‘To identify and examine best practice and limitations in relation to the delivery of regeneration in Scotland’

Thank you for the invitation to comment on the Government’s Regeneration strategy. I offer the thoughts below based on this company’s experiences as an Urban Regeneration Company working in the Craigmillar area of Edinburgh. I have picked out some of the questions the committee put forward in the invitation and structured my comments around those.

It may also be worth noting that the experiences are spread over a number of years, with approximately half of those being in a buoyant economy and half, most recently, being in a severely depressed economy.

Can physical, social and economic regeneration really be separate entities?
Parc’s overall regeneration plan, established in the buoyant times of 2003 and 2004, sets out a vision which is mix of physical, social and economic goals. So it includes “Creating a strong focus for community life…” and “Ensuring Craigmillar gains the maximum economic benefit..” but also “Providing a mix of residential tenures and densities to consistently high standards of design”. Although in the longer term this combination of goals is for success, it is our view that progress should be initiated with physical development in order to create a public statement of intent, to change perception, to directly make social and economic improvements and to create the environment in which other social and economic improvements can be delivered and thrive.

PARC Craigmillar therefore has a focus upon the delivery of physical development but, by partnering with CEC, other specialist public sector stakeholders and the community, the remit extends to physical, social, and economic regeneration.

How can it be ensured that regeneration projects are sustainable in the long term?
Our experience in Craigmillar suggests that sustainability in regeneration needs
- An area based and long term strategy
- Projects which create demand
- Projects which meet demand
- Committed funding sources
- Momentum

In Craigmillar, even in the early stages, there was evidence of a demand for light industrial units and in response Parc constructed 11 units which were very quickly let on commercial terms. However in housing the demand had to be created in competition to housing developments across the City. Therefore Parc built homes that were slightly bigger but sold them at slightly lower prices in order to offer better
value than the mass home builders’ sites in other areas. This strategy created a demand and led to good sales until the recession hit, but even so has still added over 400 high quality homes to the area.

In comparison, we have yet to build any new shops but the combination of new homes, new schools and the new Council office has now created interest from retailers. Had Parc built shop units in 2007 rather than industrial units, the shops would have remained empty and added to the sense of decline. However today we consider that there is now the potential for building a parade of shops which will be occupied on completion which will add to the sense of progress.

The local community believe that there is now a demand for a good quality café bar in the Craigmillar town centre with this demand coming mainly as a result of the 300 staff in Edinburgh Council’s new office.

These examples demonstrate Parc’s approach to delivering sustainable regeneration through identifying and nurturing demand with strategic investment. They also demonstrate the need for a wide ranging and long term approach and the importance of positive momentum. Each project on its own would have achieved a little, but adding one project to another to another establishes a changed perspective and creates a virtuous circle of demand generation and supply.

**Are we achieving the best value from investment in this area?**

The current approach has moved the focus of funding away from the URCs towards a more widely spread support. It is our view that this will not achieve best value from either the past or new investment.

Parc is no longer in receipt of general funding but successfully bid to the Town Centre Regeneration Fund for the renovation of a key local building which will be used by a local community group for a commercial café operation. However it was the general URC grant funding in 2006 and 2007 which allowed Parc to take the long term view that the building had potential and to speculatively acquire it in 2007. The subsequent TCRF investment was only possible and viable because the earlier wider area investment which created a positive context and demand for the café services.

It is our view that the regeneration of Craigmillar would simply not have happened had it been tackled with project specific funding.

**The impact of the recession**

By the beginning of 2008 Parc was on the edge of self-sufficiency but within 12 months was on the edge of insolvency. Today Parc is in a positive but limited financial position giving an ability to keep moving forward.
The funding agreement with the Scottish Government provided funding through to 2007 and beyond that the business plans projected that the URC would be self-sustaining through profits made from property developments. At the beginning of 2008, Parc had commercial funding arrangements in place for residential development, with the first houses available for sale in early 2008. Discussions were also progressing well with a major food store for a new store in the town centre. The financial projections from these circumstances were very positive. However within a few months the third party lender (Dunfermline Building Society) could no longer provide construction finance, housing sales had dried up and retailers had withdrawn all interest. In the summer of 2009, many of the staff (seconded from The EDI Group) were made redundant leaving only a skeleton team. The focus of work for 2010, 2011 and 2012 was financial survival while still seeking to carrying on with some activities. A careful programme of house sales and land sales brought in cash and the land sales were done only to buyers who could commit to going on site.

Since 2010 84 houses have been built and a further 152 are on site with completion due this year. The White House, a listed Art Deco road house, was refurbished with TCRF funding and is now being returned to community use. An area of derelict land adjacent to the primary school has been “greened”. Loan funding from The City of Edinburgh Council was used for infrastructure works to create further serviced residential plots and the City Council constructed a new local office for 300 staff in the town centre.

This approach has ensured a slow stream of physical development and so has continued to make a visual statement that the regeneration is still progressing. This has combined with the less negative economic circumstances of the past few months to lead to a growing interest in progressing a new retail provision in the town centre. Parc’s financial position has strengthened sufficiently to fund design work and to take forward discussions with retailers. However Parc will have very limited capacity to contribute to the funding of new buildings meaning that raising third party finance will be difficult, although not impossible.

The initial business plan envisaged physical development activities being completed by 2019. While none of the main goals have been dropped and are still being pursued, it is unlikely that they can be completed before 2025 and the overall profit from these activities will be significantly lower.

It is our view that the recession and the still slow economy means that the regeneration work of the URCs is in just as much, and in some cases more, need of support than in 2006 or 2007.

The Smith Institute published an article in 2009 entitled “Regeneration in a downturn”. This argues that

“At difficult times, it is important to remember that regeneration is a long-run game. Projects and principles that were good one year ago are good today and tomorrow. The government should demonstrate that it is committed to long-term regeneration. It is important that in future it does not abandon regeneration areas and projects on the grounds that they have had their turn, they have had their money, or they are too difficult.”
“Many communities that have experienced difficult times for many years have been badly hit by the downturn. It is crucial that everything possible is done to protect the plans that were made for those communities. Many regeneration agencies are concerned about breaking moral commitments to communities if they cannot deliver agreed projects.”
(Source: Page 7, Regeneration in a Downturn, The Smith Institute, 2009)

If prior to 2008 there was an accepted strategic need for funding regeneration in the URC areas how can the need have gone as a result of 4 years of dire economic circumstances? Although there is some slight evidence of a more positive view in the property sector, private sector investment will for a number of years yet continue to seek out low risk projects, which by definition will not include regeneration projects. At a time when the private sector is beginning to seek opportunities Government support is an effective way of lowering the risk of projects thereby making them attractive to the private sector. It is therefore our view that government support for the activities of the URCs over the next few years will be an efficient way of ensuring that these areas are not left behind again as the economy recovers.

**Parc Craigmillar URC regeneration targets**

The first business plans for the regeneration were prepared in 2002 and 2003 and these set out a vision, aims and objectives which have remained unchanged to today. The vision, aims and objectives are included at Appendix 1.

By 2005 the objectives had been expanded in to a detailed list of targets covering physical and economic objectives in three broad time periods. These are set out at Appendix 2.

Business Plans were prepared each year and reviewed with The City of Edinburgh Council (CEC). At that time CEC had a Companies Monitoring Unit and the Business Plans were reviewed through them. No major changes took place until 2009 when CEC and Parc Craigmillar acknowledged that the recession meant that there was a great deal of uncertainty about what could now be achieved and when.

The Business Plan prepared at the end of 2009 no longer covered the planned programme to 2019 but was a short term plan covering 2009 to 2012 as a means of ensuring survival and some degree of progress. The Business Plan is attached at Appendix 3 but attention is drawn to the comments on Pages 5 and 6 where the thinking behind the short term approach is set out. The Plan was presented to and accepted by CEC.

In 2011 the URC directors reviewed the achievements along with the vision, aims and objectives and concluded that these were still appropriate and still achievable but that the detailed targets (i.e those set in 2005) were no longer realistic. The paper listing the achievements at Nov 2010 is attached at Appendix 4.
those set in 2005) were no longer realistic. The Board accepted that in the context of the company’s resources and the wider economic circumstances a short term plan remained the best way forward.

The URC has not commissioned any third party reviews of achievements. An external review was carried out in 2006 as part of a European funded Large Urban Distressed Areas project (Fifth Framework, Programme of the European Union.) This report is attached.

**Governance of Parc Craigmillar Ltd**

Parc Craigmillar Ltd is 50% owned by the City of Edinburgh Council and 50% by The EDI Group Ltd. The latter company is 100% owned by CEC and carries out property development activities on behalf of CEC. In substance Parc is wholly owned by CEC.

