



Heart of Newhaven Community SCIO Victoria Primary School: Business Plan

SKS Scotland CIC
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Table of Contents

1.	Introduction.....	2
2.	Options Appraisal.....	10
3.	Market Analysis.....	11
5.	Income/Expenditure forecast	25
6.	Activity Plan	29
7.	Stakeholder Analysis	33
8.	Contribution to Regional and National Strategic Priorities	37
9.	Risk Analysis	38
10.	Appendices.....	39

Heart of Newhaven Community SCIO Victoria Primary School Business Plan

1. Introduction

In October 2019, Heart of Newhaven Community commissioned SKS Scotland to produce a business plan for the purchase of Victoria Primary School site in central Newhaven and its ongoing operation as a central location for activities building community.

The Victoria Primary School buildings are due to become vacant in January 2021 when pupils move to a new school presently being built by City of Edinburgh Council

This business plan sets out how the proposals for The Heart¹ can be delivered and sustainably managed in the longer term. It also sets out the benefits of the proposals to communities and community organisations in Newhaven and the contribution of the project to the priorities of other stakeholders.

The Heart, as a response to the planned expansion of Newhaven's population, provides a unique opportunity for community led action which links social cohesion and integration with job creation, training, health and social enterprise.

Business Proposal

The business proposal is to purchase , and operate for community benefit, the old Victoria Primary School buildings – made up of the original listed primary school building, a 2014 build in the grounds known as the Anchor building and the playground space around the buildings which is bounded by stone walls and iron railings

The principal purpose of The Heart as proposed is to facilitate and support greater and more active integration of the rapidly expanding Newhaven community. The Heart will develop and deliver activity under three themes established through engagement with the local community.

- Culture and Heritage
- Learning and Enterprise
- Community Activity and Wellbeing

In addition to the capital investment in The Heart, there is an associated commitment to community development led by the Heart of Newhaven Community SCIO organisation, including proposals for a consortium of local stakeholders to guide broader developments in The Heart and across the area of benefit. This will ensure that the community continues to lead the development of the project.

The Heart proposals for a consortium of local organisations to drive and take forward this agenda will enable the Heart to be more than just a building. It will be the focal point and enabler of greater community cohesion, of increased collaborative community activity, and of the enhanced difference that can be made when community organisations work together in common purpose.

¹ The central location at the heart of the community has given rise to the use of 'The Heart' as a working title for both the building and for the broader programme of activity which will be delivered by The Heart of Newhaven SCIO and partners.

About Newhaven

Newhaven is a historic former fishing village on the Firth of Forth. Its conservation area core dates from the 16th Century to the mid-19th Century.

As a result of planned developments, the population of Newhaven is expected to rise to 16,300 by 2025 and to 20,000 people by the mid-2030s.

The community of Newhaven comprises four geographically distinct groups of residents

1. Residents of the historic core of Newhaven town.
2. Residents in the already occupied new build in Western Harbour development.
3. Residents of other existing parts of the geographical area surrounding Newhaven who may associate with The Heart due to proximity or historical connection.
4. Residents of the new build due to be created in the Western Harbour development and Central Leith Waterfront development.

The Heart will bring together these distinct groups of residents to create a vibrant and cohesive community².

Newhaven's Future

There is substantial development proposed for Newhaven, which will bring new residents, new visitors and new opportunities and challenges.

The Edinburgh Local Development Plan 2016 details objectives to transform the city's waterfront, including Newhaven into one of the city's landmark features. The Waterfront redevelopment is a major regeneration project that aims to support economic growth through:

- The creation of 13,900 homes of which 7,220 are within 1km of The Heart (1,200 of these households were created prior to the 2011 census);
- Improving low carbon transport links including the extension of the tram to Newhaven, thereby providing a fast link from Newhaven to the city centre and on to employment hubs and the airport to the West of the city;
- Creating employment opportunities at the local level to relieve development pressures on the historic core of Edinburgh City;
- Enhancing pedestrian and cycling active travel links between Newhaven and the rest of the City and within the Newhaven area.

On 14 March 2019, Edinburgh Council voted to approve the extension of the existing line from York Place to Newhaven, with the extended line due to be operational by early 2023. This will bring new visitors, enable local people to more easily work elsewhere, and encourage businesses and employers to consider locating in Newhaven.

Newhaven has been historically disadvantaged by being located at the very corner of the area of the North West Local Development Plan with part of its effective catchment area lying within the area of the North East Local Development Plan. The adoption of an Edinburgh wide Local Development Plan in November 2016 has presented a welcome opportunity to more effectively integrate Newhaven with the whole of its surrounding area and community.

² See appendix 1 for more detailed population analysis and modelling.

About Victoria Primary School

Victoria Primary School is the oldest working primary school in Edinburgh. The school is located in the literal and metaphorical heart of Newhaven. Both geographically and emotionally, the Victoria Primary School building is seen as a key part of the town's history and future. The original building dates from 1845 (originally designed by James Lessels and later extended in 1874 and 1875) and has its exterior intact. It has original timber sash and case windows, and a relatively unchanged interior retaining timber boarded dado panelling, iron radiators, stone stairs, cast-iron banisters and a double-height hall; these features make the school an impressive and virtually complete example of its type.

The school is still currently in use, but a new larger school is being constructed on land approximately 150m to the north of the A901. The new school is due for completion and occupation by January 2021. The Victoria Primary School site will become vacant once the pupils and staff transfer to the new school site.

Heart of Newhaven Community SCIO intend to ensure the present school site is quickly put to use for community benefit. The near seamless move to community use, and the Heart of Newhaven Community SCIO plans for meanwhile use of the site in the period or redevelopment between purchase and re-opening, will ensure community interest and engagement in the Heart is high and will reduce the risk of deterioration or vandalism while the building is unoccupied.

Aims of the Proposal

Extensive consultation with individuals and community organisations in Newhaven, undertaken by Heart of Newhaven Community and by Planning Aid Scotland on behalf of Heart of Newhaven Community, has produced a clear conclusion that the Victoria Primary School site is seen as one of the most valuable community resources in Newhaven and a totem of community pride and identity.

An initial options appraisal for The Heart based on economic modelling, market research, follow up with community groups and discussion with Heart of Newhaven Community has identified a combination of uses which provide a model for the future operation of The Heart.

The potential uses have been categorised as follows:

- **Community Use** – Examples include Men's Shed, workshop space, community groups, training/learning for local community. Charged at typical letting³ rates for the area.
- **Third Sector Use** – Examples include artist's studios, heritage offer, Youth Theatre. Charged at typical rental⁴ rates for Edinburgh.
- **Commercial Use** – Examples include private sector office space rental, co-working space. Charged at typical commercial lease⁵ rates for Edinburgh.
- **Combined Use** - Examples include pre-school childcare, café or other commercial use with strong community benefits. Charged at a rate close to commercial rates.

This combination of uses delivers a variety of community benefits while maintaining the financial sustainability of the Heart as a community led enterprise.

³ In this context the terms 'let' and 'letting' are used to refer to arrangements where organisations hire shared space on an occasional or regular basis, i.e. they may hire a space and pay for the hire but the space is available to other lets at other times.

⁴ In this context, the terms 'rent' and 'rental' are used to refer to arrangements where organisations have sole use of space. Arrangement is based on a monthly rental payment.

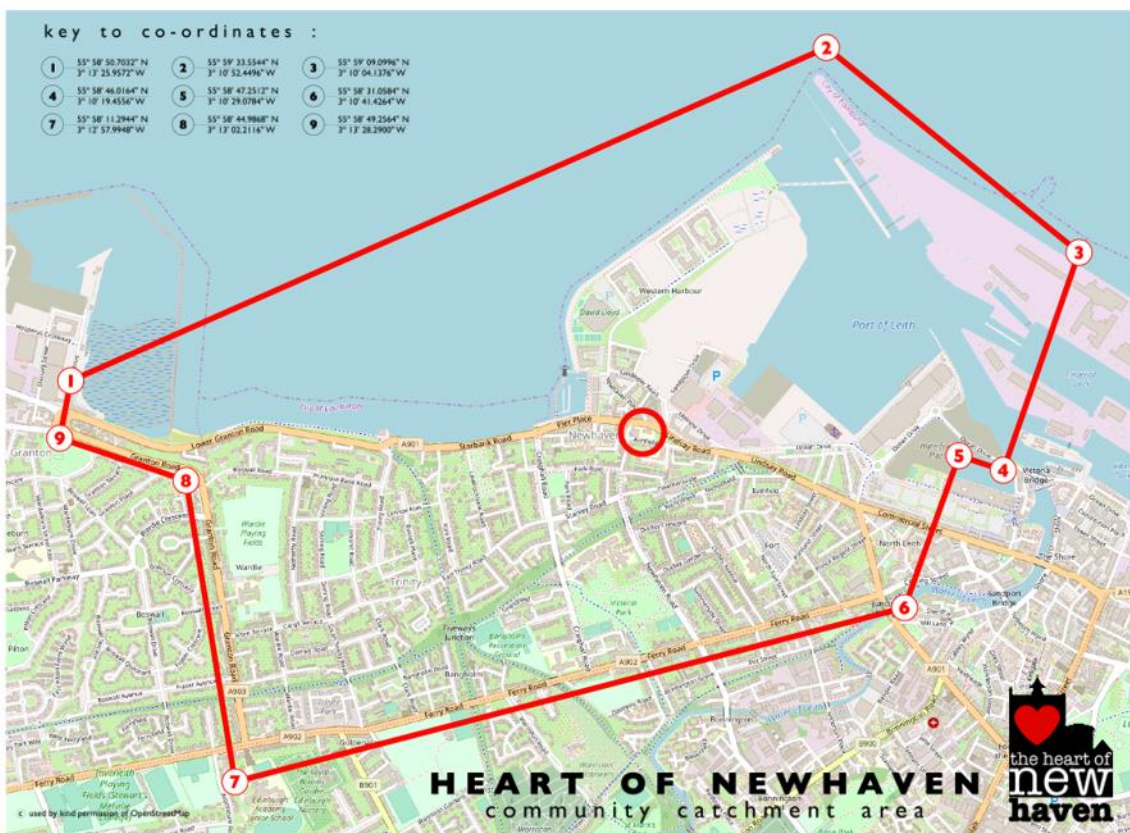
⁵ In this context, the terms 'lease' and 'leasing' are used to refer to arrangements where organisations have sole use of space. They have a longer term – 12 to 60+ months – arrangement. Payments made annually or monthly in advance.

Project delivery

The Heart of Newhaven Community was constituted in January 2019 as an unincorporated association. The organisation has an Executive Group of three members. A wider Steering Group includes an additional 11 people, including representatives of local organisations, community groups and individuals from the communities that make up Newhaven. The Heart of Newhaven Community has a consistently growing membership of around 600 individuals representing a wide range of interested parties from the communities of Newhaven.

On 4th February 2020, the Heart of Newhaven Community SCIO, was registered with Office of the Scottish Charity Regulator as a two-tier Scottish Charitable Incorporated Organisation (SCIO), charity number SC049919. The area of benefit of the Heart of Newhaven Community SCIO is set out in figure 1 below.

