

OCA

Summary Report:
Community Asset Transfer of Zone 2 the Astley Ainslie

Report 04 FINAL October 2021

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This report has been prepared by a team commissioned by the Astley Ainslie Community Trust, funded by the Scottish Land Fund, the Architectural Heritage Fund Scotland and donations from the Trust's members.

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October 2021

Introduction

This Summary Report (Report 4) should be read within the context of the wider study detailed in three earlier reports:

Report 1 - A whole site evaluation. Published January 2021.

- This concluded that AACT should therefore focus efforts on the transfer of Zone 2 while being open to opportunities in other parts of the site that also deliver the community vision

Report 2 – Feasibility study for Zone 2 funded by the Scottish Land Fund (SLF).
Published June 2021 (draft), August 2021 (final)

- This identifies the opportunities and constraints arising from community ownership of Zone 2 and maps AACT objectives onto the various sub zones in tandem with the recommendations identified in the business case. Its focus involved spatial analysis of the site along with illustrations to support the various business models for the site.
- Report 2 identified the social and environmental value of preserving and enhancing the existing greenspace and the community benefits that could be obtained by maximising the reuse of the existing buildings on the site.
- A key decision presented to AACT within this report is whether housing development should be a part of the brief given the high costs associated with this.
- Significant opportunities for meanwhile uses exist within the Balfour building and Canaan House.

Report 3 – Community Asset Transfer for Astley Ainslie: Business Plan, by Athena Solutions. Published June 2021

- This report's focus is outlining the business case, financial viability, funding strategy, governance challenges and strategies recommended for adoption by AACT.

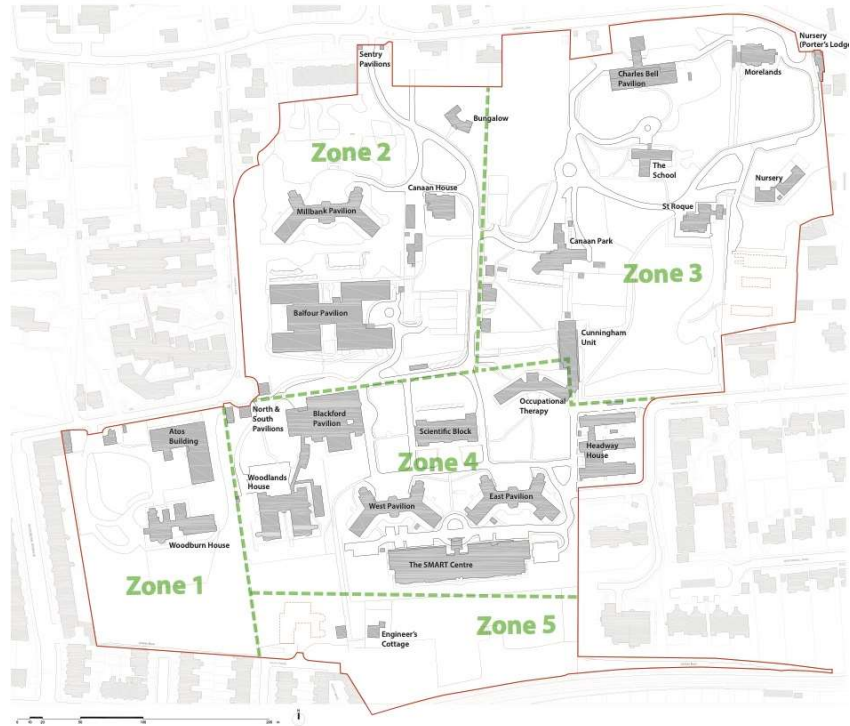


Figure 1 – Orientation map

The zones indicated on this map have been defined by this study group to reflect their different landscape and built heritage characters and the profile of opportunities and constraints they offer for community-led development. Refer to Report 01 for more information.

Summary of findings

- The gift of Astley Ainslie was for convalescence; it became a pioneering centre for active convalescence. If, as anticipated, NHS Lothian chooses to sell the site, it will be a key opportunity for a community-led organisation to build on this inheritance, **pioneering protection, enhancement, and investment in an essential urban green asset**. This financial model plan reflects this ambition.