All Parc management has been carried out by employees of EDI under a management services agreement.

The Board of Directors meets monthly. Its make up has fluctuated but has always included EDI staff, Council officers, Councillors and community representatives and usually three of each. Currently the Board consists of one EDI staff member, one Council officer, three Councillors and three Community representatives. In addition, Council officers routinely attend Board meetings in an observer role.

Outwith the formal Board meetings, there are regular meetings with Council officers to discuss current issues and strategic plans. For example, for the last few years there has been 4 to 5 meetings each year to co-ordinate housing strategy and 4 to 5 meetings each year on financial strategy.

In the early years of Parc, the Council monitored the Business Plan and performance through its Council Companies Unit. When this unit was dissolved the reviews took place at the Board of an intermediate holding company attended by Councillors and senior Council officers. CEC is currently reviewing the reporting arrangements for all its arms-length companies and it is proposed that Parc will report bi-annually to the Council’s economy committee.

I trust this information will be useful to the Local Government and Regeneration Committee in their deliberations.

Yours sincerely

Eric Adair  
Director
Craigmillar Joint Venture Limited

A Joint Venture between

THE EDI GROUP

And

EDINBURGH
THE CITY OF EDINBURGH COUNCIL

A Business Plan for the Regeneration of Craigmillar
Craigmillar Joint Venture Company Limited

Business Plan 2003 – 2018
1.0 Introduction

1.1 In 1999, the City of Edinburgh Council commissioned a major planning and consultation process in Craigmillar. This resulted in the production of the “Development Framework for the Regeneration of Craigmillar”, a blueprint for the regeneration and redevelopment of the area, and its positive linkage to the rest of the City. The Framework was approved by the Council Executive in June 2001.

1.2 The Framework identified six key themes

- A new heart for Craigmillar
- Education and Lifelong Learning
- Economic Development
- Young People
- Access and Movement
- Living in Craigmillar

1.3 The preferred method for delivery of the vision identified in the Framework was the creation of a Craigmillar Joint Venture Company, whose role would be to harness the resources, skills and expertise of both the public and the private sectors in a regeneration process. The Joint Venture Company was formed between the City of Edinburgh Council and The EDI Group.

1.4 Both parties agreed a two tier approach: the first stage dedicated to preparing the business case outlining the JVC's responsibilities, and an agreement, the second stage would be the implementation of the framework strategy.

1.5 This Business Plan sets out the targets for the creation of a new Craigmillar community, over its fifteen-year time frame, and identifies how the Joint Venture Company together with other development participants in the area will seek to deliver them.
2.0 Vision, Aims and Objectives

2.1 Vision
The Vision is for Craigmillar to maintain a sustainable, welcoming and balanced community where people want to live and work, and be part of the city of Edinburgh.

2.2 Aims
The Aims of the company are:

- To deliver a holistic approach to regeneration in Craigmillar reflecting the agreed key themes
- To ensure Craigmillar gains maximum benefit from Edinburgh's economic development over the next 15 years
- To create a high quality environment, both built and natural, that is robust, safe, and secure
- To work in partnership with the local community

2.3 Objectives
The Objectives of the Company are:

- To establish a new heart in Craigmillar as a focus for community life and shared sense of progress and achievement
- To attract financial and commercial investment to Craigmillar
- To provide the best facilities encouraging learning for all age groups
- To provide a mix of residential tenures and densities, creating a more sustainable and viable community
- To improve transport links and transport choice
- To provide for attractive community, leisure and play facilities, with access to open spaces and parkland
3.0 Company Structure

3.1 The Craigmillar Joint Venture Company is a joint venture between The EDI Group Limited (EDI) and City of Edinburgh Council (CEC)

3.2 The JVC will be a property development, investment and management company, with the objective of regenerating the wider Craigmillar area. In its structure, the company is a 50 : 50 joint-venture between The City of Edinburgh Council and The EDI Group Limited, with equal shareholding, investment, and return.

3.3 There will be eight company directors, four from EDI and four from CEC. These are as follows:

<table>
<thead>
<tr>
<th>The EDI Group Ltd.</th>
<th>City of Edinburgh Council</th>
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<tbody>
<tr>
<td>Cllr Ian Perry</td>
<td>Cllr Jack O Donnell</td>
</tr>
<tr>
<td>Ian Wall</td>
<td>Cllr Sheila Gilmour</td>
</tr>
<tr>
<td>John Mark Di Ciacca</td>
<td>Andrew Holmes</td>
</tr>
<tr>
<td>Derrick Turner</td>
<td>Keith Anderson</td>
</tr>
</tbody>
</table>

3.4 The chair rotates annually between the two parties and has no casting vote in consequence of which the company proceeds only by agreement.

3.5 The Company has the power to co-opt additional directors should this be considered beneficial.

3.6 Both shareholders, along with all the other partner organisations involved are looking also for a return less easily measured in financial terms. The company will monitor a wide range of regeneration performance indicators in order to measure progress.
A Business Plan for the Regeneration of Craigmillar

January 2005
1.0 **Introduction**

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- Living in Craigmillar

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1.8 Both parties agreed a two tier approach: the first stage dedicated to preparing the business case outlining the JVC's responsibilities, and an agreement, the second stage would be the implementation of the framework strategy.

1.9 This Business Plan sets out the targets for the creation of a new Craigmillar community, over its fifteen-year time frame, and identifies how the Joint Venture Company together with other development participants in the area will seek to deliver them.
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- To create a high quality environment, both built and natural, that is robust, safe, and secure
- To work in partnership with the local community

2.4 Objectives

The Objectives of the Company are:

- To establish a new heart in Craigmillar as a focus for community life and shared sense of progress and achievement
- To attract financial and commercial investment to Craigmillar
- To provide the best facilities encouraging learning for all age groups
- To provide a mix of residential tenures and densities, creating a more sustainable and viable community
- To improve transport links and transport choice
- To provide for attractive community, leisure and play facilities, with access to open spaces and parkland
2.4 Targets

The Targets set by the company are structured according to the six key themes of Regeneration. They consist of a thematic aim, a set of objectives, and planned targets measured in cycles aligned to the 3 phases of the regeneration.

2.4.1 A New Heart for Craigmillar

**Aim**

'Creating a strong Focus for Community Life and a shared sense of progress and achievement'

**Objectives**

- Develop an integrated town centre with
  - 300,000 sq.ft. of retail, leisure and office space
  - Community leisure facilities for all ages of the community
  - 250 residential units
- Create a centre of innovative design, unique to Craigmillar, but part of Edinburgh

**Planned Targets**

**Year 1-4**
- Commence Town Centre
- Completion of phase 1 of Cairntows Park
- Completion of land assembly for future development
- Pedestrianisation of Town Centre

**Year 5-10**
- Completion of Supermarket and small office units
- Completion of phase 2 Cairntows Park
- Completion of community library
- Completion of community leisure facilities
- Completion of 178 residential units
- Completion of civic spaces
- Subject to funding, construction of new Bypass road

**Year 11-15**
- Completion in town centre of commercial units and office space
- Completion of Phase 3 of Cairntows Park
2.4.2 Education and Lifelong Learning

**Aim**

‘Providing the best standards of modern learning housed in the best facilities serving all age groups’

**Objectives**

- Provision of a newly built Education Campus / Centre of Excellence providing cultural, learning and sports facilities
- Provision of a new Secondary School within the new campus
- Provision of 3 landmark designed schools and nurseries
- Provision for comprehensive childcare from 0-16
- Provision of new Library and informal learning centres
- Creation of physical infrastructure which positively encourages learning

**Planned Targets**

**Year 1-4**
- Completion of new St. Francis Primary school and nursery
- Completion of new Niddrie Mill Primary school and nursery

**Year 5-10**
- Completion of Community High School
- On site for building of new Secondary School
- Completion of new Library
- Completion of complementary ICT/Lifelong Learning Suites
- Completion of Careers/Training Suites
- Formal creation of Education Campus / Centre of Excellence

**Year 11-15**
- Completion of new primary school and nursery in ‘Greendykes’
2.4.3 Economic Development

**Aim**

'Ensuring Craigmillar gains the maximum economic benefit from the physical and social changes which will take place over the next 10-15 years'

**Objectives**

- Refurbish existing provision and create new office, retail and leisure facilities in Craigmillar totalling 300,000 square feet.
- Attract 6,000 job opportunities in Greater Craigmillar area
- Provide clear and quick transport links to city centre
- Provide for Lifelong learning and ICT initiatives
- Provide a social infrastructure attractive to potential employers
- Establish and sustain 75 new and existing businesses
- Introduce 2 large employers to Craigmillar
- Establish a charter with developers to co-ordinate local business and workforces within the development programme