Figure 1 – Area of Benefit



This organisational model allows members of the present steering group to go forward as directors of the new organisation, giving some continuity in the governance of the organisation. It also allows a membership of interested parties, including local individuals, to contribute their skills, time and enthusiasm to the project. The two-tier model allows the members of the organisation to hold the board of directors accountable for their actions through scheduled elections and Extraordinary General Meetings if required. The following extract of Information from the Scottish Council for Voluntary Organisations⁶ explains the features of a two-tier organisation.

⁶ <https://scvo.org.uk/p/14299/2017/01/16/when-setting-up-a-scio-sometimes-two-tiers-is-better>

If you're interested in setting up a new SCIO, or even incorporating your existing charity, we can help

If you do decide on becoming a SCIO, you also have to consider how many tiers you want.

You're going to have to choose between a single tier SCIO or a two-tier SCIO. 'But what's the difference?' I hear you say.

Well, in a single-tier SCIO, the same individuals are both members and charity trustees, and there's no wider membership that can vote at an AGM. Whilst charity law and SCIO regulations allow for a single-tier SCIO, it's important to note that this isn't always the best choice for a lot of community organisations.

Similar to the structure of a traditional trust, a single-tier SCIO leaves complete control of the organisation in the hands of a small group of individuals, including control over future changes to the constitution, and over who serves on the SCIO board.

So whilst a single-tier SCIO has the benefit of simplicity and reduced administration, it lacks wider accountability.

If you're just setting up, you might think you won't be able to recruit a large number of people to become members. That's a common concern in new organisations, and quite understandable.

But if you think there should be an election process at an AGM, even if attendance may be low, then a [membership organisation](#) is the right option for you. Membership organisations are probably the most common in the third sector. With this two-tier structure, the board is elected by and accountable to a wider body of ordinary members at an AGM.

Members have ultimate control, rather than the board, which manages and supervises the activities of the organisation, and monitors its financial position. This accountability is favoured by many funders, as it is seen as more democratic and representative of community interests.

The delivery of this project will be led by Heart of Newhaven Community SCIO, a membership organisation comprising interested parties from the communities of Newhaven.

The Heart will be owned by Heart of Newhaven Community SCIO as the holders of the title to the asset.

The redevelopment of The Heart will be co-ordinated and led by the Heart of Newhaven Community SCIO. The timing of the redevelopment is aligned to both availability of the site and available cash-flow and external funding.

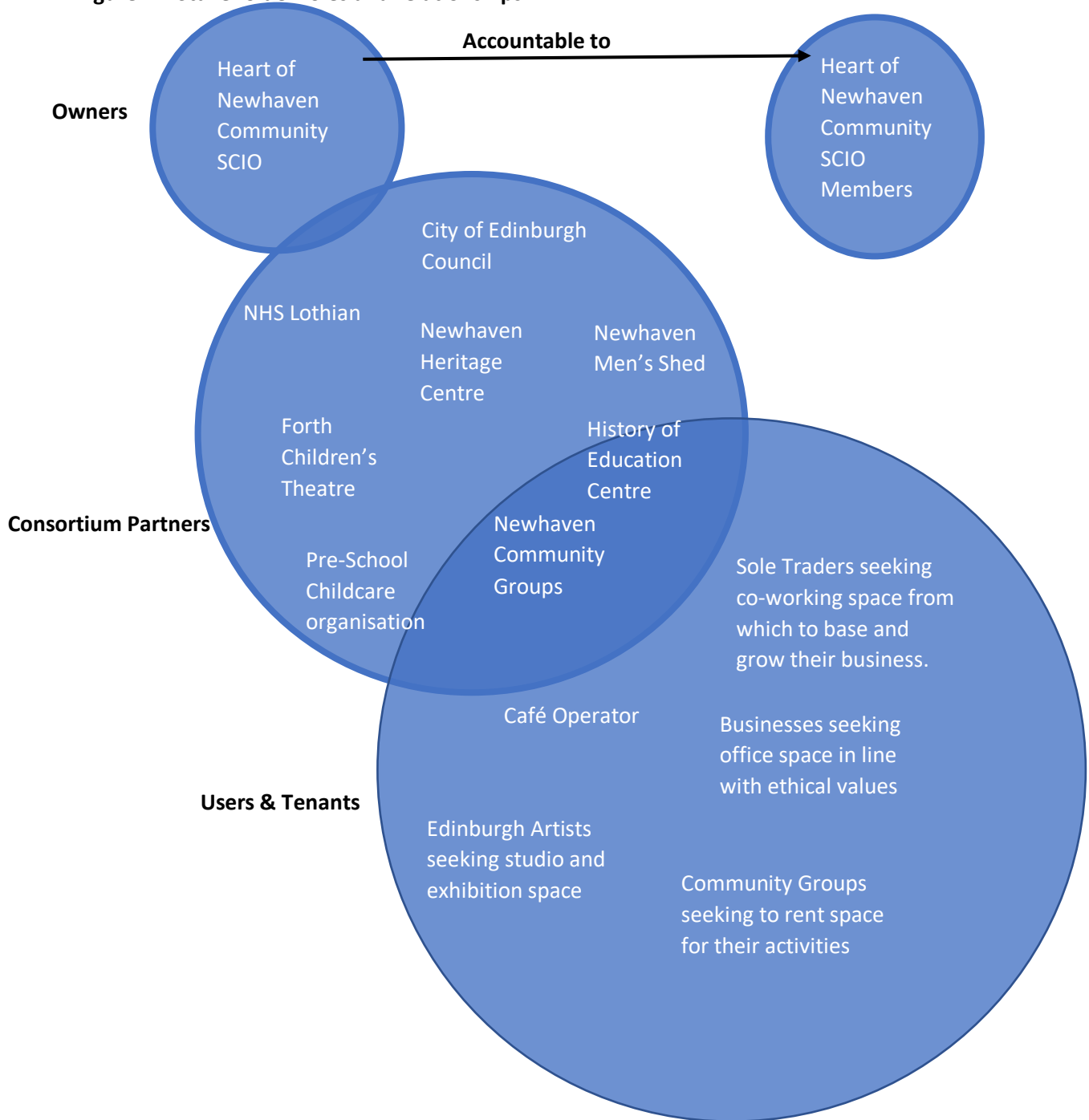
Activities in and around The Heart will be developed through partnership with community groups and voluntary organisations with an interest in developing public access to and enjoyment of the natural heritage.

The Heart of Newhaven Community have a strong membership and an impressive array of skills and experience skill set amongst those members and in the Executive and Steering Group. Proposals are being developed to establish a broader consortium of stakeholders to guide the development of a programme of activity to maximise the benefits sought from the Heart.

The range of members of the consortium produces an opportunity for the consortium, or for individual members of the consortium, to access capital and revenue funds that may not be available to the Heart of Newhaven Community SCIO. A key role for Heart of Newhaven Community SCIO is to lead the consortium in identifying, prioritising and coordinating activity to attract additional funding.

Figure 2 shows the nature of the potential stakeholder contributions to delivery of the proposal.

Figure 2 – Stakeholder roles and relationships



The Background to the Proposal

The progress of the project to its current status has emerged from significant community consultation.

Key messages from across the community include

- There is concern that, if not carefully and positively managed, the social impacts of the anticipated near doubling of the Newhaven population may fracture the community.
- There is unanimous will to retain the Victoria Primary School building for community use. It is regarded as iconic within Newhaven for the local built heritage, but also as a touchstone building for many in the community who have had links with the school as pupils and parents and grandparents of pupils.

Throughout 2018 and 2019, Heart of Newhaven Community conducted a series of consultation exercises from which three clear themes emerged.

Culture and Heritage: The core activities under this theme are.

- A permanent museum depicting local heritage and educational heritage, building on the existing 'Wee Museum' and the proposed relocation of the History of Education Centre and, if possible, Newhaven Heritage Centre. The History of Education Centre aims to become an accredited museum, enabling the organisation to access specific museums funding opportunities Museums Galleries Scotland.
- The relocation of Forth Children's Theatre, who will benefit from improved rehearsal space, storage and workshop space.

Learning and Enterprise: The core activities under this theme are

- Pre-School childcare provision for which the Anchor Building is exceptionally well suited. The inclusion of this within the Heart 'campus' contributes to the aims for the Heart to facilitate positive intergenerational relationships and harmony. Pre-school childcare may be complemented by the provision of affordable creches and playgroups enabling parents to sustain employment and other commitments.
- Artist studios and co-working spaces. There is a waiting list for such spaces across the City and a local provider is keen to extend existing provision by taking on spaces at Victoria Primary School.

Community Well-being: The core activities under this theme are

- The promotion of the Heart as a centre for multigenerational social, recreational and creative activities provided by the Heart, and by partner organisations.
- Public Health – NHS Lothian have expressed interest in using the building as a 'hub' model for outreach provision of clinical and preventative health services.

As the local population increases, and new families settle in Newhaven, the availability of childcare and the promotion of multigenerational activities will be key to creating and sustaining community. The redevelopment of Victoria Primary School as The Heart to provide much needed community facilities and to help to create a sustainable community for Newhaven.

Outcomes

The redevelopment of Victoria Primary School into The Heart will deliver the following outcomes:

- The rapidly expanding community of Newhaven has an active and engaging offer at its heart to encourage newer and more established communities to integrate.
- Newhaven is a more attractive place to live and work.
- There is greater use of active travel routes.
- There are increased local employment opportunities
- There is an increase in the level of activities provided by community organisations.
- There is an increase in the capacity of community organisations to provide activities for all of the communities of Newhaven.
- There is increased social cohesion, well-being and safety in Newhaven.
- Local people are better informed and educated about the cultural heritage of Newhaven and have improved opportunities to participate in its management.
- There are increased and improved opportunities for the education of young people, including those at risk of exclusion.
- Local people are better able to access amenities and services.
- The physical health and mental wellbeing of local people is improved.
- The prevalence of social isolation is reduced.

The wider community will benefit through increased employment opportunities, additional visitor spend, educational and health and leisure benefits as summarised below. See appendix 5 for detail.

Benefit	Sum of Benefit	Basis of calculation
Employment	4 posts from trading (3 FTE) 41 other posts (35 FTE) facilitated by 'The Heart' redevelopment 32 Volunteer posts facilitated	See appendix 2 for detailed analysis. In addition, two grant funded posts for the first two years will be created.
Additional Spending in the area other than that spent at The Heart directly	Year 1: £ 8,100 Year 2: £ 28,350 Year 3: £ 40,570	Average Gross Value Added of spending in the wider area on food & beverage, transport, etc based on average day visit spend of £5 from elsewhere
Educational Benefits	Year 1: £ 13,593 Year 2: £ 47,577 Year 3: £ 67,967	Based on 4,000 ⁷ pupil visits spending 0.5 days in the heritage suite ⁸ .
Health & Leisure Benefits	Year 1: £ 52,500 Year 2: £ 189,630 Year 3: £ 270,900	Based on value of leisure time at The Heart at average dwell time per visit of 1.2 hours. Valued at £6.00 ⁹ per hour.

⁷ City of Edinburgh Council predicts that the total school roll in 2020 will be 31,118 primary school pupils and 20,672 secondary school pupils. As a comparator, the History of Education Centre presently achieves 2,000 pupil visits per annum. 4,000 visits per annum to the Heritage Suite in The Heart may therefore be a conservative estimate.