A business model can be based on the green asset:

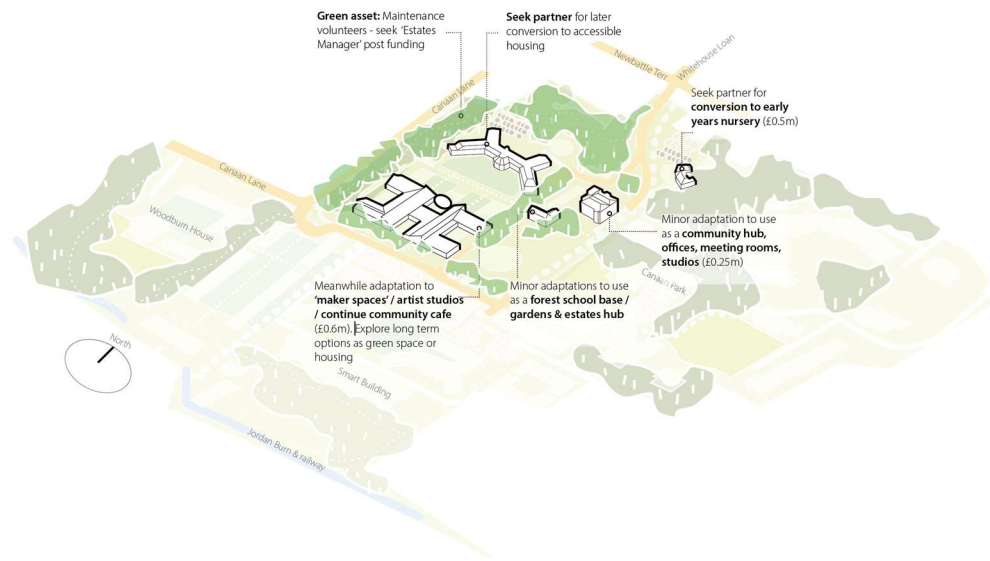
- The proposed approach is based on the community's desire to maintain and enhance a green asset which they inherently value. Accordingly, the Astley Ainslie site provides an opportunity for a community-led approach to enhancing natural capital in a significant urban green asset (Report 3 Section 5), and to realise the multiple interconnected social, health and environmental benefits of those assets – physical and mental wellbeing, carbon uptake, air pollution remediation, increasing biodiversity, flood alleviation and urban cooling in an increasingly varying climate. This is within the context of the council's Edinburgh Ecological Coherence Plan (Report 3 Sections 5.3 & 7.1.1) which indicates that the total areas green spaces within the city provide an annual natural capital contribution of £174M. The Astley Ainslie is a substantial part of this contribution and could be enhanced to provide further value.
- Albeit its methodology is in its infancy, **Natural Capital Accounting** represents an opportunity for metrics that go beyond conventional property and land economic valuation and indicate the environmental value of the site. Rather than using traditional development financial metrics, this innovative approach could be used to assess the wider social and financial value of the green assets on the site to funders and investors.
- Established relevant models of community-led governance of green space exist and are identified (Report 3 Section 5.2). These include **Parks Trusts** with examples in Milton Keynes and Newcastle. These are self-financing, having been gifted substantial property portfolios. Profits from the built assets are used to support and improve green assets

A strategy that aligns well with current and emerging policies:

