

ANGUS COUNCIL**ECONOMIC DEVELOPMENT COMMITTEE - 16 JANUARY 1997****SUBJECT: CENTRAL CHALLENGE FUND BID: EDZELL AREA REGENERATION****REPORT BY DIRECTOR OF PLANNING, TRANSPORT & ECONOMIC DEVELOPMENT**

Abstract: This report advises the Committee that a Joint Detail Bid for Central Challenge Fund support for an Edzell Area Regeneration Project (in conjunction with Aberdeenshire Council) will be submitted to the Scottish Office to meet the deadline of 17 January 1997.

1 RECOMMENDATION

It is recommended that the Committee -

- a note that a Central Challenge Fund Joint Bid in conjunction with Aberdeenshire Council will be lodged with the Scottish Office on 16 January 1997 to meet the deadline of 17 January 1997.

2 INTRODUCTION

- 2.1 Reference is made to the meeting of the Policy and Resources Committee of 10 December 1996 (Report 1072/96 and Article 11 refers), wherein the Committee agreed to participate with Aberdeenshire Council in a Joint Challenge Fund Bid and to commission Halcrow Fox Consultants to assist in the preparation of the bid.

3 PROGRESS TO DATE

- 3.1 In view of the tight deadline for the submission and coincidence of the Christmas and New Year holidays, the Consultants were commissioned and briefed shortly after the meeting of the Policy and Resources Committee. This was essential to ensure that progress could be made during the Christmas and New Year period.
- 3.2 A copy of the Final Bid Document and covering letter submitted to the Scottish Office will be circulated at the Economic Development Committee meeting on 16 January 1997.

4 FINANCIAL IMPLICATIONS

- 4.1 As indicated in Report 1072/96 the commission would be carried out at a cost not exceeding £10,000 with Angus Council meeting up to £6,000 (60%) of the total cost.
- 4.2 The outturn cost of the work and Angus Council's pro rate contribution will be reported in due course. This will be financed from funds held on the Departmental Revenue Budget for 1996/97 under "Assistance to Industry".

5 CONSULTATION

- 5.1 The Chief Executive, Director of Law and Administration and Finance have been consulted and are in agreement with the terms of this report.

NOTE

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

AA/DV/SW/LJP

Alex Anderson
Director of Planning, Transport & Economic Development

30 December 1996



15 January 1997

Local Government Finance Division 1A
The Scottish Office Development Department
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Victoria Quay
EDINBURGH
EH6 6QQ

Dear Sir

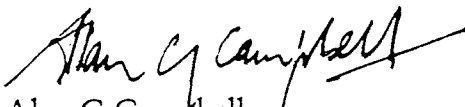
**LOCAL AUTHORITY NON-HOUSING AND NON-HRA CAPITAL
PROGRAMME CENTRAL CHALLENGE FUND**


EDZELL AREA REGENERATION STRATEGY

We refer to your letter dated 8 November 1996 regarding the Central Challenge Fund. Please find attached a joint submission to the fund from Aberdeenshire Council and Angus Council for the Edzell Area Regeneration Strategy. This bid was described in the outline bid, submitted to you on 29 November 1996.

We trust that The Scottish Office will look favourably on our proposal and look forward to hearing from you in due course.

Yours faithfully


Alan G Campbell
Chief Executive
Aberdeenshire Council


Alexander B Watson
Chief Executive
Angus Council

**EDZELL AREA REGENERATION STRATEGY
APPLICATION FOR CENTRAL CHALLENGE FUND**

January 1997

Submitted Jointly By:

Angus Council

and

Aberdeenshire Council



Aberdeenshire
COUNCIL



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1. Introduction

1.1 INTRODUCTION

1.1.1 This application for Central Challenge Fund has been submitted jointly by Angus Council and Aberdeenshire Council. The application relates to the development of the Edzell Area Regeneration Strategy ("EARS") which has been prepared for parts of North Angus and South Aberdeenshire, broadly corresponding to the Brechin and Montrose Travel To Work Area. (TTWA).

1.1.2 For the purposes of the Fund Application the lead applicant is Angus Council.

1.1.3 The Edzell Area Regeneration Strategy has been prepared jointly by the two Councils with support from other public sector agencies, through the Edzell Task Force. The Edzell Task Force, which was formed in direct response to seek to counter the adverse effects of the withdrawal of the US Navy from RAF Edzell includes a range of public and private sector interests including:

- Angus and Aberdeenshire Councils;
- Scottish Enterprise Tayside and Grampian Enterprise Limited;
- The Scottish Office;
- the Ministry of Defence (Defence Estates Organisation);
- Scottish Enterprise;
- and private sector interests including Local Business Associations and Chambers of Commerce.