⁸ The Local Government Benchmarking Framework reports that in 2018-19, the City of Edinburgh Council spent an average of £5,140 per Primary School pupil and £7,095 per Secondary School pupil. This gives a cost per pupil of £6,117 per annum. There are 180 school days in an academic year. Calculation is therefore Annual Cost / Days in Academic Year X 0.5 days X 4,000 visits. This is £6,117 / 180 X 0.5 X 4,000 = £67,972.

⁹ Value of time and Vehicle operating costs, Department for Transport, 2014)

2. Options Appraisal

An options appraisal was undertaken to consider the mix of uses that present the optimum balance between the three themes of community benefit and overall financial sustainability

- Anchor Building only option
- Main School Building only option
- Both Buildings option

The Heart needs to attract a balance of community, third sector and commercial business if it is to be deliver community benefit and be financially sustainable and. It should be noted that this is not intended to imply a definitive distinction between community, third sector and commercial business; commercial elements may help to meet community needs e.g. pre-school childcare, café for meeting others.

The historic main building is constrained by its current form and B listed historic building status. Despite these constraints, the building’s layout is favourable to public use with generally large rooms, generous circulation space and robust internal fixtures and fittings.

The Anchor building is more modern and presents the greatest potential as a source of income early in the period after opening. The proposed use of the Anchor building is as a pre-school day care facility is well matched to the physical layout of that building and to existing and anticipated community need. The siting of pre-school day care services in a stand-alone building also addresses the safeguarding/child protection issues that may arise if this provision was to be located in the main building.

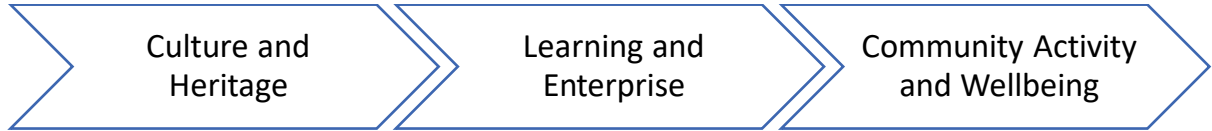
A general outline of the envisaged zoning of spaces by nature of use is set out below.

Ground Floor
Community use, e.g. Men’s’ Shed, workshop space, café with exhibition space and artists’ studios.
Mezzanine Floor
These spaces are generally suitable for co-worker’s office spaces or as artists’ studios
First Floor
This space is the main heritage suite with a limited amount of office space at commercial lease rates
Second Floor
Office space at commercial lease rates
Anchor Building
Pre-School Childcare for the expanding local community with an increasing number of young children and working parents.

The conclusion of this analysis is that in order to deliver the outcomes sought from the Heart, and to be financially sustainable in the longer term, it is essential to acquire and manage both buildings for community benefit and income generation.

3. Market Analysis

The community engagement carried out by Planning Aid Scotland suggested a diverse range of activities, with a consistent focus on bringing different elements of the Newhaven community together. Activities were classified into three main themes¹⁰;



Current Market

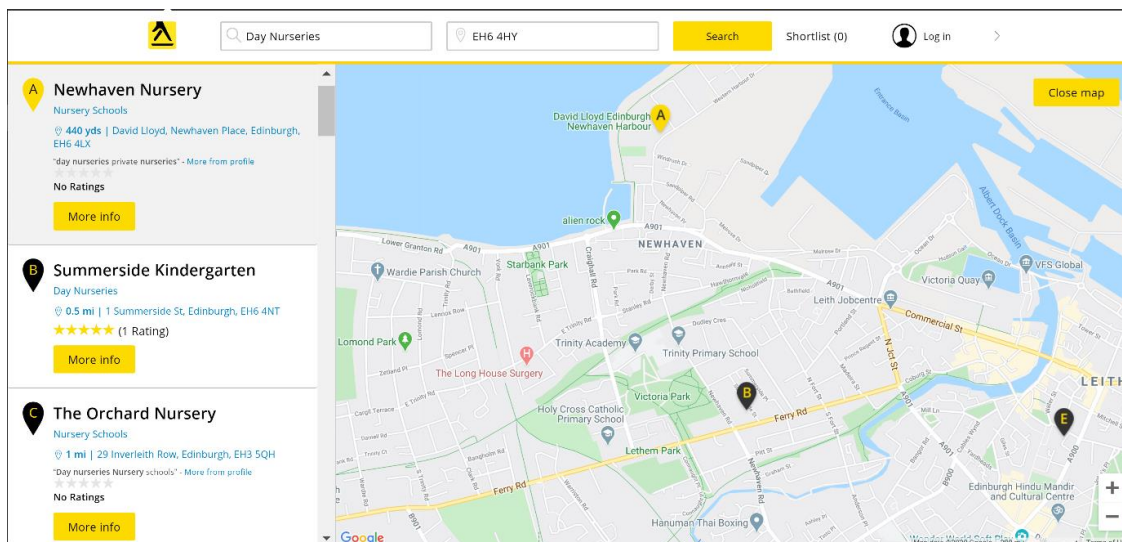
Culture and Heritage

The market for artists space has grown in Edinburgh, and the demand for studio space outstrips the supply. The increase in tourism from cruise ships in Newhaven will provide additional footfall to the proposed museum area of The Heart. Cruise Scotland, the association representing Scottish ports in which are capable of handling ocean-going cruise ships, report an annual growth rate of 15% in the number of cruise passengers across the country. In 2019, Newhaven Harbour expanded tender transport facilities to accommodate the increase in cruise traffic. Media reports in 2019 noted that Scotland’s cruise passenger total is expected to reach one million in 2020, nearly a decade earlier than had been previously forecast¹¹.

Learning and Enterprise

As the cost of commercial premises in Edinburgh City Centre has risen, demand for office space in the surrounding areas has increased¹².

Currently Newhaven has two nurseries, providing places for 161 children in total, which are both full.



With the increase in population, there is likely to be increasingly high demand for more pre-school childcare places.

¹⁰ Planning Aid Scotland Supplementary Background Reports document.

¹¹ The Scotsman, June 2019, <https://www.scotsman.com/news/transport/million-cruise-passengers-to-visit-scotland-next-year-1-4955530>

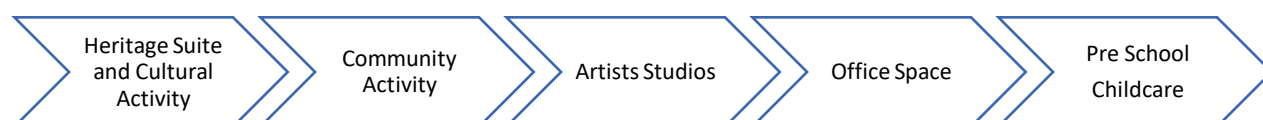
¹² Property report, Ryden, Scottish Property Review 2019

Community Activity and Wellbeing

There are numerous community organisations in Newhaven¹³ who have expressed interest in working with The Heart and taking up space in The Heart building. Many groups have established bases of operation and delivery, but new groups and changing demands are likely to provide a strong customer base for The Heart. Affordable community space where organisations can build long-term relationships with users is in demand.

Business Analysis

The main themes presented in the Planning Aid Scotland report can be broken down into five key areas of business for The Heart.



	Customer Profile	Target Market
Heritage Suite and Cultural Activity	<ul style="list-style-type: none"> Local heritage organisations. Larger museums with collections to loan. Local performance groups – theatre, choirs etc. Local clubs – film club, jazz club etc 	<ul style="list-style-type: none"> Schools Domestic & international tourists Cruise ship passengers Local people
Community Activity	<ul style="list-style-type: none"> Community organisations and service providers. Regular hourly rentals or organisations looking for a home. Potential for longer-term contracts, depending on the investment needed form the client. 	<ul style="list-style-type: none"> Local organisations providing educational and wellbeing programs for the community. Local people with an interest in social and cultural events, provided and run by The Heart. Third sector organisations Local organisations looking for space to run outreach groups. Bookable space for Edinburgh Festival Fringe, weddings, ceilidhs etc
Artist Studios Managed by a third party or by Heart of Newhaven Community	<ul style="list-style-type: none"> Pay a relatively low rent. Want flexible short-term contracts. Used to a level of uncertainty in their rental agreements, so a longer-term rental could charge a premium. 1-month notice, 3 month rolling contract. Want to be part of a community of artists. 	<ul style="list-style-type: none"> Local Artists, who lack space at home and can afford to rent dedicated space. Applied artists and small creative industries. Assume the studios will be shared space, therefore artists that work on smaller scale projects. Include artists that create digital art.

¹³ See Planning Aid Scotland Community Engagement Report.

Office Space	<ul style="list-style-type: none"> • Small businesses will look for the stability of a long-term contract. Income from the rent is lower but guaranteed. • Co-working and hot-desking will have a higher turnover of tenants & therefore more intensive management. 	<ul style="list-style-type: none"> • Small businesses – rent whole office, supply their own equipment and service their own needs. • Sole traders, start-ups and lower income organisations looking for hot desk or co-working. • Third sector organisations
Pre School Childcare	<ul style="list-style-type: none"> • Third party provider with a history of successfully managing early years services. 	<ul style="list-style-type: none"> • Local families • Local workforce

The Heart needs a mix of tenants and users to achieve financial sustainability and to deliver community benefit. Art studios, hot desking and community activities require a greater investment of management time than office rental, however, the evidence suggests that the former are in greater demand. This business plan is based on an optimum ratio of activities with a higher outcome value (but possibly lower income value) to commercial activities with a higher income value.

Market Characteristics

Culture and Heritage

Size	<p>The first floor has been identified as suitable for use by existing heritage organisations, ideally with few physical barriers between them, creating a seamless visitor experience.</p> <p>The large hall on the ground floor provides ideal rehearsal and performance space for performance groups.</p>
Facilities	<p>The museum organisations require security, lockable doors when the space is not staffed.</p> <p>Performance groups need storage for scenery, costumes, instruments.</p>
Pricing	<p>The museums have a free entry policy but could generate income via events and exhibitions.</p> <p>The performance groups would rent the rooms on an hourly hire basis.</p> <p>This business plan is based on £15-£20 per hour for the school rooms and £25-£35ph for the hall.</p>
Market Trends	<p>Market research suggests that tourists are becoming more adventurous and not just visiting the main tourist attractions¹⁴. The number of visits to free museums and galleries is almost three times that for paid museums and galleries¹⁵.</p> <p>The Heart can benefit from this trend, by attracting those that would normally bypass Newhaven on their way to central Edinburgh.</p>

¹⁴ Article "Tourism spin-offs spreading across Scotland", Moffat Centre, March 2019, https://www.moffatcentre.com/news/article/?news_i=272764

¹⁵ Visitor Attraction Monitor Report, Museums and Galleries Scotland.