**Planned Targets**

**Year 1-4**
- Complete land assembly of town centre site
- Creation of 25,000 sq. feet of office space at Cairntows Park
- Establish 10 new businesses in Craigmillar
- Establish linked job training schemes with local and city wide providers
- Attract 1,000 jobs to the area
- Introduce 1 large employer to Craigmillar
- Provide infrastructure and land segregation for tramline 3

**Year 5-10**
- Creation of 50,000 sq. ft. of office space
- Establish 65 new businesses in Craigmillar
- Establish Community ICT centre
- Attract 4,000 jobs to the area
- Introduce 1 large employer to Craigmillar
- Introduce tramline 3 as a major transport link to the area

**Year 11-15**
- Attract 1,000 jobs to the area
- Sustain 75 new and existing businesses in Craigmillar

The Statistical Analysis of the job opportunities attracted reflect the wider regeneration activity in Craigmillar and are in the Economic Development Strategy, as agreed by the City of Edinburgh Council, Craigmillar Partnership and the Craigmillar Joint Venture Company. These will be measured within the Regeneration Outcome Agreement currently being prepared by the Partnership in conjunction with Communities Scotland and the Capital Building Partnership.
2.4.4 Young People

*Aim*

'Encourage every young person in Craigmillar to have aspiration, skills, self-esteem and confidence to realise their goals'

*Objectives*

- Create 3 facilities with a specific emphasis on youth development
- Create 75 apprenticeships for young people
- Provide a comprehensive childcare infrastructure for Craigmillar
- Provide an appropriate play facilities for children
- Provide for formal and informal facilities for young people
  - In ICT and lifelong learning
  - In social, cultural and leisure provision

*Planned Targets*

**Year 1-4**
- Creation of one all weather pitch at Castlebrae School
- Creation of integrated sports pavilion with potential for expansion if required through development of community activity
- Provision of 2 new primary schools with comprehensive 0-12 facilities
- Creation of 25 apprenticeships
- 2 open spaces for provision for young people and children within housing developments

**Year 5-10**
- Creation of arts, ICT, Learning leisure and sports facilities within campus of new Secondary school
- Creation of 50 apprenticeships through building and maintenance programme
- 10 dedicated play areas for children
- 5 open spaces for the provision of children and young people within the housing developments

**Year 11-15**
- 3 open spaces for the provision of children and young people within the housing developments
2.4.5 Access and Movement

Aim

'Providing maximum transport choice and safety for the people of Craigmillar both in terms of transport mode and linkages'

Objectives

- Provide a comprehensive public transport system linking Craigmillar to city centre, and to local retail and employment facilities
- Provide safe roads within Craigmillar
- Provide an appropriate lighting and open spaces in new developments to ensure safe movement
- Provide safe and close access to all facilities for pedestrians and cyclists
- Encourage use of public transport and greener choices in travel
- Provide safe access during construction of new buildings
- Take more through traffic out of Craigmillar

Planned Targets

Year 1-4
- Development of traffic calming system at Craigmillar junction and along Niddrie Mains Road
- Improving access and landscaping on Greendykes Rd. for pedestrians and cyclists in preparation for tramline 3

Year 5-10
- Provision of an access walkway to Holy Rood Secondary School from Niddrie Mains/Town Centre area
- Provision of public services road from the ERI to Greendykes/Craigmillar
- Provision of a 'Meadows' minimising the need to travel by car
- Provision of a pedestrian/cycling route linking South Craigmillar with S. Edinburgh and East Lothian
- Subject to funding, the provision of the new Bypass road

Year 11-15
- Extending the Innocents cycle route into Craigmillar
- Creating a series of landscaped walkways within new building development and town centre
- Creation of new bus interchanges
2.4.6 Living In Craigmillar

**Aim**

'Providing a mix of residential tenures and densities to consistently high standards of design in safe, attractive neighbourhoods with convenient access to open space and play facilities'

**Objectives**

- Create over 3,200 new houses of mixed density and tenure in Craigmillar
- Ensure 536 new socially rented houses
- Provide a common housing management service for Craigmillar
- Provide a common environmental management service for Craigmillar
- Provide a new landscaping and recreational open space infrastructure
- Integrate Craigmillar with natural infrastructure of the city of Edinburgh
- Provide a healthy safe and attractive place to live

**Planned Targets**

**Year 1-4**
- Provide an estimated 700 new houses
- Create a 'One Stop Shop' housing management service
- Create an all encompassing environmental task force for Craigmillar
- Completion of sports and play area with residential premises in Castlebrae School
- Completion of landscape initiative around Niddrie Burn in Greendykes

**Year 5-10**
- Provide an estimated 2200 new houses
- Commencement of landscaping in Town Centre and around new Education Facility
- Creation of a Community Woodland linking Craigmillar to the Wisp
- Completion of new 'Meadows' between Hospital, Bio Tech Park and Housing in Craigmillar

**Year 11-15**
- Provide 300 new houses
- Completion of all landscaping in Niddrie Mains with Play areas
- Creation of a public Park linking areas to North and South of Niddrie Mains Road
- Completion of landscaping and public space environment in Town centre and Education Centre
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1. Background

PARC is a joint venture company formed by the City of Edinburgh Council (‘CEC’) and the EDI Group in 2003 to deliver a 15 year regeneration programme in Craigmillar, Edinburgh. The area was identified as the fourth most deprived ward in Scotland (Scottish Government Index of Deprivation 2004).

As a result of a consultation process 1999-2001, the Council agreed the principle themes of holistic regeneration for the area, and approved the creation of a joint venture company (PARC) with equal shares as the most appropriate delivery mechanism. The company comprises a board with equal numbers of director’s from each shareholder, and directors appointed to represent community and wider regeneration action interests. There are places for 12 directors in total.

The company became an Urban Regeneration Company (‘URC’) in 2004 sponsored by the Scottish Government and to act as a ‘Pathfinder’ project in seeking best practice for large scale regeneration programmes throughout the country; in 2009 PARC Craigmillar was awarded, by the Scottish Government, the status of Scottish Sustainable Community Initiative (SSCI).

The Company has received substantial investment from its stakeholders to date, including £22m from the Scottish Government and £8m loanstock from EDI.

To date substantial progress has been made including:

- two new primary schools (including nurseries);
- 177 homes, (with over 20% social housing);
- a new all weather flood lit field turf pitch, allotments, infrastructure works, business units, landscaping and tree planting, procurement charter, land assembly initiatives, and the support of community development initiatives.

Since mid 2008, the economic recession has had a major impact on the programme. Specifically:

- residential sales of housing developments have slowed significantly and were it not for the Government shared equity scheme ‘Lift’, the sales would have been even lower. This has substantially delayed projected housing sale receipts, and reduced their total expected value, impacting on PARC’s ability to meet borrowing commitments;
- the expected land sale to Morrisons for the development of a new supermarket site which would have realised around £11m, has fallen through, and prospects for other land sales over this period have been damaged;
- funding sources for development have tightened immeasurably. PARC has also faced challenges in continuing to draw down development funding from funding sources that were already in place, namely the Dunfermline Building Society;
- PARC has been unable to pay its running costs and part of its funding costs, such that management costs and loan interest owed to EDI amount to around £2.4m at September 2009;
• Taken together, all the above have inevitably had a fundamental impact on the ability of PARC to deliver its current Business Plan 2009-19 within the timeframes that had been envisaged.

In response, PARC has had to revisit its Business Plan and re assess it on a root and branch basis; this process is underway. This document describes the revised Business Plan that has been developed to date and the process for continuing to build and develop it further.

2. Vision and Strategy

It is important to be absolutely clear that the vision and overall strategy for PARC remains firmly in place.

The vision for Craigmillar remains to maintain a sustainable, welcoming and balanced community where people want to live and work and be part of the City of Edinburgh. To achieve the vision the Company has adopted six strategic themes as laid out in the City of Edinburgh Council’s ‘Development Framework for the Regeneration of Craigmillar’, namely:

**A New Heart for Craigmillar** – Creating a strong focus for community life and a shared sense of progress and achievement.

**Education and Lifelong Learning** – Delivering a high standard of modern learning environments, housed in the best facilities serving all age groups.

**Economic Development** – Ensuring Craigmillar gains the maximum economic benefit from the physical and social changes that will take place over the next 10-15 years and is connected to the opportunities within the wider Edinburgh economy.

**Young People** – Encouraging every young person in Craigmillar to have aspiration, skills, self-esteem and confidence to realise their goals.