1.1.4 Details of contributions, support and public involvement is set out in Parts Two and Three of this submission.

1.1.5 The purpose of the EARS is to provide a comprehensive and holistic approach to economic regeneration within the area in direct response to:

- the closure of US Naval Base at RAF Edzell with the concomitant loss of direct, indirect and induced employment from the local economy;
- inherent structural weaknesses in the local economy;
- economic disadvantages in rural areas.

Overview of Edzell Area Regeneration Strategy

1.1.6 The EARS adopts a holistic approach to countering the adverse economic impacts resulting from the closure of the US Naval Base at RAF Edzell. This is achieved through a series of actions and projects that are mutually reinforcing. The principle actions are as follows:

1. The provision of appropriate industrial land and property to support the needs of industry facilitating the diversification of the economic base of the area.
2. The provision of modern services and communications to meet the requirements of existing and new industry and commerce, with emphasis on the importance of appropriate transport infrastructure.
3. The improvement of the quality of the environment in urban areas and to promote tourism within the area.
4. Investment in education and training, to improve the skills of the local workforce and to provide a centre of regional and national importance for key engineering skills.

1.1.7 The closure of the US Naval Base has significant adverse impacts on the whole of the Brechin and Montrose TTWA. For this reason the TTWA has been identified as the appropriate area for Edzell Area Regeneration Strategy. However, the requirements of individual settlements within this area, both in terms of the appropriate scale and form of response varies according to the specific characteristics of the settlement. For this reason projects have been targeted to the specific needs and potential of individual settlements. Projects have been grouped under the following headings:

- Industrial Land and Property:
 - provision of serviced industrial land at Brechin, Laurencekirk and Inverbervie/Gourdon;
 - provision of small and medium sized industrial units at Brechin, Laurencekirk and Inverbervie/Gourdon;
 - provision of advanced factory unit at Brechin and Montrose.
- Tourism and Environment:
 - construction of the Pictish Centre, a major new tourism attraction near Brechin;

- environmental improvements, including traffic calming, at Inverbervie, Gourdon and Montrose;
 - improved tourism signage and interpretative signage at Inverbervie, Gourdon and Montrose.
- Transport Infrastructure:
 - Route improvements to the A935, Montrose to Brechin; and
 - feasibility study for re-opening of Laurencekirk railway station
 - Training:
 - provision of Computer Numerically Controlled (CNC) Training Equipment
 - Education
 - provision of new Laurencekirk Primary School;

1.2 REGENERATION STRATEGY OBJECTIVES

Economic Context

1.2.1 The Edzell Task Force has commissioned two major studies identifying the impact of the closure of the Base on the local economy and in preparing a strategy for combating the adverse effects of the closure on the economy. The closure of the Base is identified to result in the following impacts:

- 190 (182.5 FTE) direct and indirect additional unemployed in the Strategy Area (this corresponds to the Brechin and Montrose TTWA), many of whom would be located in the Brechin area;
- £6.1 million annual loss of income to businesses in the study area; and
- Loss of £762,000 annual income in the tourism industry.

1.2.2 Particular impacts have been identified in terms of effects on the tourism economy (both nationally and within the Strategy Area), adverse impacts on the local housing market including a substantial depression of private house values in the short term, and the loss of trade to businesses supplying the Base and households on the Base.

- 1.2.3 The effects of the Base closure would adversely affect a comparatively wide area, with most impacts concentrated in the Brechin and Montrose TTWA. However, within this area impacts would have the greatest absolute impact, in terms of unemployment, on the town of Brechin. But there would be particularly high proportional impacts in terms of unemployment on the communities of Edzell village, Laurencekirk and other rural areas.
- 1.2.4 In November 1996, the Edzell Task Force adopted a strategic approach for tackling the adverse effects of Base closure. This identified, in general terms, a series of actions under the following headings:
- Labour market and training;
 - Land and property;
 - Business support;
 - Tourism;
 - Transport; and
 - Delivery.
- 1.2.5 It also recommended appropriate actions to secure the effective re-use of the Base itself advising on a marketing and redevelopment strategy.
- 1.2.6 In addition to the reports commissioned by the Edzell Task Force, a series of additional studies have been undertaken in the last 4 years examining key parts of the economy of the Strategy Area. These have identified existing weaknesses in the local economy and the need for action in relation to:
- the development of the tourism industry, with related environmental and infrastructure improvements in:
 - Montrose;
 - Inverbervie and Gourdon; and
 - through the development of a major visitor attraction
 - The Pictish Centre, near to Brechin.
 - the economy of the villages of Laurencekirk, Inverbervie and Gourdon , through the Villages in Control Initiative;
 - Area Development Strategies for Brechin and Montrose, prepared by Scottish Enterprise, Tayside.