Community Activity

Size	The Heart aims to provide a multi-purpose community use space, for classes and educational activities, with an intergenerational approach. They also wish to provide a touch-down space for advisory and support services. Planning Aid Scotland’s community consultation has identified numerous groups who need space to run their activities. ¹⁶												
Facilities	<p>A making or messy art room will need easily cleanable surfaces and a sink. By-the-hour rentals will expect furniture and equipment to be provided so they can carry out their activities.</p> <p>Suggested equipment:</p> <table border="0" data-bbox="427 618 1390 757"> <tr> <td>Chairs</td> <td>Music system</td> <td>Relaxed seating</td> </tr> <tr> <td>Tables</td> <td>Flip chart stand Laptop</td> <td>Tea and Coffee Facilities</td> </tr> <tr> <td>Projector</td> <td>Creche equipment</td> <td>Toilets</td> </tr> <tr> <td>Pull down screen</td> <td>Toys</td> <td></td> </tr> </table> <p>The Heart may consider equipment to enable a room to be set up as a creche (or part of a room) whilst other activities go on. E.g. moveable soft play equipment, if this service cannot be accommodated in the pre-school childcare provision in the Anchor building.</p>	Chairs	Music system	Relaxed seating	Tables	Flip chart stand Laptop	Tea and Coffee Facilities	Projector	Creche equipment	Toilets	Pull down screen	Toys	
Chairs	Music system	Relaxed seating											
Tables	Flip chart stand Laptop	Tea and Coffee Facilities											
Projector	Creche equipment	Toilets											
Pull down screen	Toys												
Pricing	<p>Rooms prices in Newhaven vary depending on who is renting the space, the quality, location and size.</p> <p>This business plan is based on £15-£20 per hour for the school rooms and £25-£35ph for the hall¹⁷.</p> <p>Pricing may include a regular booking discount.</p> <p>One off event may charge additional fees for set up and hire of equipment.</p>												
Market Trends	Centrally based, affordable space for hire is in short supply in Newhaven.												

¹⁶ See separate Planning Aid Scotland report undertaken prior to this business plan.

¹⁷ See separate report on office space market research undertaken for this business plan.

Artist Studios

Size	The ideal artist studio is a private space with a lockable door. Natural light is seen as a bonus. Shared space would need to be defined with room dividers (a cubicle space), designated wall space and lockers provided for equipment. Minimum space need 5-8sqm.
Facilities	<p>Minimum:</p> <ul style="list-style-type: none"> Wall space (with the ability to hammer into it). Desk and chair. Washing/Cleaning-up space with Belfast sink. Electricity, plenty of plug sockets and light. Security. Lockable desk draws or door. <p>Additional:</p> <ul style="list-style-type: none"> Wi-Fi, though not all spaces do provide this. Exhibition space – this is seen as a bonus, but not essential. Retail opportunities – onsite shop or sales in the gallery. 24-hour access, but this is not often available. <p><i>“The most important thing is the ability to be able to create a mess and leave it there.” Artist.</i></p>
Pricing	<p>What artists ask for: All-inclusive rent of between £100 to £150 per month. (The cheapest private studio was £55 a month at DOK Artspace, for a 2.5sqm room. It had no windows, no Wi-Fi, but free use of a gallery. The average amongst the venues we researched was £14 per sqm.)</p>
Market Trends	<ul style="list-style-type: none"> • Artists prefer their own private space, rather than shared space, which would mean dividing up the rooms at The Heart or creating cubicle space. • Turnover of renters would potentially be lower in private rooms. • Looking for a community (even a small one) of artists, including photographers, painters, print makers, drawings, sculptures or ceramics.

Office Space

Size	The size of rooms at The Heart would suit any type of business, from sole trader to small business. Rooms could be rented as whole offices, co-working or hot desking.			
Facilities	<p>The facilities provided will depend on the type of workspace agreement. Below are some definitions:</p> <p>Rented Office - The space is rented but furniture and equipment are supplied by the tenant. They look after their own office needs.</p> <p>Serviced Office - The space is rented, and all services are supplied e.g. phones answered, printing, mail. Furniture is sometimes supplied</p> <p>Co-working - Permanent desk in a shared space. Furniture supplied.</p> <p>Hot desking - Desk space provided on a first come first served basis. Furniture supplied.</p> <p>Virtual Office - Use the building as an address, no physical presence. Phone, mail and meeting room services provided.</p> <p>Modern office facilities/services include:</p> <table border="0" data-bbox="414 828 1356 1321"> <tr> <td style="vertical-align: top;"> <p>Basic:</p> <ul style="list-style-type: none"> Energy Performance Certificate Small power provision WCs Central heating Shared kitchen facilities Lift to all levels Good Transport Links Wi-Fi/Broadband Lockable draws (shared office) Cleaning (shared office) Recycling (shared office) </td> <td style="vertical-align: top; padding-left: 20px;"> <p>Higher Standard or Charged Extra:</p> <ul style="list-style-type: none"> Meeting room access Printing Mail handling Phone services On-site car parking Air-conditioning CCTV Data cabling Staffed reception Shower facilities Cycle racks Tech support Networking events </td> </tr> </table>	<p>Basic:</p> <ul style="list-style-type: none"> Energy Performance Certificate Small power provision WCs Central heating Shared kitchen facilities Lift to all levels Good Transport Links Wi-Fi/Broadband Lockable draws (shared office) Cleaning (shared office) Recycling (shared office) 	<p>Higher Standard or Charged Extra:</p> <ul style="list-style-type: none"> Meeting room access Printing Mail handling Phone services On-site car parking Air-conditioning CCTV Data cabling Staffed reception Shower facilities Cycle racks Tech support Networking events 	
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Pricing	<p>Demand for office space in Edinburgh is high, this has increased pricing further out from the centre. The price is also affected by its classification:</p> <div data-bbox="414 1400 1372 1635" style="border: 1px solid #0056b3; padding: 10px; margin: 10px 0;"> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; padding: 5px; vertical-align: top;"> <div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold; font-size: 1.2em;">Class A</div> <ul style="list-style-type: none"> Newly constructed or renovated High visibility location Excellent facilities High rents with no concessions. </td> <td style="width: 33%; padding: 5px; vertical-align: top;"> <div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold; font-size: 1.2em;">Class B</div> <ul style="list-style-type: none"> Good quality building Located on the edge of town Fully functioning facilities Average market rent. </td> <td style="width: 33%; padding: 5px; vertical-align: top;"> <div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold; font-size: 1.2em;">Class C</div> <ul style="list-style-type: none"> Poor quality building, in need of repair Least desirable areas Basic facilities Lower rental rates. </td> </tr> </table> </div> <p>Our assessment is that The Heart facilities would be classification B. This business plan is based on the following prices¹⁸:</p> <p>Commercial office let: £15 per sq. ft per annum + £6 per sq. foot service charge</p> <p>Co-working desk rental: £190 per month, all inclusive</p> <p>Hot desking: £10 per day, all inclusive</p>	<div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold; font-size: 1.2em;">Class A</div> <ul style="list-style-type: none"> Newly constructed or renovated High visibility location Excellent facilities High rents with no concessions. 	<div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold; font-size: 1.2em;">Class B</div> <ul style="list-style-type: none"> Good quality building Located on the edge of town Fully functioning facilities Average market rent. 	<div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold; font-size: 1.2em;">Class C</div> <ul style="list-style-type: none"> Poor quality building, in need of repair Least desirable areas Basic facilities Lower rental rates.
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Market Trends	Demand in this area has shown consistent growth ¹⁹ .			

¹⁸ See separate report on office space research undertaken for this business plan.

¹⁹ Scottish Property Review, Ryden LLP, April 2019

Flexible working: Hot Desking vs Co Working

Flexible working has become more popular as the freelance market has grown. Demand from businesses in their infancy and home-workers is growing. The collaborative environment is appealing to businesses as is the low-cost office space.

The demands of managing many users on a per hour basis versus a smaller number of more substantial tenants, make the latter option more appealing. Hot Desking providers commonly invest in software to manage rental and staff to monitor use and help tenants. Anecdotally, the higher levels of staff needed to manage hot desking, produces a lower overall return.

Coworking is a growing market, however the market has many established companies offering this service, who are also expanding. Part of the ethos is the atmosphere and networking – this maybe harder to replicate on a smaller scale. The Coworking model offers greater and more stable source of income.

Pre School Childcare

Size	<p>The consultants researched two private local pre-school childcare provision organisations.</p> <p>Bonnington House Nursery has places for 103 children and is full. Busy Bees (at David Lloyd) has 58 places and is full most days (won't have space until Aug 2020).</p> <p>The Care Inspectorate website lists 20 providers of "Day Care for Children" within a 1 mile radius of Victoria Primary School. These include the 2 facilities mentioned above as well as local primary school nurseries, after school provision and private nurseries outside the Newhaven area.</p> <p>With Newhaven's growing population, there is demand for pre-school childcare. Even with the current housing levels, parents with a 2-year-old would not be able to get full or part-time pre-school childcare.</p>
Facilities	<p>The Anchor Building needs minor work on the toilet block and additional kitchen facilities. The rest of the building is suitable as it is. Leased to a third party, other services will be provided by the lessee.</p> <p>If this type of service was located in the main building, all people in the building would need to be registered under the Protecting Vulnerable Groups (PVG) scheme, so this isn't feasible.</p>
Pricing	<p>One provider suggested a rent of £3k to £3.5k a per month.</p>
Market Trends	<p>Anecdotally, 50 is the threshold number of children necessary to run an Early Years business.</p>

It may be noted that City of Edinburgh Council are not presently meeting targets for provision of pre-school childcare²⁰, hence the increase in availability of pre-school childcare enabled by the Heart is an important and valuable contribution to the economic development of Newhaven and to child and family learning.

²⁰ <https://nen.press/2019/08/16/council-on-course-to-meet-early-learning-and-childcare-target/>

Critical Market Success Factors

The following factors describe the risks and issues, as well as the positive factors that will have an impact on The Heart's success:

- Tenant mix is in harmony – the building works for each tenant – their flow and patterns of work fit with each other.
- Continuing to generate good will within the local environment, generating positive 'word of mouth' marketing.
- Unique selling points include the story of the building, the light within the building, the mix of tenants from the local community, the regeneration, the heritage.
- Run by a team that can adapt to changes in the market and ensure a continuing supply of tenants.

Displacement

Office space and workshop space is in demand; as city centre prices rise, businesses are likely to be incentivised to move into other areas in search of more affordable rent. The good quality transport links to Newhaven, including the proposed extension to the Edinburgh trams make Newhaven a potentially attractive option. Many of the moveable heritage assets of Newhaven of the area have no permanent home for display and are not accessible to locals or visitors to the area. The heritage suite at The Heart could change this.

Demand from local community organisations

Planning Aid Scotland carried out a programme of consultation with community organisations based in Newhaven and organisations who have an interest in the area. These included workshops, surveys, one-to-one meetings and drop-in sessions.