**Access and Movement** – Providing maximum transport choice and safety for the people of Craigmillar both in terms of transport mode and linkages.

**Living in Craigmillar** – Providing a mix of residential tenures and densities to consistently high standards of design in safe, attractive neighbourhoods with convenient access to open space and play facilities.

And the desired outcomes of the Company remain to deliver:

• 2,200 houses on its own land;
• A new secondary school and two primary schools;
• a refurbished town centre with 300,000 sq ft office retail and leisure space;
• 150 acres of parks;
• a new community high school and public library and community facilities;
• improved public realm; and
• to act as catalyst for wider action regeneration initiatives.
However it would be unrealistic to pretend that these outcomes can all be delivered over the timescales that had previously been planned. Equally, in the current economic environment, it would be unrealistic to assume that every aspect of the previous plans could be delivered without amendment or compromise. Planning with any degree of certainty is clearly challenging, and so the approach taken has been to:

- re-build the Business Plan recognising the much tougher and uncertain economic environment;
- develop a short term plan for immediate implementation that is realistic in the current environment and therefore achievable. Clearly any such plan has to be consistent with the direction of travel to achieve longer term objectives. This short term plan is explained in Section 3;
- start to revisit the longer terms objectives, to determine how these are to be achieved and to build on the short term plan accordingly. The approach for addressing this and the relevant factors and issues are set out in Section 4;
- ensure that all plans are financially robust and that some degree of tolerance and flexibility is built into such plans to provide some resilience against unexpected events. The financial plans developed to date and the approach to risk is set out in Section 5;
- maintain the support of all the key stakeholders and have appropriate mechanisms in place to consult appropriately; this is covered in Section 6.3 below.
3. Short term objectives and plans

3.1 Objectives and constraints

The objectives of the immediate short term plan for 2009-12 are to continue to progress the regeneration programme for PARC, and at the same time try to strengthen the current financial position of PARC so that it is better placed to take forward future development.

PARC currently has very limited ability to borrow for development in the commercial marketplace and, indeed, needs to continue to work hard to satisfy its existing lenders that it should be able to continue to draw down development funding already secured to complete current developments. This inevitably means that the majority of the activity planned for this period must be self funding.

In the last 18 months, PARC has not been in a financial position to pay the management costs of running the Company’s activities as they have been incurred; similarly loan interest costs of the £7.9m of loan funding provided to PARC by EDI have not been met in recent times. As a principle underpinning this short term plan, management and funding costs cannot continue to be rolled up for payment at some point in the future, and in this short term plan the finances must at least break even before taking account of any potential land sale receipts.

The short term plan is built around three key areas:

- Housing;
- Infrastructure and public realm;
- Inward Investment and land sales.

3.2 Housing development

Key aspects of the plan:

- Sell the remaining properties in Wauchope 7 and Greendykes B for home ownership
- Price properties competitively and introduce financing options to unlock lack of mortgage availability
- Commence developments at Wauchope Phase 2a and Wauchope Phase 8, bringing number of houses for affordable rent built by Parc to over 100 in total

Wauchope 7 is a completed development, and Greendykes B will be completed by November 2009. The market for private sector residential sales has been very slow in the last 18 months and this has had a major impact on the housing developments at PARC. Dunfermline Building Society, who have funded these developments, have been concerned at the prospects of recovering their funding and have kept a close eye on the number of sales being achieved and the rate of payback of their funding. There remains £1.1m of further funding to be drawn down from Dunfermline to complete the Greendykes B development.
So a strong focus over the next 18 months will be to sell all the properties on these two developments, so that the Dunfermline can be repaid and so that the Company can then create the headroom in which to be able to borrow for future development once the lending markets for such development have improved. Sales of properties on Greendykes B and Wauchope 7 to Registered Social Landlords are under negotiation. These properties could provide 18 homes for affordable rent and 12 for low cost home ownership / mid market rent.

It is recognised that a critical factor holding back sales has been the lack of mortgage availability, particularly for those potential purchasers unable to put down a substantial deposit. Therefore work is underway to develop initiatives, to be underpinned by CEC, that will help PARC compete in the marketplace with other housing developments and will help unlock potential sales. The intention is to introduce such schemes by the end of 2009.

Finally, new developments are to be commenced at Wauchope 2a (starting October 2009) and at Wauchope 8 (planned start Spring 2010). Wauchope 2a will create 26 units, with 15 for affordable rent and 11 for low cost home ownership, and is to be fully funded by CREHA. Wauchope 8 will result in 46 units for affordable rent and mid market rent / low cost home ownership, to be fully funded by Linkwide Housing Association, and a further 12 townhouses for sale to the private sector, the funding for which of circa £1.2m will have to be met by a combination of commercial funding and internal PARC resources.

The importance of maintaining an appropriate mix of tenure in development in PARC is keenly understood, hence plans to see, after concluding the sales to RSLs currently being negotiated, all remaining properties at Wauchope 7 and Greendykes B for owner occupation.

On completion of these developments Parc will have built 100 social housing homes, compared to a target of 352 houses.

In addition Castle Rock Edinvar Housing Association will have contributed a further 50 social housing homes from their two developments at Craigmillar Primary School and Greendykes A.

3.3 Infrastructure and public realm

Key aspects of the plan:

- Completion of essential infrastructure works, primarily drainage related, to upgrade and repair existing systems and build capacity for future development in and around the town centre
- External renovation of the iconic White House building, and securing of an appropriate use and tenant
- Funding of the works to be met from successful Town Centre Regeneration bid of £2m, plus contributions from Historic Scotland and Scottish Water
Infrastructure work forms a vital part of the regeneration process as much of this expenditure is effectively enabling works to allow current and future development in the town centre. Without such work, much of the planned future development cannot take place.

PARC has secured £2m of grant from the Scottish Government to support “Creating a New Heart (Town Centre) for Craigmillar”. This grant will be spent on two areas:

**The White House:** £580k is to be set aside for the White House, which will leverage a further £120k grant (the final grant will be based on 25% of the grant eligible costs) from Historic Scotland. The expenditure will protect the fabric of the White House by making it wind and water tight, and by restoring its exterior to significantly improve its appearance and thereby make it more attractive for an end user, as well as improving the image of the high street. These works have to be agreed with Historic Scotland to take advantage of their grant.

Parallel to the renovation works, work will be carried out to determine a suitable future use for the building, and also to identify a suitable tenant/user so that the interior of the building is refurbished as soon as possible and the building occupied and used.

**Infrastructure:** The balance of the grant, namely, £1,420k is to be invested on infrastructure and public realm works, specifically remediating sites in the Town Centre for business use, and to provide temporary access and parking for them. The main site is earmarked for new Council offices; however other sites will benefit from these enabling works.

In addition essential drainage repair and upgrade works will be undertaken, which will help build capacity for current and future development in and around the town centre. A proportion of this work will be refunded by Scottish Water.

### 3.4 Inward investment and land sales

Key aspects of the plan:

- Develop new Council Offices in Craigmillar as a flagship development to help attract in further inward investment and stimulate land sales, as well as relocate 350 jobs into the area
- Continue to develop new inward investment and land sale opportunities for both the commercial and residential markets
- Use land sale receipts to repay unpaid management and funding costs, and to build funds to support future PARC developments and community assets

The construction of new Council Offices in the Town Centre sends an important signal of confidence in the regeneration underway, and will provide an important catalyst for further inward investment. The construction is planned to take place in 2011, with the building occupied in 2012, with 350 Council staff including a significant proportion being relocated into the area. The project would be fully funded by the Council, with a total cost of around £9m.

The management team will continue to research out and develop new land sale and inward investment opportunities such as resurrecting a potential sale to a supermarket, a
second phase to the Council offices to incorporate the provision of NHS services locally, NHS offices and a care home. Sales of land to the private sector for residential development will also not be discounted, should the market start to turn; such sales of land for residential development had always been planned but had been scheduled for later in the regeneration process in order to maximise their value.

No land sale receipts have been factored into the financial forecasts. However they will form the key component for building up funds to support future development, as well as paying off existing management and funding cost liabilities.
4. Approach to achieving longer term goals

4.1 Overall approach

To achieve the long term vision for PARC, given the economic setbacks of the last 18 months, will require patient determination and a flexibility in approach. That flexibility will be critical because it is not possible to project far into the future with any degree of certainty the financial resources that can be generated from PARC, and therefore both the timing and quantum of the build up of funds to support future developments is unclear.

It follows that, whilst the goals of the PARC regeneration plan remain in place, the timing of their achievement and exactly how they might be achieved needs to be reassessed; the forward plans that are developed accordingly have to reflect some degree of flexibility.