- 1.2.7 The Edzell Area Regeneration Strategy has been prepared directly from the above documents with the objective of countering the adverse impacts of the closure of Base at Edzell.

Edzell Area Regeneration Strategy Objectives

- 1.2.8 The overall objective of EARS concerns the need to regenerate the economy of the Strategy Area in direct response to the effects of the withdrawal of the US Navy from Edzell Base. This is directly comparable to that adopted by the Edzell Task Force as follows:

"to enhance the economic prospects of the area and the prospects of those affected by base closure to counter the effects of the closure".

- 1.2.9 In the wider economic context of the Strategy Area, the Regeneration Strategy seeks to:

- assist, through a range of measures, industrial sectors with the potential for growth;
- enhance the attractiveness of the Strategy Area as a location for new business; and
- maximise the efficiency of the labour market in the Strategy Area.

- 1.2.10 Five key sectors are identified for action within the Strategy. These, together with the specific objectives relating to these are set out below:

1. INDUSTRIAL LAND AND PROPERTY

- to ensure an adequate supply of serviced industrial land throughout the Strategy Area to meet short and long term demand; and
- to provide a range of premises at appropriate locations in the area for the requirements of new, expanding and incoming businesses.

2. TOURISM AND THE ENVIRONMENT

- to encourage the attraction and retention of visitor spend in the Strategy Area through the provision of new tourism facilities and infrastructure, and the improvement of the attractiveness of the urban environment in key towns and villages.

3. TRANSPORT

- To provide Montrose and Montrose Port with an appropriate quality of road transport infrastructure connecting to the trunk road network;
- Opportunities for increasing access to the rail network within the Strategy Area are fully explored for the potential benefit of business and those seeking new employment opportunities.

4. TRAINING

- To assist those made unemployed as a direct or indirect result of the closure of the Base to find alternative employment. In particular the objective is to ensure that identified mismatches in the demand and supply of skills can be met with the supply of appropriate equipment and facilities for training.

5. EDUCATION

- To ensure that education infrastructure does not provide a constraint to the long term development of the economy of settlements within the Strategy Area.

1.3 DESCRIPTION OF STRATEGY

1.3.1 Table 1.1 sets out in a summary format the specific projects that form the Edzell Area Regeneration Strategy. This includes a short description of each project, the nature of support sought, other financial contributions committed or sought, phasing and priorities.

1.3.2 In terms of priorities projects have been divided according to whether they are "core" projects, or whether they are "peripheral" in terms of priorities.

1.3.3 The Table also indicates any conditional relationships between the projects, that is where one project can only be brought forward if other projects are implemented.

1.3.4 The summary funding profile and proposed expenditure by service is set out in Appendices 1 and 2 of this Submission.

1.4 RELATIONSHIP TO CENTRAL CHALLENGE FUND OBJECTIVES

1.4.1 The relationship between the Strategy and Central Challenge Fund objectives is shown in summary format in Table 1.2.

1.4.2 A key objective of the Strategy is to create additional employment (and output) within the Strategy Area. Table 1.3 provides a summary of the economic appraisal undertaken for the projects.

1.5 FORMAT OF BID SUBMISSION

1.5.1 The remaining Parts of this Submission contain the following information:

- Part 2: Edzell Regeneration Strategy, contains the following:
 - the economic context for the Strategy, including the effects of the Base closure
 - an outline of the Strategy
 - a description of the component projects forming the Strategy
- Part 3: Detailed Project Information, set out the following:
 - relationship of the Strategy to Challenge Fund objectives;
 - the economic impact of the Strategy;
 - and the technical description of the projects.