A key message from local people was the desire to see the old school building preserved at the heart of the community and used for multigenerational activities - *"a place that would re-unite the Newhaven Community as a family"*²¹

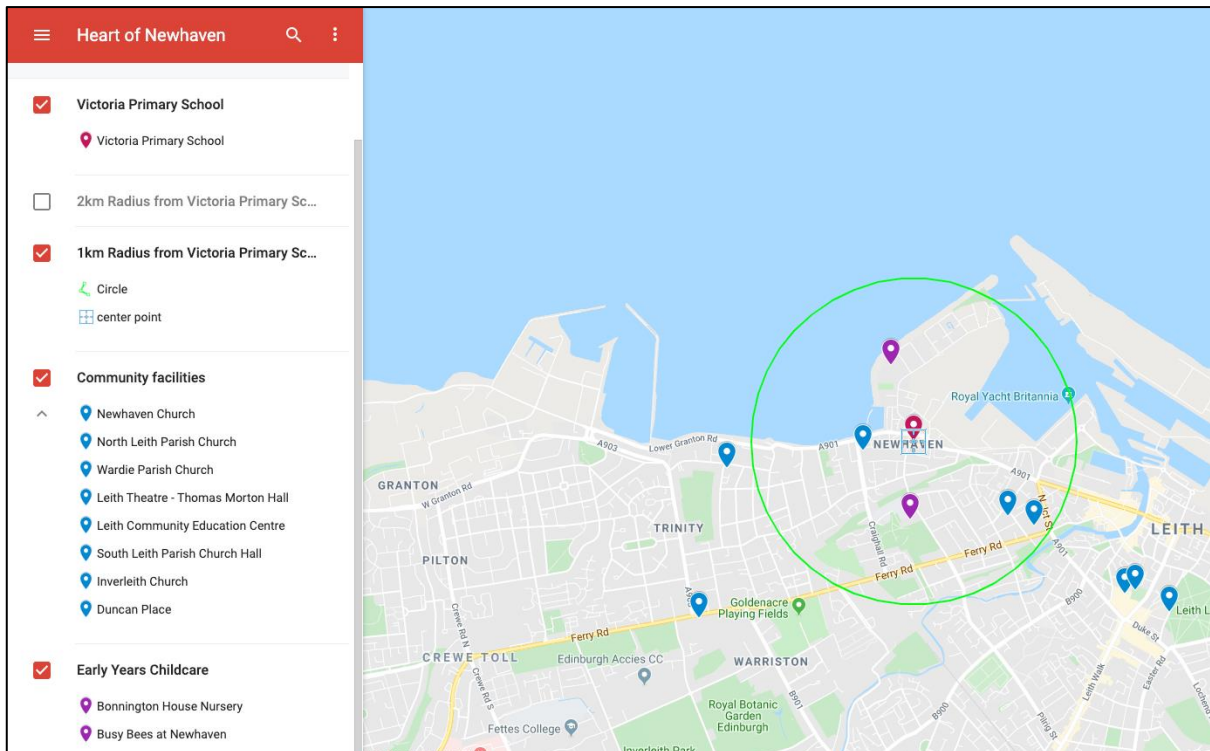
The Planning Aid Scotland report lists organisations who have expressed an interest in working with The Heart. As part of the research to develop this business plan, SKS classified the organisations according to their expressed level of commitment and contacted them to conduct detailed conversations to clarify their level of commitment and capacity to take up space in The Heart.

The conclusion from this is that there is substantial demand and commitment from a wide variety of community organisations, which collectively will enable a strong multi-generational social, recreational and creative offer from The Heart.

²¹ Planning Aid Scotland Community Engagement Report

Other comparable facilities in the area

There is limited supply of community space in the Newhaven area, mainly church hall/room facilities. This means that the development will have little or no negative impact on other facilities.



The Heart offers a different kind of provision which more actively seeks to support community activity, and to link community organisations together to provide a greater and more holistic range of activities.

The Heart proposals for a consortium of local organisations to drive and take forward this agenda will enable the Heart to be more than just a building. It will be the focal point and enabler of greater community cohesion, of increased collaborative community activity, and of the enhanced difference that can be made when community organisations work together in common purpose.

4. Capital Funding

Capital Funding Requirement

Acquisition	£785,000 ²²
Capital redevelopment (inc fees & VAT ²³)	£1,324,750 ²⁴
Subtotal less contingency	£2,109,750
Contingency @25% of redev costs inc fees & VAT	£330,000 ²⁵
Total including Fees, VAT & 25% Contingency	£2,439,750

The Scottish Land Fund is targeted as the source of the greater part of acquisition costs. The Scottish Land Fund may grant up to 95% of acquisition costs based on an open market valuation. The balance is proposed to be achieved through a negotiated discount in purchase price.

Discussions are ongoing with City of Edinburgh Council to evidence the community benefit, and hence persuade the Council to offer a discount. The greater the discount accomplished through this negotiation, the more attractive other capital funding proposals become to funders and the more achievable the overall capital funding package becomes. If no discount is accomplished, the National Lottery Community Led Fund has been identified as a potential source of the balance of capital funds for acquisition costs.

The present estimate of the total costs of capital works is based on the 2017 condition survey undertaken by City of Edinburgh Council, plus architects' recommendations of other works required and the costs thereof. The initial works includes Level 1 work as identified in the City of Edinburgh Council building conditions survey plus essential work to create income generating space and meet planning requirements, especially fire separation. Other elements of the work identified in the building survey are phased over years two to five as shown in appendix 4. The 25% contingency is distributed pro-rata over this period.

If funds are available there are benefits to undertaking the work as a single programme of work, but this is unlikely to be a realistic proposition unless Heart of Newhaven SCIO acquired the building and then paused all further activity until all monies were secured.

Any specialist requirements of potential tenants e.g. museums presentation, pre-school childcare WC provision, etc are assumed to be the responsibility of those tenants. In practice Heart of Newhaven Community SCIO may negotiate this on a case by case basis with potential tenants.

The capital work is funded by a mix of grants and a loan facility for the balance as shown in the table. The loan option shown is tied into a grant from Resilient Scotland Ltd with the possibility of the balance of these two varying if costs vary. The loan would be paid off after 10 years providing an additional boost to cash flow beyond that point. Most capital will be needed in year 1 to cover acquisition and costs associated with creating space for lease, rent or letting.

Garfield Weston Funding is phased against capital works in years two to four and Robertson Trust funding is phased against year 5 capital works. See appendix 4 for breakdown of funding and capital requirements.

²² Based on draft advice from Surveyors

²³ VAT has been included at 20%. Professional advice on VAT should be obtained to clarify any potential variance to this.

²⁴ Based on figures supplied by City of Edinburgh Council and input from Architects. This figure includes 10% fees and VAT

²⁵ 25% contingency plus fees and VAT as recommended by the architects

As noted earlier in this business plan, the variety of members of the planned consortium produces an opportunity for the consortium, or for individual members of the consortium, to access capital and revenue funds that may not be available to the Heart of Newhaven SCIO.

Potential sources of capital grants

Grants which support reuse of historic buildings, provision of facilities for the community, arts, drama, heritage and the creation of sustainable employment and training opportunities are all potentially available to this project. The proposed consortium, under the leadership of the Heart of Newhaven Community organisation will have an important role in maximising the value of capital and revenue grant funding.

The table below describes potential sources of capital grants.

Funding Source	To support	Total Request
Scottish Land Fund Stage 2	Acquisition costs.	£750,750
City of Edinburgh Council Capital Programme	For action on the schedule of repairs prior to sale of the asset.	£78,500
Historic Environment Repair Grant	For repairs to listed elements of building	£100,000
Robertson Trust Major Capital Awards	Refurbishment and equipment to deliver community benefit.	£250,000
Garfield Weston Foundation	Refurbishment and equipment to deliver community benefit.	£200,000
National Lottery Community Led Activity	Changes to enable use by those most in need ²⁶ .	£50,000
Resilient Scotland Ltd JESSICA Fund Grant	Making enterprise happen	£335,000
Resilient Scotland Ltd JESSICA Fund Loan	Making enterprise happen	£165,000
Architectural Heritage Fund Community Development Grant	Work on listed/period elements	£30,000
Viridor Credits Environmental Company	Capital work	£50,000
Member/Community Fundraising	Any purpose	£70,000
Total Identified Capital Funding		£2,079,250
Capital Funding Requirement		£2,109,750
Contingency @ 25% of costs		£ 330,000
Funding Shortfall – depending on level of contingency required.		£30,500 to £360,500

²⁶ Alternatively, this fund may be used to fund balance of acquisition costs if discount is not agreed.

If no further capital funding is attracted, the unfunded capital balance which occurs in year 5 can be mostly met from the accumulated extraordinary major maintenance fund. In the worst-case scenario, i.e. if all elements of work require the full 25% contingency, then the remaining shortfall can be achieved by delaying the balance of the planned expenditure until year 6 or year 7.

By year 5, a large proportion of the loan will be repaid, the business will have a positive record of repayment and 5 year trading history. This will provide favourable conditions for securing an extended or additional loan facility for any work which cannot be delayed.

Scottish Land Fund Stage 2

The Scottish Land Fund supports communities to become more resilient and sustainable through the ownership and management of land and buildings. Up to £1 million per application is available. The average grant size in the first three years of the Scottish Land Fund was under £140,000; typically grants range from £15,000 to £650,000. The Land Fund can support up to 95% of eligible project costs. Eligible capital costs are the percentage of the value of assets and buildings as determined by an independent open market valuation and reasonable professional, title mapping and legal fees.

The Scottish Land Fund will also fund a small revenue element to help deliver the outcomes of the project. It will not fund costs to develop, restore or refurbish and asset once acquired, other than initial Health and Safety work.

The sum proposed here is made up of £745,750 – 95% of valuation – plus £5,000 estimate for fees. The actual sum requested may be lower if a greater discount on valuation is achieved.

Negotiated discount on a market valuation may be applied to make up the balance of the acquisition costs not supported by the Scottish Land Fund. In this way it may be possible for purchase to be achieved solely through a single grant.

Heart Of Newhaven SCIO have made a Stage 2 Community Asset Transfer application to the City of Edinburgh Council which details the community benefits of this proposal and makes the business case for discount.

City of Edinburgh Council Capital Programme

It may be possible to persuade City of Edinburgh Council to undertake some of the scheduled repairs in advance of sale, either in addition to or as an alternative to discount on valuation price. If so, the value of these repairs may be deducted from the capital redevelopment costs post-acquisition.

Historic Environment Repair Grant

Offers grants from £10,000 - £500,000 to support conservation-standard repair projects across Scotland which secure the original fabric of historic buildings and ancient monuments using traditional materials and skills. Historic Environment Repair Grant prioritises repair to buildings or ancient monuments which are of special architectural, historic or archaeological significance. Expectation that their contribution will be part of a wider package of partnership funding.

Sum estimated at 20% of maximum on the basis that the school may not be of national architectural, historic or archaeological significance.

Robertson Trust Major Capital Awards

Major Capital Awards are capital grants in excess of £250,000. Capital costs may relate to upgrading buildings, refurbishment costs and equipment. Key priorities for the fund are:

- how the project will address inequalities and improve outcomes for individuals and communities facing disadvantage
- how the need for the proposed project has been identified and to what extent it is meeting a gap or complementing existing service provision in the area
- overall project costs
- the sustainability of the project

Garfield Weston Foundation

Distributes £30million per annum across a variety of priorities. The Foundation awards grants for Capital, Project and Revenue costs. Requests for sums of £100,000 or greater are regarded as a Major Grant and the Foundation expects that project applying for a major grant will have a total cost in excess of £1million.

This fund may be used to support the costs of refurbishment and equipment to deliver community benefit

National Lottery Community Led Activity Fund

Offers project funding of up to £150,000, of which £50,000 may be for capital costs.

Proposed to use the capital element of the fund for changes to allow access to the building by priority target groups. In the event that no negotiated discount is agreed, this may be used to resource the balance of the acquisition costs. The revenue element may be used for staffing and associated costs to generate and support community led activity.

Resilient Scotland Ltd JESSICA Fund – Making Enterprise Happen

The Making Enterprise Happen Fund can be used for working capital, acquisition of assets, business growth or any other capital expenditure. Investment is designed to meet the needs of the business, achieve an organisation's vision or secure its future.