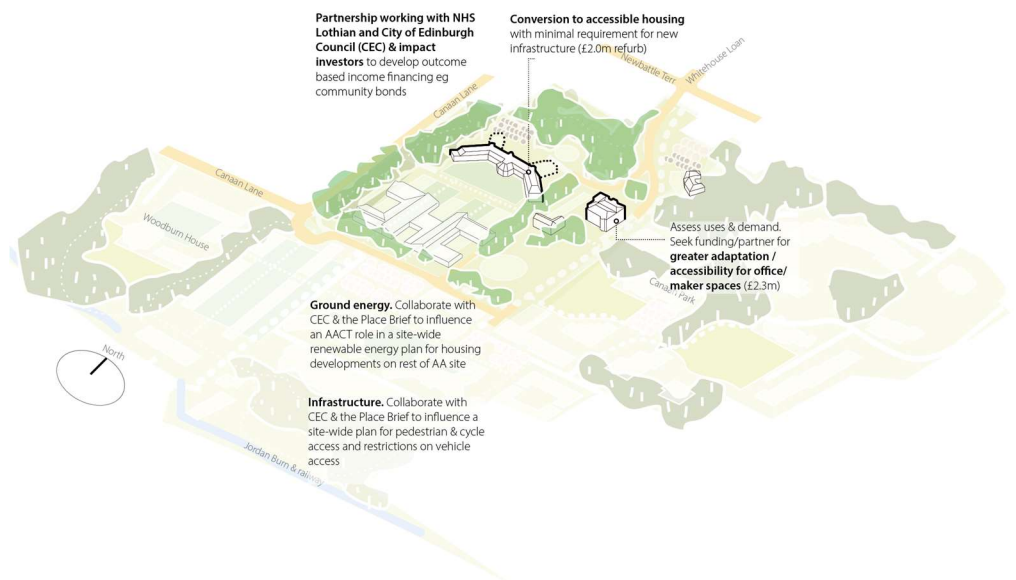
- The proposed model (scenario illustrated figure 2 in this report, in Report 2 Section 7.1 and Report 3 financial models) aligns favourably with a number of existing and emerging CEC strategies such as the **Open Space Strategy 2021** (Report 3 Section 5 figure v.) and the Access to Greenspace Plan 2016. It also aligns with urban design concepts that are gaining prominence across Europe such as '**the 15-minute city**', the '**20-minute neighbourhood**', nature-based power generation, and the Transition Towns movement.

The importance of an adaptable phasing strategy:

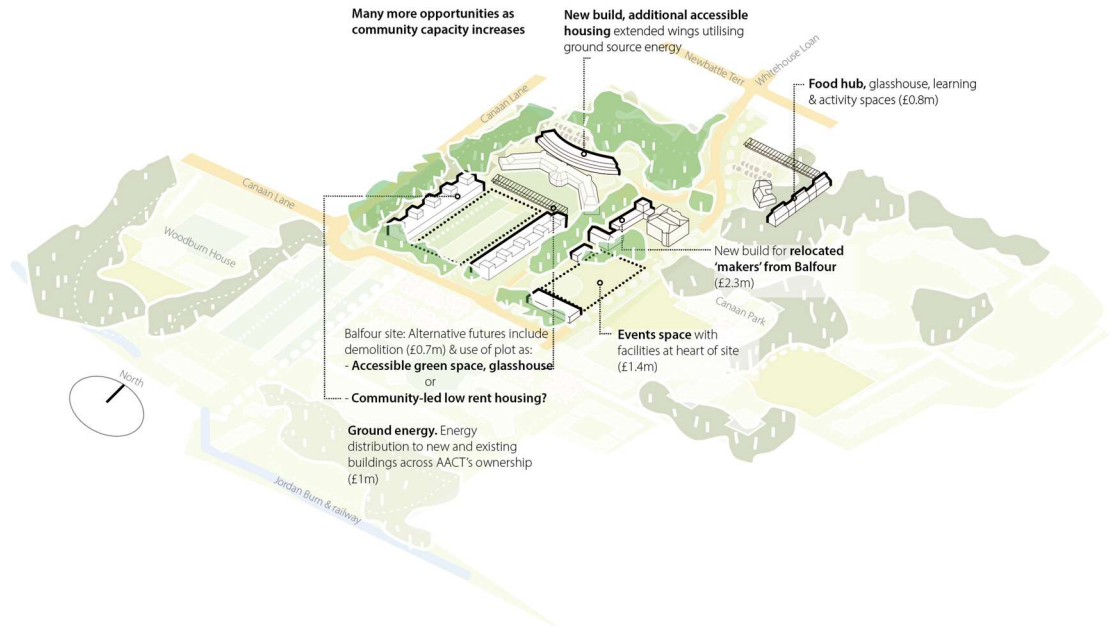
- A development programme strategy (Report 2 Section 6 figure xv) sets out the current uses of each part of zone 2 and identifies how each part contributes to a wider ambition for the whole through three key phases of development. These phases illustrate the widening profile of opportunities and managed risks that changes as community-led uses become established and longer-term partnerships are formed. The three phases are:
 - **Immediate: the first three years:** how AACT would care for, use and develop assets for use on community takeover



- **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.