So for example, if commitments are made to delivering specific community assets based on forward projections of funding that might be available, then contingency plans may need to be put in place such that if there is any shortfall in funds (for example because insufficient land sales materialise or anticipated profits on housing development are not realised), then other sources of funding are already identified and available that can close the funding gap. Alternatively, it may be that priorities are created for community assets and built into the plan such that such assets are developed as and when funding allows and in the priority order determined.

Developing longer term plans in these ways should make the plans more robust and enable to withstand adverse economic and financial events.

The approach will be to continue to build on this current short term plan, to develop it into a plan that progressively begins to incorporate future aspirations and goals, and translates these into achievable outcomes. The Business Plan will therefore very much be a live document.

4.2 Housing

An underlying principle for the PARC regeneration has been that housing development should follow a mixed tenure model. With the private sector market in such difficulty, it would be tempting for financial reasons to revert to purely social housing development in order to be able to sell the housing assets already built and to more easily realise the value of future residential development. However this would impact negatively on many fundamental aspects of the regeneration plan, including the prospect of raising sufficient funds to enable the construction of future community assets and amenities.

Therefore the development of private and social housing going forward together will continue, but the means through which this is achieved will be reviewed.

PARC will engage with stakeholders and the market to ascertain the appetite for funding owner occupied housing in Craigmillar. This will take into account:
1. the existing commitments and proposals of developers of other sites in relation to
   the perceived size of the market for low cost home ownership and newer tenures
   being piloted (i.e. mid market rent),

2. the phasing strategy given the limitations anticipated in Housing Association
   grant and private finance for home ownership (including low cost provided by
   Registered Social Landlords),

3. the choice of sites to maximise marketability, given developments completed to
   date and supporting proposals:

   a. Wauchope Neighbourhood consolidating on the appeal of the primary
      schools campus,
   b. Town Centre building on the developments funded by the Town Centre
      Regeneration Fund and the Council Offices,
   c. Greendykes Neighbourhood capitalising on the Niddrie Burn River
      Restoration, links to the Hospital / Bioquarter, potential District Heating,

4. terms which may stimulate developer interest.

The aim would be to complete this exercise by the end of the year and that proposals
arising from it should feature in the revised Business Plan early in 2010.

4.3 Community assets and broader regeneration goals

Community assets

The community assets planned for the future are typically large capital expenditure
items, which were to be funded from land sale receipts and profits from sales of
residential development. For example the new secondary school / public library in the
town centre which at 2008 estimates would cost £30m excluding the cost of fixtures,
fittings and equipment.

The impact of the economic recession on the financial plans for PARC as summarised in
Section 1 above, means that planned community assets will not be delivered within the
timescales set out in the Business Plan 2009-19, and in particular that the new
Community High School cannot be funded and completed from PARC resources by
2014.

Building up funds to pay for such assets is likely to take a number of years, and the
sources of such funding need to be revisited. Clearly, it is not possible at this stage to
determine the quantum and timing of such funds that can be raised within PARC.

The following steps need to be taken:

- Realistic land sale targets set into the future, with specific values and timescales
  within which those targets will be achieved;
- A prioritisation of community assets which will determine the order in which
  community assets will be developed as and when the funds become available,
  ensuring that any such prioritisation is consistent with the Masterplan and follows
  a logical order;
• Work undertaken to consider if there are alternative sources of funding that might be obtained to part fund specific community assets which may help to close funding gaps.

A plan will then be built which sets out the community assets to be constructed and an indicative timescale of when the funds might be expected to be in place. Trigger points would be established whereby certain amounts of funds are secured, further action can be taken to take forward the development of specific community assets.

**Broader regeneration goals**

**Strategic Open Spaces**
Parc has also to deliver the strategic open spaces in conjunction with the other related developments, of which the Niddrie Burn River Restoration project is the most important. This project is now being led by Scottish Enterprise and the City of Edinburgh Council and fully funded by SE/third parties. Parc is no longer contributing to the cost.

Planning consent for the NBRR has been granted subject to the necessary legal agreement. This releases a financial contribution from SE which Parc and CEC will use to develop the North Meadows as the first phase of the Strategic Open Spaces. The intention is to both provide an amenity area but also a path to the ERI and Bio Quarter. Given the delay in the provision of the bus link across the NBRR this path is seen as critical to provide a more direct link to this major employment area and its facilities, for pedestrians and cyclists, with Craigmillar and Greendykes in particular.

The design for the North Meadows has been subject to consultations and is agreed in readiness for a planning application to be submitted once the funding is released by SE.

The provision of the remaining Strategic Open Spaces, i.e. the Community Woodland, incorporating an Arboretum, is longer term, given the need to tie in with adjacent developments by third party developers which are not expected to be progressed during the next two years. Discussions will however be progressed with other agencies, e.g. The Forestry Commission, to ascertain whether funding can be secured.

**Facilitating development by Third Party developers**

Parc has an enabling role in facilitating development by third party developers on their own land. This activity ranges from leading with surveys and consultations on a Craigmillar wide Drainage Strategy and the development of Low Carbon Strategies to physically organising the tie in of infrastructure connections and contributing land to allow adjacent developers to progress their proposals. Land transfers will facilitate 117 houses being built by CREHA on two sites, including 50 homes for those with a Right to Return.

The Low Carbon Strategy has been developed to the stage of a feasibility study for a District Heating pilot scheme to serve some 350 new and existing properties in Greendykes. Should funding be secured for this Parc would take this forward, through the necessary consultation and planning stages, in conjunction with CEC. As a Scottish Sustainable Community Initiative Parc will continue to promote sustainable solutions and participate with the Scottish Government in the dissemination of good practice.
5. Financial plans and risk management

5.1 Financial summary

In building the financial projections, the focus has been on ensuring that all plans are financially robust and that some degree of tolerance and flexibility is built in to provide some resilience against unexpected events.

Summary financial projections for the period 2009-13, together with key assumptions, are set out in Appendix 1. These projections are supported by very detailed budget projections covering all income and expenditure streams for PARC, so that activities can be managed and controlled tightly from month to month.

The projections show that losses will be made for 2009/10 and 2010/11 as the management and interest costs incurred by the Company cannot be covered by the development activity and the relatively small gross surpluses from selling housing stock over this period. However, the interest costs will be eliminated by 2011/12 as the Dunfermline debt is paid off as the current housing units are sold; the management costs are referred to in Section 6.2 below.

The Company will be in a stronger position to secure new development funding once the Dunfermline debt has been repaid, lending markets have eased and some land receipts have been realised as the financial position of the Company will be more robust. The Company remains underpinned by the £7.9m of loanstock invested by EDI.

The cash position of the Company will remain very tight over the period 2009-12, and under current projections is in deficit at the end of 2010/11. Further work is being undertaken to ensure that the cash projections are robust on a detailed monthly basis and can be managed.

One of the financial principles of the plan has been that management and interest costs should be paid as incurred and not continue to be rolled up. The projections reflect that both management and interest costs due to EDI will be paid on a monthly basis from October 2009 as they fall due; the accumulated liability of circa £2.4m due to EDI will be repaid as funds allow at some point in the future but no such repayment has been factored into the cash projections.

The formal JV agreement sets out that EDI and CEC should receive a return of 20% IRR (but with CEC waiving this in return for community assets). This target will need to be reviewed as part of the planning process.

The projections are underpinned by a number of assumptions, the critical ones of which are set out in Appendix 1.

Finally, the developments at Wauchope Phase 2a and Phase 8 are not currently reflected in the Profit and Loss and cash flow statements because they are being primarily funded by housing associations. However the projections are currently being amended to include these income and expenditure flows.
5.2 Risk assessment and mitigation

The primary risk is that key assumptions underpinning the plans prove inaccurate. The assumptions around housing sale numbers, values and timing, are particularly critical in terms of the impact on the financial projections.

A separate exercise will be carried out to identify key risks underpinning the PARC Plan, and risk mitigation actions will be put in place accordingly. EDI will lead this process, as part of their management support to the business.
6. Management and community engagement

6.1 Governance

The Company is a Joint Venture owned by two shareholders, the City of Edinburgh Council, and The EDI Group. The current Board of Directors comprises:

City of Edinburgh Council
Cllr. Michael Bridgman, Cllr. Paul Edie, Steve McGavin

The EDI Group
Cllr. Tom Buchanan, Eric Adair, Will Reid.

There are places on the board for community directors to advise on wider issues. Currently two community directors sit on the PARC Board. These are:

Norrie Davies (Craigmillar Partnership)
Jim McCaffery (Lothians Health Board)

The Board meets on a monthly basis.