Making Enterprise Happen investments offer between £61,000 and £500,000. All Making Enterprise Happen investments are a mixed grant and loan package. The balance of loan and grant is dependent upon circumstances. The loan is repayable over up to 10 years at Base Rate + 6%. Appropriate security must be available for the loan.

Architectural Heritage Fund Community Development Grants

For regeneration projects in the community which deliver benefits through the reuse of historic buildings. Approved projects will have the potential to make a significant positive social impact, offer long-term sustainable uses for historic buildings and will be clearly and strongly community led. Eligible applicants can receive up to £50,000 with an average award of £20,000.

Viridor Credits Environmental Company

Awards are for capital expenditure only where the applicant can show that project is needed by the community and will promote community participation, is available for use by the whole community and will not just benefit a restricted user group and is self-sustaining and has long-term management plans.

Member/Community Fundraising

Raising funds from member/community sources can be risky, however in the case of this project the fact that Heart of Newhaven have an exponentially increasing membership of more than 600, the clear place that the building has in the hearts and minds of local people and the fact that the majority of residents are in medium or upper level income brackets, it is reasonable to include an element of member/community fundraising.

The achievement of member/community fundraising also has an important persuasive effect on other funders, many of whom will view this as a strong indicator of community support for the project. We have only made a member/community fundraising target for year 1. There is potential for this to be matched, or improved on, in subsequent years.

Revenue Grant Funding

Funding Source	To support	Total Request
Scottish Land Fund revenue element	Construction phase project management and meanwhile use.	£31,000
National Lottery Community Led Activity	Staffing and support costs to engage those most in need in activity on site.	£50,000
	Marketing and administration support.	£40,000
Total Identified Revenue Funding		£121,000
Total Revenue Funding Requirement		£121,000
Difference		£0

Scottish Land Fund

The Scottish Land Fund principally funds acquisition costs but does allow a small amount of initial revenue to support projects in the period project acquisition.

National Lottery Community Led Activity

Establishing The Heart as a local resource and a national attraction will require some investment in community development and marketing in the early years of operation. These posts should be regarded as time-limited projects with the intention of generating sustained community engagement and continued business within three years.

The sums above are calculated on the basis of an 0.8 FTE Development post for 2 years. This post is focused on generating and supporting community activity on the site, encouraging local people to use it, and supporting Heart of Newhaven Community SCIO in managing the consortium and implementing a programme of activities. Also included is a 0.5 FTE marketing and administration post for 2 years to support the creation and implementation of systems, marketing the Heart and attracting income from rent, lets, etc.

5. Income/Expenditure forecast

Overall, The Heart has a positive generated income against operating costs which, whilst short of meeting purely commercial expectations, can deliver positive cash-flow from its inception. This involves careful timing of expenditure against income and the assumed use of volunteers for some roles (which is a positive feature of this community focussed project).

The modelling allows for the accumulation of 2% per year of the £2.0m direct capital costs (including purchase and works identified in the building report) to build up an exceptional maintenance fund for replacement of major items and future modifications. This equates to circa £40,975 per year. After allowing for this, The Heart generates a surplus each year from year 3 and has recovered the cumulative deficit on the exceptional expenditure fund by year 5.

On a trading basis only, The Heart will generate a surplus from year 2 (operating income minus operating expenditure minus loan repayment costs). There is a small deficit for year 1 which may be met by deferring the start of the loan until part way through the year in line with capital expenditure quarterly projections.

Business will develop progressively from Year 1 to be fully operational by year 3. There will be a boost from year 4 onwards as the opening of the tramline uplifts commercial rents. From year 11 surpluses benefit further from the loan reaching term. **At this point, when the loan is repaid, funds generated through trading which had been applied to servicing the loan will become available, increasing the annual surplus generated.**

Not all elements of 'The Heart' will develop at the same speed. Most areas are calculated to deliver 20% of full year potential in year 1 (in reality 40% but only available for half of the year due to renovation work taking place), rising to 70% of full year potential in year 2. The notable exception to this is the pre-school childcare provision in the Anchor building which can commence sooner and be fully let sooner due to the smaller amount of alterations to make the building suitable. Expenditure is phased accordingly with some costs occurring earlier than income e.g. insurance.

By year 3 of operation The Heart is expected to return a surplus of circa £32k per year, rising to around £38k once the tram line opens. This surplus is sufficient to fund the loan for its ten-year term whilst still generating a £9k surplus in year 3 and £15k from year 4 onwards.

Income/Expenditure Summary

	2021/22	2022/23	2023/24	2024/25	2025/26
Income					
Revenue Grant Funding	£33,750	£45,000	£11,250	£0	£0
Community Hire space	£10,800	£36,000	£36,000	£36,000	£36,000
Café	£4,360	£15,261	£21,801	£22,891	£22,891
Artist studio	£1,877	£6,569	£9,384	£9,853	£9,853
Co-worker office space	£1,550	£5,426	£7,752	£8,140	£8,140
Heritage suite	£2,281	£7,983	£11,404	£11,404	£11,404
Offices	£8,881	£31,084	£44,406	£46,627	£46,627
Pre-school childcare	£25,834	£36,598	£43,057	£45,210	£45,210
Men's Shed	£1,200	£4,200	£6,000	£6,000	£6,000
	£90,534	£188,121	£191,054	£186,124	£186,124

Expenditure					
Energy	£7,200	£12,000	£12,000	£12,000	£12,000
Other Utilities	£1,080	£1,800	£1,800	£1,800	£1,800
Cleaning	£2,239	£7,165	£8,957	£8,957	£8,957
Maintenance	£6,000	£15,000	£15,000	£15,000	£15,000
Insurance	£5,500	£10,000	£10,000	£10,000	£10,000
Business Rates	£1,000	£2,000	£2,000	£2,000	£2,000
IT	£1,000	£2,000	£2,000	£2,000	£2,000
Marketing Grant Funded	£18,750	£25,000	£6,250	£0	£0
Admin Grant Funded	£15,000	£20,000	£5,000	£0	£0
Caretaker	£12,500	£25,000	£25,000	£25,000	£25,000
Centre Manager	£0	£7,500	£30,000	£30,000	£30,000
Running Costs	£70,269	£127,465	£118,007	£106,757	£106,757
Exceptional Maintenance Fund	£10,244	£40,975	£40,975	£40,975	£40,975
Annual Costs	£80,513	£168,441	£158,982	£147,732	£147,732
Annual Surplus/Deficit	£10,021	£19,681	£32,072	£38,392	£38,392
Cumulative Surplus/Deficit	£10,021	£29,701	£61,774	£100,166	£138,558
Annual Cashflow Surplus/Deficit	£20,264	£60,656	£73,047	£79,367	£79,367
Borrowing Costs	£23,222	£23,222	£23,222	£23,222	£23,222
Annual cash surplus after borrowing	-£2,957	£37,434	£49,826	£56,146	£56,146
Annual Surplus/Deficit after borrowing	-£13,201	-£3,541	£8,851	£15,171	£15,171
Cumulative Surplus/Deficit after borrowing	-£13,201	-£16,742	-£7,891	£7,280	£22,450

Notes to the revenue plan

Income

Café Lease & Standing Charge	£15 per sq. foot per year rental for all areas used including central seating areas plus £10 per sq. foot per year. Prices rise 5% above inflation once tram line opens.
Artists' Studios	£20 per sq. metre per month inc. of service charge for typical 5 sq. m. with assumed 85% occupancy
Office Rental & Service Charge	£15 per sq. foot per year rental plus £6 per sq. foot per year service charge with assumed 85% occupancy. Prices rise 5% above inflation once tram line opens.
Men's Shed	£500 per month shared usage of 2 workshops inc. of service charge)
Community Room Hire	Based on 5 hours use per day over 365 days at £30 per hour for main room and £20 per hour for smaller training room/workshop
Co-worker Space	£190 per month per desk space inc. services with assumed 85% occupancy
Heritage Suite	£6 per sq. foot per year inc. service charge in lieu of taking on management & admin duties
Pre-school Childcare	£20 per sq. foot per year rental inc. service charge. 2-year phased rise to full rent to reflect capital works. Prices rise 5% above inflation once tram line opens.

Expenditure

Energy	Based on actual 3-year average running costs discounted for increased energy efficiency following heating/hot water upgrades
Other Utilities	Based on actual 3-year average running costs
Cleaning	Estimated at £12 per m ² per based on all internal spaces open to the public and office cleaning
Maintenance	Estimated at £9.50 per m ² per based on all internal space and £2,000 for annual lift service and £2,000 for grounds and waste disposal.
Insurance	£10,000 based on commercial uses and other user groups having their own liability insurance.
Business Rates	Assumed statutory and discretionary relief for Heart of Newhaven SCIO and any other charitable organisation. Commercial tenants may pay their own rates ²⁷ but that should not affect this business plan.
IT	Fibre broadband provision for public Wi-Fi and use by tenants
Centre Manager	Assumed as full time post to manage
Exceptional Maintenance Fund	<i>2% of cost of purchase and capital works for building. Equates to two-thirds of building condition repair costs occurring each decade</i>

The 2% allocated to the exceptional maintenance fund is there to keep the building in a sound condition. It is possible that unanticipated repair/maintenance costs may arise (especially early in the life of The Heart) which may necessitate the rescheduling of the maintenance programme or, in exceptional circumstance, the requirement to raise other funds.

Wider economic and social benefits including rate of return

The wider economic benefits of 'The Heart' are generated through expenditure elsewhere in the Newhaven area by visitors to 'The Heart' and by the health and leisure benefits accruing from visitors using the heart for something other than their normal place of work.

These benefits are largely driven by the number of users and visitors to 'The Heart' which is determined by the range of offers available there. Creation solely as an office space would provide large direct benefits in terms of income but very limited wider social benefits. Creation solely as a free to access heritage centre could generate great wider economic and social benefits but would not provide sufficient direct economic benefits for it to survive beyond external revenue funding.

²⁷ The Small Business Bonus Scheme offers business properties in Scotland 100% relief for properties with a rateable value of £0 - £15,000.

The balance of uses which has been determined in the options appraisal delivers the quantifiable benefits as set out below. Details of the visitor numbers are set out in appendix 5

External Benefits:	Year 1	Year 2	Year 3	Year 4	Year 5
External Net expenditure by visitors to 'The Heart'	£8,100	£28,350	£40,500	£40,500	£40,500
Health & Leisure Benefits	£52,500	£189,630	£270,900	£270,900	£270,900
Educational Benefits	£13,593	£47,577	£67,967	£67,967	£67,967
		-			
Net Benefits (Costs)	£1,479,733	£152,639	£359,788	£335,641	£48,707
10 year Net Present Value based on 3.5% discount rate	£924,459				
Economic Rate of Return	80.0%				

6. Activity Plan

Pre-redevelopment phase

Securing resources – The principal likely funding source for the acquisition of the building is the Scottish Land Fund. This fund is expected to close to new applications in August 2020 with all applications processed by March 2021.

This accelerates the decision pathway for Heart of Newhaven Community SCIO since the school will still be in occupation and a precise closing date may not be agreed. This is especially critical as the closing date is now projected to extend until January 2021, after which it becomes increasingly challenging to complete the necessary legal steps before the date on which it becomes impossible to draw down the Scottish Land Fund grant.