Financial viability

The financial models in Report 3 demonstrate that the following areas, outlined in Report 2 could generate a surplus over the various development phases:

	Feasibility Report 2	Financial Report 3	Forecast Surplus Year 5
Nursery and forest school	Section 7.2.2	5yr inc & exp + Sections 7.2 & 7.4	£15,000
The Balfour pavilion – maker and enterprise spaces	Section 7.3	5yr inc & exp + Section 7.7 & 7.8	£20,000
The community hub including lettable office/creative space.	Section 7.2.1	5yr inc & exp + Section 7.3	£47,000
Total			£82,000

Key observations

- To deliver this strategy, AACT requires to **attract substantial amounts of capital** and **work in a range of different sectors** including land management, early years education, forest school education, makers spaces, office rental, housing (accessible, affordable and private) and renewable energy generation.
- 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**
- AACT’s primary objective should be to maintain and develop the green asset, with significant community-led development and involvement, to both **ensure public visibility of the asset and to improve and sustain its Natural Capital Value**, with a view to accessing future impact investment funding streams.
- AACT need to **ensure viable “meanwhile” uses** 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.
- It would be beneficial for AACT to explore opportunities for partnerships with a variety of stakeholders, in particular, with an existing childcare provider.

- Housing provision
 - The accessible housing element does not generate large financial returns for the output and the risk. This is the case for the proposed refurbishment of the existing Millbank Pavilion, and more so for the new build elements. This questions the rationale of why AACT wishes to manage this independently, and whether CEC or others would willingly go into partnership to hit their ambitious accessible housing targets.
 - The housing element, however, aligns with CEC's Strategic Housing Investment Plan (SHIP) objectives, and the objectives of the Edinburgh City plan 2030. This presents options for partnerships with CEC, other Registered Social Landlords (RSL) or private care housing providers. Within the context of the wider site redevelopment, this may offer opportunities for developer contributions to help cover the capital costs.
 - The Millbank refurbishment does not generate extensive revenue, but may attract partnership or other funding streams.

Recommended next steps

1. *AACT to agree the most appropriate entity and form of governance – AACT, a partnership, or a third-party provider?*
2. *Are the Balfour Ward, Millbank Pavilion and Canaan House buildings assets rather than liabilities? A condition report will tell us the answer.*
3. *Financial value: key item missing is the cost of the assets. While we assessed the cost of the land, we have not assessed the cost of the buildings. And if AACT must borrow extensively to cover the restructuring / repair / building of the assets there is no free funding to repay any loan to buy the land and the assets. Fundraising questions to be discussed.*
4. *Environmental value: Natural Capital Accounting is an innovative approach which requires a detailed assessment with an action plan to determine how to further develop its value.*
5. *Social and health value: A detailed social return on investment valuation should be undertaken to further inform the potential uses of the existing buildings and land on the site.*
6. *An exploration of 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 are required. It is key that most 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.*
6. *AACT to review the hierarchy and value weighting of objectives within the vision statement considering the discussions developed during preparation of these reports in*

consultation with community and member. The significance of low rent housing, and healthcare provision identified in the original brief should be assessed and agreed.

7. *AACT need to develop capacity, capability, confidence, and expertise in managing community assets. These are key objectives of the Scottish Land Fund that requires an ongoing period of development. AACT need to demonstrate a track record in development and delivery to enable them to undertake larger developments with private and public sector partners.*
8. *An assessment of the title and any burdens / restrictive covenants upon the site is recommended to understand the value and liability presented by different parts of the site. This should be accompanied by further studies to determine significant site abnormalities, i.e geology, contamination, utilities, Historic rights of way, and other site hazards.*



Canaan House Community Hub (image above). Canaan House’s pivotal position, on the north south spine aligned with Whitehouse Loan, set among beautiful specimen trees, and its south aspect with views of Blackford Hill, makes it an obvious focus for community activity.



Redeveloped Millbank Pavilion with community growing space (image above). Mothballed buildings and spaces can be reinvigorated with meanwhile uses. This view looks north from Balfour Pavilion across south facing productive gardens and glasshouse towards Millbank Pavilion, envisaged as being converted to accessible housing