6.2 Management support

Since inception, management support has been provided by EDI. The support involves all aspects of running the business including:

- Management of the Company in all its aspects;
- Leading all planning activity;
- Managing all development activity from development of schemes through to letting of contracts and managing all construction development activity;
- Selling of residential property and sales to housing associations;
- Providing all financial management and legal support to the Company;
- Engaging with all stakeholders.

The annual cost of providing this support to PARC, including related overheads, is £750,000 per annum. This cost has been reduced from £1.1m in 2008/09, reflecting a lower level of activity projected over the coming few years and also reflecting efficiency savings made. The management support and cost will continue to be reviewed to ensure it is commensurate with the level of activities being delivered at PARC.
6.3 Community and stakeholder engagement

PARC recognises the critical importance of community engagement in helping shape and deliver the regeneration plans, and therefore works closely with the Craigmillar Partnership, responsible for the Social and Community Regeneration Initiatives in the area and is represented at every Partnership meeting. This ensures continuity of work, and a Partnership approach to PARC’s work in Craigmillar.

PARC also:

- Works in partnership with other developers with land holdings or investments in Craigmillar, to deliver a programme of regeneration matching the requirements of the approved Design Framework for the area;
- Works with companies who have successfully tendered for work in the Regeneration Programme, encouraging these companies to invest in the local community through employment and sub-contractual opportunities;
- Piloted pre planning application consultation agreements with great success;
- has been active in the Community through its continued presence at formal and informal local meetings, and its involvement with specific groups such as young people, school pupils and elderly groups;
- PARC has supported the local independent monthly newspaper as a vehicle of communications.

It has been agreed that the rationale for and outline of the short term Business Plan will be explained to the Community Council on 27th October and then the process for consultation for the ongoing process of developing the Business Plan further into the medium and longer term will be outlined. This process will be through the setting up of a joint working group of members drawn from the Community Council and the Community Regeneration Forum, with whom the consultation process will take place on an ongoing basis, helping to inform the further development of the Plan.

Engaging with relevant CEC Departments is also vital to ensuring that the regeneration plans remain coherent and clearly understood and that progress is understood by all. This is an area that PARC wishes to improve over the next year.

As well as the Council, the Scottish Government is a cornerstone of support for PARC and a major and continuing investor. The Government has been extremely supportive of the regeneration project, and PARC will strive to maintain that support through close collaborative working.
## Summary Annual Profit and Loss

11 November 2009 - 09:36

### Profit and Loss Statement

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**GROSS PROFIT / (LOSS)**

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**PROFIT / (LOSS) BEFORE INTEREST AND TAX**

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<tr>
<td>Interest costs</td>
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<td>(1,064)</td>
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**PROFIT / (LOSS) AFTER TAX**

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## Parc Cragmillar Forecast

### Summary Annual Balance Sheet

11 November 2009 - 09:36

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### NET ASSETS

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<td>(1,236)</td>
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### CAPITAL AND RESERVES

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<th>2012/13</th>
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<tbody>
<tr>
<td><strong>Total</strong></td>
<td>(939)</td>
<td>(1,984)</td>
<td>(1,236)</td>
<td>(1,442)</td>
</tr>
</tbody>
</table>
### Cash Flow Statement

#### INCOME
- Private housing sales: £7,430, £5,486, £2,992, £151
- Development for Housing Association: £1,100, £5,010, £1,216, -
- Construction Council offices: - £350, £8,560, -
- Town Centre grant income: £1,500, £620, - -
- Other sales and receipts: £1,218, - - -

**TOTAL INCOME**
- £11,248, £11,467, £12,768, £151

#### EXPENDITURE
- Private housing build costs: £3,043, £1,347, £497, -
- Development for Housing Association: £1,084, £4,960, £1,197, -
- Costs of construction council offices: £696, £805, £6,749, -
- Other developments and infrastructure: £1,585, £861, £146, £145
- Operating Costs: £514, £746, £748, £250

**TOTAL EXPENDITURE**
- £6,922, £8,719, £9,337, £395

#### Operational cashflow before funding & interest
- £4,326, £2,748, £3,431, (244)

#### BORROWING & EQUITY
- Repayment of bank funding: (3,559), (3,092), (480), -
- CEC Loan Stock: 600, - (600), -

**FUNDING**
- (2,959), (3,092), (1,080), -

#### NET CASHFLOW BEFORE INTEREST
- £1,366, (344), 2,351, (244)

- Bank funding costs / interest receivable: (293), (106), 10, 46
- EDI Loan Stock Interest: (162), (281), (281), (281)

#### INTEREST AND RETURNS
- (455), (388), (272), (236)

#### NET CASHFLOW
- £911, (732), 2,079, (480)

- Opening cash balance: (538), 373, (359), 1,720

#### CLOSING CASH BALANCE
- £373, (359), 1,720, 1,241
CREATING A
SCOTTISH SUSTAINABLE COMMUNITY
What were we trying to do?

1.1 Vision, Strategic Themes and Outcomes of the Company

1.1.1 The Vision is for Craigmillar to maintain a sustainable, welcoming and balanced community where people want to live and work and be part of the City of Edinburgh

1.1.2 Strategic Themes

Six strategic themes have been set out in the City of Edinburgh Council’s ‘Development Framework for the Regeneration of Craigmillar’, namely:

**A New Heart for Craigmillar** – Creating a strong focus for community life and a shared sense of progress and achievement.

**Education and Lifelong Learning** – Delivering a high standard of modern learning environments, housed in the best facilities serving all age groups.

**Economic Development** – Ensuring Craigmillar gains the maximum economic benefit from the physical and social changes that will take place over the next 10-15 years and is connected to the opportunities within the wider Edinburgh economy.

**Young People** – Encouraging every young person in Craigmillar to have aspiration, skills, self-esteem and confidence to realise their goals.

**Access and Movement** – Providing maximum transport choice and safety for the people of Craigmillar both in terms of transport mode and linkages.

**Living in Craigmillar** – Providing a mix of residential tenures and densities to consistently high standards of design in safe, attractive neighbourhoods with convenient access to open space and play facilities.

1.2 Planned Outcomes

1.3.1 The planned outcomes of the Company are:

- To deliver 1,800 houses on its own land
- To deliver new secondary school and primary schools
- To deliver 300,000 sq ft office retail and leisure space in the town centre
- To deliver 150 acres of parks
- To deliver a new library and community facilities
- To deliver improved public realm
- To act as catalyst for wider action regeneration initiatives

How were we aiming to do this?

(the operational and financial model)
With most of the land in Craigmillar owned by CEC capital receipts could be generated through residential development, land sales and commercial developments. These receipts would be sufficient to pay for infrastructure and community assets such as schools. Grant funding would pump prime the process. Traditional property development loans from banks would be used in later phases.

PARC would establish master plans, directly carry out infrastructure work and initial phases of residential development. This would set the quality of work required and demonstrate viability. Thereafter PARC would sell land to private residential developers. Parc would directly undertake the town centre and commercial developments, using EDI’s experience. It would initiate the green space development for long term partners to complete.

What have we managed to do?

- **A New Heart for Craigmillar**
  - Town Centre Masterplan agreed
  - Some public realm improvements
  - The White House renovation
  - ENCOL and Library
  - Some retail units now in CEC control

- **Education and Lifelong Learning**
  - Two new primary schools built
  - Library committed

- **Economic Development**
  - Peffermill Parc built and fully rented – 50 jobs
  - ENCOL – net increase of approx 200 jobs

- **Young People**
  - Multipurpose pitch opened
  - Primary school pitches open to public
  - Some bursary funds for High School pupils

- **Access and Movement**
  - Shared surface installed
  - City Car Club set up
  - Bus and cycle route map being produced

- **Living in Craigmillar**
  - 237 new homes built with good market value established
  - 58 under construction
  - Parks / Green space plan completed

What is the state of the regeneration model?

The model of financing the regeneration using growing land and property values is broken:

- The recession broke the positive cycle so that receipts were no longer flowing at sufficient levels to recycle into the next stages. Financially the momentum has gone and Parc is short of funding to carry out infrastructure works.
Land values have dropped and growth expectation is lower so the overall level of receipts will be much lower and will be realised over a longer period.

Banks now view regeneration funding as too high risk so there are major problems in finding development funding.

The current state of residential development is delaying the realisation of land values from the point of initial land sale to at best the sale of the house to the owner or even in to a revenue stream in the form of rental income.

