated with the Shared Arrays over many years by operating various commercial agreements with connected buildings.

Kensa produced feasibility studies for three buildings: the Community Hub, Millbank, and the potential Food Hub. These are indicative only, as the actual outputs and costs will depend on the bedrock at the area.

It is important that the GSHP still require electricity to power the mechanisms. In Saughton Park, the micro-turbine is used to supply this electricity. There is no similar source at the Astley Ainslie site, unless the [Jordan Burn](#) is daylighted and can provide such power.

The Kensa figures are set out below in Figure lvi below.

Figure lvi. Summary of GSHP outputs, savings, and costs

	Community Hub	Millbank	Food Hub
Annual Load	601MW	827MW	143MW
T CO2 per year – gas	158	217	38
T CO2 per year - GSHP	28	38	7
Saving T CO2	129	179	31
Saving NOx KG/year	26	36	6
Cost saving annual	£823.00	£1,815.00	£268.00
Installation cost	£528,000	£723,000	£193,000

As noted above, the tonnes of CO2 saving are understated, as they are based on using carbon-intensive electricity to power the heat pumps. The standard used (SAT-10) will be amended as further evidence is gathered and the standard updated to reflect changes in the provision of electricity.

The cost saving is based on a 10.5p tariff for electric energy and a 3p tariff for gas. Again, this may change as Zero Carbon levies change the comparative pricing of gas against “clean” energy.

While [District Heating Loan Funds](#) would be available to AACT, these require repayment of the loan over 10-15 years and the returns shown above do not enable such repayments.

There is also no available market that would “buy” the carbon credits although it may be that the Scottish Government’s £3 Billion Green Investment Portfolio, which hopes to help transition the country to a net-zero economy, may be of interest. Again, this may change as further incentives – including the successor to the Renewable Heat Incentive payments, which scheme closes to new entrants in March 2022 – become clearer.

It is evident that the existence of open land within the city may enable clean heat generation – far more easily than land which is covered by infrastructure. While AACT should continue to explore this possibility, it is not at the time of writing, a viable option.