Early and continuing discussions with Edinburgh City Council and Scottish Land Fund will be critical in determining whether this timescale is achievable. The Heart is a strong project with a sustainable business model, but it is there may be a surge of applications to the Scottish Land Fund to meet the August deadline.

Planning permissions – The building is currently in use as a school. The proposed uses for The Heart are likely to fall into 3 different classes for museums/crèche, offices, and food served on the premises. Some changes will also require listed building consents (which should include any conservation area matters) and building warrants approval. The Heart of Newhaven Community SCIO will discuss these informally with the relevant authorities and assuming they have no significant objections then share the plans with the Community through public events. The timescale for this becomes very tight if much of this needs to be in place by August 2020.

Applying for revenue funding – Heart of Newhaven Community will apply for the revenue funding suggested in the business plan in order to support the redevelopment phase and move seamlessly into the operational phase

Applying for capital grant funding for Year 1 works – The accelerated timetable forced by the Scottish Land Fund closure dates means that Heart of Newhaven Community SCIO will apply for capital funding from those funds identified in the business plan as necessary for funding the initial capital works as set out in appendix 4. These applications should be ready for submission as soon as the Scottish Land Fund monies are confirmed

Possible alternative timetable

The scheduled conclusion of the Scottish Land Fund in August 2019, and demand for allocated funds to be spent by end March 2020, places additional pressures on the work programme. Heart of Newhaven Community SCIO has a highly skilled management group and access to the further skills of its many members. Even with this level of internal resource it is possible that Heart of Newhaven Community SCIO is unable to deliver the intensive pace of work required to begin work on The Heart in April 2021. An alternative timetable is to delay all but gaining recognition as an appropriate charitable body and applying for Scottish Land Fund monies until after the school is handed over.

The school could then sit vacant while all other elements of this phase are pulled together. The Anchor building could still become a pre-school childcare facility from acquisition (subject to change of use permissions) with the revenue from this helping to fund the day to day running costs of the site.

If permissions for change of use can be obtained for some of the main building without incurring capital costs a limited community provision may also be offered whilst other elements of this phase are put in place. This alternative timetable is not without its problems as it makes the redevelopment phase either more complicated to deliver with potential additional costs or the initial community provision may need to stop whilst the redevelopment work is undertaken.

Redevelopment phase

Procurement – The major initial works will require project managing and a formal tendering process. An allowance of 10% for professional fees has been made in the capital budget figures. Note that architects' fees as determined by RIBA scales are front loaded i.e. as much as half of the cost can be incurred before the building works begins. This provides a timing/funding issue for the project as in general funders will not fund work already carried out so funding will have to be sought and there could then be a delay of several months before design work, detailed planning permissions and warrants are secured, tendering undertaken, contractors appointed and work beginning on site. The possible alternative timetable would ease many of these issues with the balance of the Scottish Land Find grant (after City of Edinburgh discount) providing some of funding needed for advanced design fees.

Project management – The architects can take on much of the project management for the initial phase of works. Heart of Newhaven Community SCIO will have regular presence on the ground in a capacity where simpler decisions can be approved, and larger ones can be quickly resolved. It may be possible to secure external funding to appoint someone to perform this role, but the decision-making pathway will need to be agreed and set up prior to this.

Governance arrangements – The Heart is a complex community project, which is a strength in terms of reach, community benefit and sustainability, but it may present challenges associated with tenants and partners who have specific requirements or needs. The precise final arrangements are less critical than having clearly set out arrangements and associated lines of communication and decision making which are shared with the various consortium members

Employer Arrangements - Heart of Newhaven Community SCIO will develop systems to function as an employer in order to employ the grant funded posts set out in the business plan and which are seen as critical to the development of business at The Heart. The Heart of Newhaven board have substantial experience of this in the third and private sectors. Support will be sought from Edinburgh Voluntary Organisations Council, and other commercial providers of payroll and recruitment services as appropriate.

Post-redevelopment phase (operation)

Setting up systems – The key systems to establish are set out below

Human Resources – see employer arrangements above

Bookings, finance and general administration - an electronic bookings system linked to invoice generation will be key to efficient operation of The Heart. The system will be web compatible to allow on-line booking and payment but in the first instance bookings will be manually managed through a central point until a pattern of regular bookings can be established.

Professional quality finance software will be used to manage invoicing and payments.

Health & Safety – As soon as the building is acquired we will conduct a holistic a robust set of health and safety procedures for both employees (including volunteers) and visitors. It would be wise to discuss these further with a health & safety professional (competent person) as the obvious list of fire procedures and first aid provision are rapidly added to with everything from asbestos management to working at heights. Advice is readily available in terms of the scope of the work from the Health & Safety Executive <https://www.hse.gov.uk/> and others.

Recruitment – Other than the revenue grant funded posts referred to in the first phase there are 4 ongoing posts identified for direct employment by Hear of Newhaven Community

- General Manager. This post is full time and will manage The Heart on a day to basis including line managing the other staff and volunteers. They will act as the main point of contact for all users of The Heart and will ensure effective and optimal occupancy in line with the wishes of Heart of Newhaven Community SCIO. They will be line managed by Heart of Newhaven Community SCIO's management group. The post will start with an overlap with the revenue grant funded posts towards the end of year 2.
- Buildings Maintenance Officer. This post is full time and will start from the middle of year 1 (or as soon as the building is in use). They will be responsible for the day to maintenance and repairs of the premises and preparing The Heart for incoming groups and changes of tenants. They will need to be line managed in the first instance by either one of the revenue grant funded posts or directly by the Heart of Newhaven Community SCIO's management group.
- 2 cleaners – these will be flexible posts with increasing hours as The Heart develops. There could be flexibility around the working hours for some elements of the role. The spread of hours rather than total hours worked makes it highly likely that this could not be filled by a single post

Marketing - A marketing campaign should commence 6 months prior to Heart's opening date. Different campaigns will be needed to target customers for the various activities within the building.

COMMUNITY TARGET

- Clubs / groups that will rent the space for their meetings.
- Individuals who want to attend activities run within the building.
- People who live in or near Newhaven.
- Parents with young children and retirees during the day, mixed age groups outside working hours.

OFFICE SPACE TARGET

- Organisations that see an advantage in not commuting to Edinburgh.
- Third sector organisations that see an advantage in a clustered together.
- Smaller businesses that may currently work at home.
- Organisations with a customer base in Newhaven.

VISITORS TARGET

- Cruise ship visitors interested in local history and avoiding the honey-pot destinations.
- Schools learning about local history.
- Café to service all visitors, to the museum, attending workshops, visiting offices.

The Heart will employ a mix of methods to promote the availability of the facilities. A priority is to relaunch the website, with a focus on the building facilities, making the different uses of the building very clear, both with imagery and text. Other marketing activities²⁸ include: PR, social media, networking, promotions, advertising, marketing collateral, events, signage, email marketing and branding.

Project Timeline:

ACTIVITY / DATE	Mar 2020	April 2020	May 2020	June 2020	July 2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	June 2021	July 2021	Aug 2021	
Organisation Status Reformat																			
SLF Application																			
SLF Awarded																			
Grant applications																			
School Acquired																			
Project Development Officer																			
Building Design																			
Permissions and Consents																			
Essential Building Works																			
Financial Systems Set-up																			
Website Set-up																			
Marketing Drive																			
Equipment Purchases																			
BT & utilities																			
Staff Recruitment & Induction																			
Services Contracts – refuse, sanitary, etc																			
Operating agreements with users																			
Pre-school Childcare Negotiations																			
Pre-school Childcare Operation																			
Office Rental Agreements																			
Events Marketing & booking																			
Café lease negotiation																			
Museum																			

²⁸ See separate marketing plan.

7. Stakeholder Analysis

There are a high number and wide variety of community stakeholders in this project many of whom have already expressed their support for and commitment to working with The Heart of Newhaven SCIO.

Forming a consortium of stakeholders will help ensure the delivery of planned outcomes and community benefit and contribute to the sustainability of the building as a whole.

Outline of Consortium Purpose

The purpose of the proposed consortium is to put into practice, at strategic level, the Heart commitment to working in partnership with other community stakeholders and to bringing disparate interests together to work collaboratively.

The consortium will enable The Heart, along with consortium partners, to implement a programme of activity which operationalises The Heart commitment to working in partnership and to bringing disparate interests together to work collaboratively. This will include a variety of activity which encourages

- older and younger people
- newer and more established residents
- new migrants and settled communities

to meet, share experiences and undertake joint activities with a view to creating bridging social capital.

The consortium may also seek to attract grant funding to support the implementation of this programme of activity, and to cover costs for consortium partners who may not have the ability to otherwise find these costs.

Culture and Heritage

The Planning Aid Scotland report shows a strong demand from community groups to focus on the history of the area, as a central feature. A re-established museum and Victorian classroom would sit well within the heritage suite. Alongside, a focus on visual arts and performing arts could be serviced by rehearsal and studio space.

Heritage focused members of the consortium may include:

Main Organisations	Secondary Supporters
History of Education Centre (HEC - Victorian School) Newhaven Heritage Centre Wee Museum	Edinburgh City Council, Museums & Galleries - potential outreach projects Scottish Historic Buildings Trust - advice & support Heritage Trust Network - advice & support Leith History Society

History of Education Centre currently operate from a portacabin on Leith Walk. The Heart would make the perfect home for their Victorian School and associated museum. Their current 3,000 per annum footfall is made up of school groups and “Doors Open Day” visitors. With a more suitable home, they would expect to attract more tourists to increase numbers.

Newhaven Heritage Centre is an ambitious group who have been looking for premises since 2008 when their original premises closed. Edinburgh City Council presently stores the bulk of their material. Heart of Newhaven Community SCIO are in ongoing discussions about collaborative working with them.

The Wee Museum is housed in the current school building and could be expanded when more space is available. The current display is formed from the NHC objects and objects on loan from Leith Museum. The cabinets on loan from museum services. The school as expressed a wish to take a few things with them, to display in the new school.

Though all the museum groups intend to offer free entry, income could be generated from retail sales, events and meeting space hire.

All groups are keen to facilitate community workshops based on heritage, a topic that lends itself to intergenerational activities.

Culture focused members of the consortium may include:

Main Organisations	Secondary Supporters
Forth Children’s Theatre Newhaven Community Choir Edinburgh Sculpture Workshop	Scottish Youth Film Festival Coburg Art Studios Edinburgh City Council Archives Safer by Sound

Forth Children’s Theatre are looking for a permanent home for their rehearsal sessions, costume storage and costume/scenery workshops. The main school hall would make a perfect rehearsal venue.

Newhaven Community Choir need regular rehearsal and performance space.

Edinburgh Sculpture Workshop already run successful studios, workshops, exhibitions and a cafe based in Newhaven, but are at full capacity. There is demand for more workspace and teaching areas that could be fulfilled at The Heart. They also suggested the idea of an artist in residence, which they could help facilitate.

All groups are keen to facilitate community workshops based on culture. Forth Children’s Theatre can run theatre workshops as well as costume/scenery making groups. Edinburgh Sculpture Workshop suggest a “messy making room”, large enough to hold 33 children (class size) which would be suitable for many other making/artistic workshops.