What is currently happening in Craigmillar

- Strong enquiry to acquire Cairntows Park for resi – 90 ish units
- Strong enquiry to acquire Niddrie Mill primary for resi – 45 units
- Negotiations with Crudens to commence Phase 2b – 93 units
- Private sector interest in Taylor site – commercial and retail
- Food store operator doing feasibility work
- ENCOL / Library building due on site in April
- The White House to reopen for community access.
- Private sector interest in creating a local heat generation plant.
- The Boitech developments
- The Niddrie Burn work
- Car park at ERI
What can happen in the next few years?

Residential
- Sell some land to house builders for a capital receipt (Receipt)
- Assess the potential for a rental development. (Time)
- Plan for a programme of land sales for residential development (Time)
- De-risk sites by doing infrastructure (Expense)

Parks / Green space
- Draw up a plan and programme for the parks works
- Get Niddrie Mill burn restoration completed (CEC expense)
- Do the meadows work and pedestrian links (Expense)
- Get agreement with ?? on the urban woodland scheme (Time and Expense)

Town Centre
- Work on [______] and ______ and get one of them signed up (Receipt)
- Rethink the town centre plan and how to get it done (Time and Expense)

Education
- Get Secondary School position clarified.

Jobs and community
- Economic growth to be targeted
- Attract new employers to create local jobs
- Co-ordinate bio-tech with Parc

Governance and Management challenges

Does Parc Craigmillar Ltd as a URC need to exist?
If so does it fit within the new City Development ALV model?
If not how is the regeneration taken forward?

What is the role of the Parc Board?
Is it a steering group / liaison group?

What is the role of the Zone Manager?

Does the Parc team (current EDI staff) continue to exist?

Produce a new business plan with wide CEC buy-in
Progress on Key Business Plan Objectives

Theme 1  A New Heart for Craigmillar

Objectives

- Develop an integrated town centre incorporating:
  - 300,000 sq.ft. of industrial, retail, leisure and office space (NO 1)
  - Community leisure facilities for all ages of the community (NO 6)
  - A mixed use Town Centre with appropriate residential developments (NO 10)
  - Create a new and coherent high street for Craigmillar which will become the heart of the community. (NO 10)

2009 / 10 Outputs

- Town Centre Masterplan approved and Outline Planning Consent granted
- Town Centre regeneration fund grant award
- Contract for White House refurbishment awarded.
- Contract for town centre site clearance awarded
- Secured commitment for a 4,500 m2 office from Edinburgh Council
- White House acquired to preserve fabric
- Acquisition of town centre retail units to facilitate future replacement

Theme 2  Education and Life Long Learning

Objectives

- Provision of a Secondary School providing cultural, learning and sports facilities (NO 4)
- Provision of Primary Schools with community facilities (NO 4)
- Provision of new Library and informal learning spaces (NO 4)

2009 / 10 Outputs

- Secured commitment for a new library from Edinburgh Council

Earlier Outputs

- New St. Francis Primary school and nursery and Niddrie Mill Primary school and nursery shared campus (opened 2008)
- Won the Glasgow Institute of Architects award in the education category.
Theme 3  Economic Development

Objectives

- Refurbish existing or create new office, business, industrial, retail and leisure facilities up to a total of 300,000 square feet. (NO 1)
- Work pro-actively with other key agencies to provide access for local people to a projected 6000 new employment opportunities in the Greater Craigmillar area. (NO 1)
- Provide for Lifelong learning and ICT initiatives (NO 1)
- Establish a charter with developers to co-ordinate local business and workforces within the development programme (NO 1)
- Develop Business Incubator Units and quality business accommodation to support business growth (NO 1)

2009 / 10 Outputs

- Secured commitment for a new office development employing 350 from Edinburgh Council

Earlier Outputs

- Completion of 16,000 sq ft of business Units at Peffermill Parc and full letting employing c 50 people
- 5 pupils supported through bursary scheme to date. In 2008 two pupils received ICT support whilst in year S6
- 51 local people employed on PARC construction sites.
- 4 local businesses providing services to construction sites.

Theme 4  Young People

Objectives

- Create facilities with a specific emphasis on youth development (NO 4)
- Providing access to apprenticeship/training programmes through other parties (NO 4)
- Provide appropriate play facilities for children (NO 6)
- Provide for formal and informal facilities for young people in ICT and lifelong learning and in social, cultural and leisure provision. (NO 4)

2009 / 10 Outputs

- Floodlighting added to multipurpose pitch

Earlier Outputs
- Completion of 16,000 sq ft of business Units at Peffermill Parc and full letting employing c 50 people
- Castlebrae Multi Purpose all weather pitch (FIFA Approved)
- Community access to all weather and grass pitches at Niddrie Mill and St Francis and other community facilities in shared campus
- Castlebrae School Bursary with 5 pupils from Castlebrae School accessing bursaries.

**Theme 5  Access and Movement**

**Objectives**

- Work with CEC and Lothian Buses to provide for a comprehensive public transport system linking Craigmillar to city centre, and to local retail and employment facilities (NO 1, 10)
- Provide safe, attractive streets and shared spaces within Craigmillar (NO 10)
- Provide safe and close access to all facilities for pedestrians and cyclists (NO 10)
- Encourage use of public transport and greener choices in travel. (NO 10)

**2009 / 10 Outputs**

- Completion of new signalised pedestrian crossings on Niddrie Mains Road

**Earlier Outputs**

- 2,000 m of shared surface road installed
- City Car Club facility provided

**Theme 6  Living in Craigmillar**

**Objectives**

- Create an estimated 1,800 new houses of mixed density and tenure in Craigmillar, Facilitate delivery of 1,400 houses by other developers to agreed design standards (NO 10)
- Ensure the delivery of over 500 social houses in Craigmillar to provide for residents with a 'right to return to Craigmillar’ (NO 10)
- Provide a common housing and environmental management service for Craigmillar (NO 10)
- Integrate Craigmillar within the City of Edinburgh (NO 10)
- Improve sports and arts provision (NO 10)
- Provide new parkland for recreation and leisure (NO 12)
- Provide new landscaping and recreational open space (NO 12)
2009 / 10 Outputs

- Completion of 2 residential phases of 114 houses including 54 affordable
- Construction of 5th phase of 26 affordable houses commenced.

Earlier Outputs

- Completion of 2 phases totalling 97 houses including 65 affordable (LCHO, mid and social rent).
- 36 homes occupied by those with ‘right to return’.
- Phase 1 sold out.
- Urban Design framework approved,
- Completed feasibility study for comprehensive Combined Heat and Power (CHP) system for Craigmillar with potential to service existing housing.
- PARC Craigmillar designated by Scottish government as a Scottish Sustainable Community Initiative.
Craigmillar, Edinburgh, UK

E-Compendium: Good Practice Case Studies
Introduction

The purpose of the e-compendium case studies is to provide information about the experiences of large urban distressed areas in Europe. All of the case studies are linked to the LUDA project, either as partner cities or as reference cities. This case study focuses on Craigmillar in Edinburgh. Edinburgh is one of the six partner cities in the LUDA project, and Craigmillar is a large area which is undergoing regeneration and renewal.

This case study gives a brief outline of the area’s history, the challenges it faces and the potential it has for redevelopment. The case study then discusses the current approach to regeneration in Craigmillar, and gives a detailed account of one part of the process. In this case, this focuses on the preparation of the area’s community development framework.

The e-compendium is designed to be used online. The text includes interactive links which allow you to move around the document, to link to other handbooks, or to open websites. Links are shown as coloured text. You can also find the links by looking for icons in the page margins, as shown here.

If you prefer to read this handbook like a normal book, then you can print it out. Please note that all of the handbooks are designed for double-sided printing.

Acknowledgements

This handbook was prepared by the School of the Built Environment at Napier University, Edinburgh with assistance from the City of Edinburgh Council. It is based on material produced during the course of the LUDA project. Photographs were supplied by Charlie Shulin at the City of Edinburgh Council, and Adrian Welch, www.edinburgharchitecture.co.uk.
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<td>2. History &amp; Background</td>
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<td>3. Challenge</td>
<td>6</td>
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<td>8. Results</td>
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<td>9. Further Information &amp; Links</td>
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1. Overview

Craigmillar is a large housing estate located on the south-eastern periphery of Edinburgh, approximately 5km from the city centre. It covers 6.9 km² and is home to around 7,100 people. The area was first developed in the 1920s, and was developed further in the 1960s when high rise, mono-block style social housing was constructed. Today the area is one of the most deprived areas in Scotland. A community-led regeneration process is currently developing a new heart for Craigmillar.