1.5.2 Additional information is contained in the supporting Appendices, as follows:

- Appendix 1: Summary Funding Profile
- Appendix 2: Proposed Expenditure by Service
- Appendix 3: Letters of Support
- Appendix 4: Detailed Economic Appraisal
- Appendix 5: Local Authorities' Capital Spend

1.5.3 Reference is made to a range of supporting documentation and study reports. Copies of the following documents can be provided if required by The Scottish Office:

- RAF Edzell Study of the Impact of Base Closure, Segal Quince Wicksteed Ltd, March 1996
- Edzell Base Closure - Phase II Study Final Report, Halcrow Fox & Associates, November 1996

- Brechin Area Development Strategy, Scottish Enterprise Tayside, 1995
- Laurencekirk - A Development Strategy, Villages in Control, 1993,
- Gourdon and Inverbervie Tourism and Environment Strategy, Drew Mackie Associates and EDAW, 1996

TABLE 1.1: SUMMARY OF PROJECT INFORMATION

PROJECT DETAILS					FINANCIAL DETAILS								Project Linkages	
Ref	Title	Project Description	Project Objective	Priority	TOTAL COST	Total Funding from Central Challenge Fund	CENTRAL CHALLENGE FUND PHASING			Other Funding Sources				
							1997/1998	1998/1999	1999/2000	Europe	SET/CEL	Lonery	Private	
INDUSTRIAL LAND AND PROPERTY														
LP1	Serviced Industrial Land	Acquisition and servicing of 20 ha of industrial land at Brechin (12 ha); Laurencekirk (4 ha) and Inverberrie/Gourdon (4 ha).	Provision of readily available industrial land to meet the requirements of new, expanding and incoming businesses. To overcome acute shortages of industrial land supply within named settlements	CORE	£925 k	£910 k	£910 k	-	-	£15 k				Development of industrial units at Brechin and Inverberrie/Gourdon are dependent on acquisition and servicing of sites (Project LR1)
LP2	Industrial Units	Construction of small and medium sized industrial units: 1 no. : 1856 sq m at Brechin; 1 no. @ 2787 sq m at Montrose; 10 no. total 892 sq m at Laurencekirk; and 6 no. total 518 sq m at Inverberrie/Gourdon	Provision of purpose built modern business units to meet the needs of new, expanding and incoming industry.	CORE	£3,797 k	£3,057 k	£1,357 k	£1,268 k	£432 k	£410 k	£330 k			
TOURISM AND THE ENVIRONMENT														
TE1	Pictish Centre	Construction of new major visitor attraction, adjacent to A90 and Brechin.	To provide a major tourism focus as part of diversification of rural economy.	CORE	£2,500 k	£500 k	-	£200 k	£300 k	£625 k	£250 k	£1,125 k	Site	
TE2	Environment and Tourism: Montrose	Environmental and tourism projects in Montrose. Including: facade treatment; hard and soft landscaping; signage and interpretation; and public art	To enhance existing performance of Montrose in tourism.	CORE	£3,000 k	£1,800 k	£600 k	£600 k	£600 k		£1,000 k	£200 k		
TE3	Environment and Tourism, Inverberrie and Gourdon	Environmental and tourism projects in Inverberrie and Gourdon including: hard and soft landscaping; signage and interpretation;	To enhance the existing performance of Inverberrie and Gourdon in tourism.	CORE	£1,270 k	£1,020 k	£130 k	£540 k	£350 k	£150 k	£100 k			
TRANSPORT														
TR1	A935 Improvements	On line route improvements to A935 between Montrose and Brechin.	To improve access between Montrose and A90 to serve needs of existing industry, including the Port of Montrose	PERIPHERY	£2,500 k	£2,500 k	£150 k	£1,150 k	£1,200 k					
TR2	Laurencekirk Station feasibility	Investigation into feasibility of re-opening Laurencekirk Station.	To increase accessibility from the Strategy Area to the rail network.	PERIPHERY	£15 k	£15 k	£15 k	-	-					
TRAINING														
T1	CNC and related Training Equipment	Purchase of equipment for training skills in CNC and related engineering industries..	To enable training to provide to meet identified shortfall in skills in local labour force and to provide a centre of excellence in engineering skills training	CORE	£250 k	£125 k	£125 k			£100 k			£25 k	
EDUCATION														
ED1	Laurencekirk Primary School	Construction of new primary school with capacity for 306 pupils	To remove constraints on the long term future development in Laurencekirk village. To improve efficiency of school buildings	PERIPHERY	£2,400 k	£2,400 k	£1,000 k	£1,400 k						
TOTAL					£16,657 k	£12,327 k	£4,287 k	£5,158 k	£2,882 k	£1,300 k	£1,680 k	£1,325 k	£25 k	