2. History and background

Craigmillar is a deprived community within Edinburgh. The area was first built in 1929 and grew because it was close to jobs in local coal mines and breweries. With the loss of the mines and the closure of the breweries during the late 1960s and the 1970s, the area soon had growing rates of unemployment. Other problems soon followed—for example: drug misuse, rising crime rates and poor education. The environment also suffered and houses were not properly cared for or maintained. In addition, problem families from other parts of the city were relocated to Craigmillar, and the area's reputation declined. Recent government statistics show that Craigmillar is the fourth most deprived area in Scotland (fourth out of 1,222 areas).
3. The Challenge

The challenges faced by Craigmillar are significant. The area is large, most of the homes there are owned by the public sector (social housing), and there are relatively few employment opportunities within the Craigmillar itself. The scale of the problem has acted as a catalyst for community-led urban regeneration. The result is that stakeholders are collaborating with one another in a variety of ways. This includes: tackling urban distress; consensus building; and, taking development proposals forward. This process has been supported by the following:

- A major consultation process about the regeneration of Craigmillar.
- An extensive public participation exercise involving community meetings, workshops, definition of issues, scoping exercises and agreements on how to regenerate and to consider the development options available.
- The development of a community forum to represent community views and opinions about the development options available.

These exercises took place between 1998 and 2001. The process culminated in the publication of the Craigmillar Development Framework (CDF) in 2001. The framework states:

"Whilst it is now accepted that physical regeneration is insufficient in itself to achieve sustainability, the linked social ingredients needed to revitalise communities are often difficult to pinpoint. Putting new heart into the community is often used in this context to describe measures which are capable of delivering sustainable regeneration" (CDF, 2001: 29)

The CDF says that there is currently no heart to Craigmillar; the area is disconnected from other places, it is excluded from other developments and under-represented in terms of employment opportunities, health, education and housing. Despite these weaknesses the framework states that there are opportunities to develop a new heart for Craigmillar. In order to do this, the CDF sets out what the stakeholders need to do to tackle urban distress and secure the regeneration of their area. This provides a platform upon which to build a programme of actions. The programme sets out what needs to be done, by whom and when. The programme also provides an opportunity to monitor the impact of the development and evaluate the effects of the regeneration on the community.

4. Potential

The Craigmillar area has considerable potential. Edinburgh is a buoyant city, and there is continued demand for new housing in the capital, although there is little available development land. Craigmillar has the space to deliver new housing to meet this need. New developments near to Craigmillar have also changed the employment context by creating many thousands of new jobs. The relocation of the main city hospital close to Craigmillar will bring around 1,000 new jobs to the area once the associated multi-park is completed. The area is also benefiting
from new retail developments, again bringing new job opportunities to this part of Edinburgh. Taking advantage of these opportunities will help Craigmillar to grow and diversify, attracting new residents, increasing the social mix, and linking the community to local employment.

A fine Art Deco school building in Craigmillar. The building is now used as a business centre, occupied by a range of small firms. The architectural value of the building means that it cannot be demolished, although it costly to maintain and its future is in doubt. Photo: Adrian Welsh, www.edinburgharchitecture.co.uk

5. Approach

Following a SWOT analysis to describe the distress in Craigmillar, the next stage was to develop a vision of the ‘new heart’. Stakeholders with a long term commitment to the area participated in a process of generating future scenarios for Craigmillar. Each scenario describes a slightly different future and involves different development options. In order to achieve sustainability in the regeneration programme, a sustainability assessment was carried out for each scenario. This meant that sustainability was taken into account when choosing the preferred development scenario.

6. Tools & Methods

The vision

The vision for Craigmillar is of a place with a new heart. The heart is intended to create a strong focus for community life and contribute to a sense of place. Here, life long learning is seen as the basis for a strong local economy—training people and helping people develop skills throughout their lives. Young people are also supported through services that promote wider access and mobility, and which offer a mixture of housing opportunities.

The scenarios, development options and evaluation

The scenarios for the new heart for Craigmillar are as follows:
To allow market forces to drive the vision;
To decentralise service provision from the city to the community and adopt a 
neighbourhood strategy to distribute them;
To concentrate development on a given area, link neighbourhood together and 
connect them together as a district of Edinburgh; or
To develop Craigmillar as a satellite town.

These scenarios were developed into a series of development options. Once they had been 
finalised, these options were evaluated using the following criteria:
• the links made with the community;
• the proximity of the services developed/proposed;
• the impact on the profile of the community and Craigmillar’s external image;
• cost;
• contribution to long-term regeneration of the community.

The results of the evaluation are set out in Table 1 [below]. The evaluation uses a nominal 
score system which awards 1 point for a negative impact, 5 points for a neutral impact and 10 for a positive impact. All of the criteria are equally weighted. Once the scores were agreed, 
a matrix was used to compare the results.

<table>
<thead>
<tr>
<th>The preferred development option</th>
<th>LINKS</th>
<th>PROXIMITY</th>
<th>PROFILE</th>
<th>COST</th>
<th>CONTRIBUTION</th>
<th>Total Score (max = 50)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MARKET</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>10</td>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>DISPERSAL</td>
<td>4</td>
<td>8</td>
<td>5</td>
<td>7</td>
<td>2</td>
<td>27</td>
</tr>
<tr>
<td>CONCENTRATION</td>
<td>10</td>
<td>3</td>
<td>10</td>
<td>2</td>
<td>10</td>
<td>35</td>
</tr>
<tr>
<td>SATELLITE</td>
<td>7</td>
<td>7</td>
<td>6</td>
<td>2</td>
<td>7</td>
<td>29</td>
</tr>
<tr>
<td>Total Score (max = 49)</td>
<td>26</td>
<td>21</td>
<td>21</td>
<td>21</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The ‘concentration scenario’ was adopted as the preferred development option for Craigmil-
lar. The reason is not only because this has the highest score in the evaluation exercise, but 
because it provides an opportunity to re-connect Craigmillar to the city.
The Urban Design Framework

The Urban Design Framework for Craigmillar was completed in 2004. It tries to advance the theme of social inclusion set out in the development framework, transforming it from a two dimensional vision into a three dimensional one. The Urban Design Framework (2004:14) states:

the vision for Craigmillar’s future puts good design – urban, landscape, architecture and its sustainability – at its core. Furthermore, what also emerges is what lies at the heart of the vision and what represents its core value is 'vibrancy'. Or, 'the creation of an ordinary decent place to live – well planned – requiring good design practice, able to adapt to social change'.

These design principles are set out under five main headings:

- Distinctiveness: creating Craigmillar as a place in its own right
- Sociability: making Craigmillar a place where interaction is easy and natural
- People-oriented: designing a place which is of a human-scale and gives people priority
- Sustainable: a development that minimises land-take, resource consumption and impact on the environment.
- Quality: high quality urban design, landscape, architecture, layout and settlement pattern.

Although these principles are listed individually, the framework makes it clear that they are inter-linked and connected in every way. Holistic thinking means that each element is considered alongside the others as part of an internal whole.

The design concept for the regeneration of Craigmillar is set out in Figure 1. As can be seen, the new heart for Craigmillar is represented as the ‘community core’, with a town centre and 3 neighbourhoods supported by local centres.

A distinctive, sociable and people-orientated development

The design concept generates what is referred to as: a distinctive, sociable and people-orientated development. It will be achieved through a 15 year investment programme which is expected to create:

- a community of approximately 15,000 people
- 3,600 houses,
- 4 new schools,
- 300,000 square feet of office, retail and leisure space,
- new informal public park and formal open spaces
- new library
- new complementary leisure and sports provisions
- new transport provision including a tram line, bus and rail links
- proper facilities for young people
- 1,500 new job opportunities, 100 apprenticeships
new housing management and environmental management structure.

Work has already begun on the regeneration of Craigmiliar, and some of these outcomes have already been achieved. Over the past few years, the first new homes, schools and other services have been constructed in the area.

7. Innovation

The development and urban design framework of this community-led urban rehabilitation are clearly innovative and raise many challenges. The strong commitment to stakeholder involvement, collaboration and consensus building are evident in the socially inclusive partnerships promoted to develop a new heart for Craigmiliar. This in turn has provided the community with a vision of the new Craigmiliar through the scenarios and development options presented. It is also innovative in terms of the way in which the preferred development option was selected, and the way this option became the basis for the urban design framework.

8. Results

The main achievement so far is the success of the visioning and scenario building exercise. This has engaged citizens and encouraged the public to participate in the planning and development of the Craigmiliar area. The result is a consensus about the future of Craigmiliar—the vision and the preferred development option.
9. Further Information and Links

If you are interested in the strategies produced as part of the Craigmillar regeneration process, here are the three main references to help. Unfortunately none of these is available via the web.


If you are interested in finding out more about Craigmillar, you can contact the City of Edinburgh Council (www.edinburgh.gov.uk) or browse Craigmillar net http://www.craignet.org.uk
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