TABLE 1.2: RELATIONSHIP TO CENTRAL CHALLENGE FUND OBJECTIVES

OBJECTIVE	RELATIONSHIP	INFORMATION IN SUBMISSION
i) LAs' Own Local Capital Spending Priorities	<ul style="list-style-type: none"> - All projects have been identified in capital programmes of Angus and Aberdeenshire Councils - Strategy has been developed with extensive public consultation and has strong support - Not proceeding with the project would result in high unemployment and undermining of local economy as a result of closure of Edzell Base 	<p>Section 3.2; Appendix 5</p> <p>Sections 2.2 and 3.2</p> <p>Section 2.2</p>
ii) Innovative approach to service delivery	<ul style="list-style-type: none"> - Draws wideranging actions together to tackle specific major economic impact on local area - Strategy has strong Partnership basis - Strategy has been developed with community involvement and support 	<p>Sections 2.2, 2.3-7 and 3.2</p> <p>Sections 2.2 and 3.2</p> <p>Sections 2.3-7 and 3.2</p>
iii) Drawing together spending priorities	<ul style="list-style-type: none"> - Strategy links into complimentary programmes - Strategy builds on local strengths and attributes 	<p>Sections 2.3-7, 3.2</p> <p>Section 2.2</p>
iv) Partnership Approach	<ul style="list-style-type: none"> - Partnership underpins approach, from the Edzell Task Force and other organisations involved in the implementation of actions and projects 	<p>Sections 2.2, 3.2, 3.4</p>
v) Combining support from other financial sources	<ul style="list-style-type: none"> - Strategy links into complementary programmes - Strategy involves funding from Europe, LECs and Lottery 	<p>Sections 2.3-2.7; 3.4</p> <p>Sections 2.3-2.7; 3.4</p>
vi) Environment	<ul style="list-style-type: none"> - Strategy results in no significant adverse environmental impacts; results in environmental enhancements; reduces need for travel; and promotes public transport. 	<p>Section 3.2</p>
vii) Local Competitiveness	<ul style="list-style-type: none"> - Strategy will result in wide ranging economic benefits, strengthens the local economy; improves skills through training and provides infrastructure to support industry. - Strategy supports creation of XXX direct, indirect and induced jobs. 	<p>Section 3.3 and 2.3-7; and Appendix 4</p> <p>Section 3.3 and 2.3-7 and Appendix 4</p>

TABLE 1.3: SUMMARY OF ECONOMIC BENEFITS

PROJECT	TOTAL ADDITIONAL OUTPUT (over life of project)		TOTAL ADDITIONAL EMPLOYMENT In year 2000 (see note 1)		ADDITIONAL BENEFITS
	National Economy (£ m)	Strategy Area	National Economy	Strategy Area	
INDUSTRIAL LAND AND PROPERTY					
LP1 Serviced Industrial Land	£44.97	£69.95	18	83	Provision of land for medium-long term demand for sites; provision of sites suitable to attract inward investment Provision of units to support small and new businesses for short-medium term
LP2 Industrial Units	£6.53	£12.96	7	45	
Sub Total	£51.49	£82.92	25	128	
TOURISM AND ENVIRONMENT					
TE1 Piclish Centre	£6.97	£10.13	2.9	5.8	Increased diversification of economic base of area. Environmental enhancement of town centre; increased business confidence; improved image for town Environmental enhancement of villages; improved business confidence; improved image; diversification of economic base of area
TE2 Environment and Tourism: Montrose	£2.45	£12.05	3	21	
TE3 Environment and Tourism, Inverbervie and Gourdon	£0.68	£3.25	1	5	
Sub Total	£9.42	£22.18	6	26	
TRANSPORT					
TR1 A935 Improvements	N/A	N/A	N/A	N/A	Provision of strategic link between Montrose/Montrose Port and A90; improved safety; reduced travel times Independent appraisal of viability of rail station to improve public transport links in Strategy Area
TR2 Laurencekirk Station feasibility	N/A	N/A	N/A	N/A	
Sub Total	£0.00	£0.00	0	0	
TRAINING					
T1 CNC and related Training Equipment	£0.91	£2.47	2.3	5.7	Provision of retraining opportunities; 20 trainees per year; strengthening of engineering skills base of area; establishment of national/regional centre of excellence
Sub Total	£0.91	£2.47	2	6	
EDUCATION					
ED1 Laurencekirk Primary School	£2.68	£3.31	N/A	N/A	Efficiencies for operating costs; improved accommodation for school; removal of constraint on long term development of village; creation of school identity; improved accommodation for secondary school as a result of relocation of primary school.
Sub Total	£2.68	£3.31	0	0	
TOTAL	£64.51	£110.87	34	160	

Note 1: Job creation for the full 25 year life of the project is estimated at 388 within the Strategy area, (68 at the Scottish level).