Learning and Enterprise

This theme is based on the shortage of provision of these facilities in the area. A mix of early years provision in the anchor building and intergenerational activities in the main building would provide the learning aspect.

Main Organisations / Options
Pre-School Childcare in the Anchor Building Co-Working Space in the Main Building

There is strong confirmed interest from a local provider of pre-school childcare in leasing the Anchor Building as an Early Years centre. They have produced plans showing the relatively minor works that would need to be carried out to change building use from primary school children to Early Years and comply with government standards.

These include additional WC facilities and a kitchen. They would be happy to fund and carry out the work themselves, if this contribution was factored into the rent. They are likely to require a minimum 3-5-year lease.

Co-working spaces. Desk space has been requested by many organisations with whom SKS and Planning Aid Scotland have spoken. From hot-desking for short periods every week, to permanent desk space and small meeting facilities.

Community Activity and Wellbeing

There are many organisations interested in using the building as a venue for outreach sessions, workshops, activities and meetings. Most of these groups require hourly room hire, though some are looking for a permanent base.

Main Organisations / Options	Secondary Supporters
Outreach hub – Police Service, NHS, Edinburgh Leisure, Edinburgh City Council Men’s Shed Café	Multi-cultural family base St Columba’s Hospice Edinburgh College Generations Working Together Goosander Residents Association / Quay Housing Association Several local Care homes Citadel Youth Centre Newhaven Church Mental Health and Wellbeing Edinburgh Sikh Sanjog

Local organisations looking for venues for their outreach services are attracted by the building’s central location.

Police Scotland could offer regular surgeries if a suitable area was established in the centre. Currently their surgeries are held outside the community area.

NHS Lothian – Groups such as “Health & Life Long Learning – NW” have expressed an interest in establishing some of its services in the building. They are open to discussions about how counselling, dementia, children & families services could be delivered from the building.

Edinburgh Leisure need venues for their “Ageing Well” programme and could deliver classes based around this premise.

Edinburgh City Council looking for meeting and events space to hold youth orientated events, adult education and public meetings.

Men's Shed Leith are looking for a permanent home for their workshop, which could be combined with the theatre scenery workshop. The theatre group have a supply of tools and the Men's Shed committee have the skills; combined they could provide workshops for the community.

Café. This would provide a social area to bind together all the activities and people within the building. A franchise model may work best, to reduce workload and guarantee income.

8. Contribution to Regional and National Strategic Priorities

The Newhaven area is generally younger and more multicultural than Edinburgh as a whole with more working people living alone and fewer older people. The continued development of the Waterfront and the renewed housing building programme in the Western Harbour area will present great opportunities for Edinburgh to meet its targets on new housing, access to employment and training, improved early year child care, green travel and responding to climate change if this new development can be successfully integrated in to the existing Newhaven community. The redevelopment of The Heart makes a meaningful contribution to these wider policy areas

Policy Area	The Heart Response
Scottish Economic Strategy	<ul style="list-style-type: none"> • Community led economic development • Job creation • Workspace development • Flexible co-worker space • Meeting space provision
National Volunteering Strategy for Scotland	<ul style="list-style-type: none"> • Creation of a volunteer led organisation • Development of volunteer opportunities
Scottish Social Enterprise Strategy	<ul style="list-style-type: none"> • Community led • Asset ownership • Trading
Sustainable Development	<ul style="list-style-type: none"> • Ethical sourcing • Living wage employer • Active travel options for users of The Heart
Employability	<ul style="list-style-type: none"> • Development of learning and training opportunities • Work Placements • Peer support opportunities
The Community Plan	We will contribute directly to four of the six priorities: Green Newhaven; Newhaven Economy; Healthy Newhaven; Engaged Newhaven.
City of Edinburgh Single Outcome Agreement	The Heart will directly address SOA issues such as: Economy, health, social enterprise, business start-up, physical infrastructure, employability & regeneration.
Newhaven Creative: Understanding Newhaven's Cultural resources	Community owned, stable, affordable studio provision. Heritage offer provides both sense of place for the local and expanding community but also an attraction for the wider Edinburgh tourist offer with the arrival of the tram link.
Scotland's Agenda for Cities	A focus on inclusive growth where community and social enterprise are vital to retain the balance.

9. Risk Analysis

Risk	Likelihood	Consequence	How we will manage risk
Failure to convince City of Edinburgh Council to offer discount on purchase price	Moderate	Moderate	Early conversations with City of Edinburgh Council around social and economic development benefits or the pre-school childcare and the work to bring the Newhaven communities together. Explore other funding sources (or delay some capital costs after consideration of impact on revenue)
Failure to attract sufficient funds for acquisition.	Moderate	High	Application made to grant funders within the time frames of their grant processes.
Failure to attract sufficient funds for necessary improvements	Moderate	Moderate	Phase redevelopment costs to make them more closely aligned to the available funding cycles of suitable charities and grant making bodies. Keep open option of taking out a loan to cover the cost of essential works or offering lower value spaces.
Opening date for new school is further delayed.	Moderate	High	Further delay to the opening date for the new school could compromise the window of opportunity to conduct the transaction. If this date goes beyond March 2020, the Scottish Land Fund will not release the funds. This is likely to make the entire proposal impossible.
Competing bids to same funders from tenants/users of The Heart.	Low	Low	Heart of Newhaven consortium to co-ordinate bids for the capital phase of the re-development.
Individual partners or user groups make alternative arrangements	Moderate	Low	Keep options open on the balance of uses within the building with increasing amounts of 'commercial' uses at least in the short term to ensure the project can get off the ground.
Insufficient trading income	Low	Moderate	Minimise risk to The Heart through longer term leases and rent agreements. Retain flexibility of balance of uses.
Unexpected maintenance costs in early years	Moderate	Low	Reprioritise other capital expenditure. The risk diminishes once the exceptional maintenance fund has significant funds and is greatly reduced beyond year 10 when the loan repayments are complete.

10. Appendices

Appendix 1

Population Summary for the four geographic areas based on 2011 Census Output Areas

	Historic Newhaven 2011	New Build Occupied in 2011	Other parts of the area within 1km 2011	New Development 2020 - 2030	Newhaven 2030 Total*	Edinburgh City
Population	2,900	2,300	5,400	5,700	16,300	
Under 16's	13%	13%	14%	14%	14%	15%
Working Age	65%	80%	65%	79%	72%	65%
Retired	12%	5%	13%	5%	9%	12%
Living alone 65+	13%	3%	11%	3%	7%	12%
Living alone under 65	33%	37%	36%	37%	36%	27%
Couples	21%	27%	17%	25%	23%	22%
Families	18%	18%	19%	20%	19%	20%
Scottish	72%	57%	73%	57%	65%	70%
English	14%	16%	12%	16%	14%	12%
Other EU	8%	13%	8%	13%	11%	9%
Non-EU	6%	14%	7%	14%	10%	9%
No Qualifications	16%	7%	19%	7%	12%	17%
Level 4+ Qualifications	48%	56%	44%	56%	51%	41%
Full time employment	49%	57%	43%	51%	52%	40%
Self-employed	10%	11%	9%	10%	10%	8%
Unemployed	4%	3%	5%	3%	3%	4%

*Assumes 60% of new development completed by 2030. New households modelled on new build pre 2011 with 10% more families with children

Appendix 2

Posts Created (as % of fulltime)	Year 1	Year 2	Year 3	Year 4	Year 5
Development Manager (grant funded)	75	100	25	0	0
Marketing & Admin Off. (grant funded)	75	100	25	0	0
General Manager	0	25	100	100	100
Buildings Maintenance	50	100	100	100	100
Café Manager	50	100	100	100	100
Café staff	40	100	100	100	100
Café staff	20	40	75	100	100
Café staff	5	30	30	45	50
Café staff	0	30	30	30	30
Cleaner	20	40	40	40	40
Cleaner	20	40	40	40	40
Childcare Staff in total (100 = 1 fte)	105	595	700	700	700
Artists in total (100 = 1 fte)	135	470	680	680	680
Co Workers in total (100 = 1 fte)	40	140	200	200	200
Office Workers in tot. (100=1fte)	300	1060	1520	1520	1520
Museum Manager	20	60	60	60	60
Museum Ass	10	20	20	20	20
Museum Volunteer(7@½ day per week)	5	10	10	10	10
Men's Shed Volunteer (5 @ 1 day pw)	10	20	20	20	20
History of Ed Volunteer (6 @) ½ day pw)	5	10	10	10	10
Volunteer (12 @ ½ day of 1 day pw))	0	0	10	10	10
Event Volunteer	0	0	10	12	17
Event Volunteer	0	0	10	12	17
Staff Count	14	37	47	45	45
Staff FTE	18.5	31.25	38.2	38.35	38.4
Volunteer count	19	25	32	32	32
Volunteer FTE	1.9	2.6	3.5	3.54	3.64
Volunteer hours	345.8	946.4	1274	1288.56	1324.96

NB Posts shown in red are directly employed by 'The Heart'

Other posts are facilitated by redevelopment of 'The Heart'

Appendix 3

First Floor Use	Analysis of strengths and weaknesses
<p>Option One Third Sector Use</p>	<p>Main Use as Heritage Suite</p> <p>Strengths – Establishes a permanent base for important historical material and experiences. Rooms are good sizes and provides access to the central gallery area. Good fit with historic building reuse. Supports a significant number of opportunities for additional volunteers to contribute to the local economy and community. Creates a real sense of the Heart being a cultural place which attracts people from within and from outside the area. Year-round low risk occupancy. Provides enough income to cover operational costs providing third sector rates can be met. Increases likelihood of attracting grant funding towards capital and event/project-based revenue costs. Integrates well with other uses in the main school. Would benefit significantly from the Tram extension</p> <p>Weaknesses – Possible internal competition between Local History Museum and History of Education Museum business models. Doesn't cover funding costs of improvements if grants cannot be accessed. Needs additional un-costed capital works for museum specific infrastructure which are the responsibility of those tenants.</p>
<p>Option Two Third sector Use</p>	<p>Main use as artist's studios</p> <p>Strengths - Supporting up to 30 additional artists to maintain self-employment. Creates a real sense of the Heart being a creative space. Provides enough income to cover operational costs. Increases likelihood of attracting grant funding towards capital and event/project-based revenue costs. Integrates well with other uses on the site. Would benefit from the Tram extension. Demand for studios currently exceeds supply in Edinburgh.</p> <p>Weaknesses – Relatively high turnover of artists means an active marketing role may be needed to actively fill vacancies. Rooms on first floor are large and will need careful sub-dividing to retain good access to natural light. Doesn't cover funding costs of improvements if grants cannot be accessed.</p>
<p>Option Three Commercial Use</p>	<p>Main use as commercial office space</p> <p>Strengths – Provides more options for meeting the costs of loans to fund capital. Provides up to 40 additional jobs on site plus supporting sole traders through co-workers space. Increases opportunities for local working including flexible workspaces. Provides increased opportunities for local businesses developing and integrating. Integrates well will onsite nurse and café facilities. Tram extension will increase demand and help to lift rental rates. Demand for office space is currently high in Edinburgh due in part to existing office space being converted for alternative uses²⁹</p> <p>Weaknesses – likely to put more pressure on parking demand for those commuting from outside Newhaven until the Tram extension is complete. Community/cultural focus of rest of building will not be seen as a plus for some businesses. Dominant use by commercial office space may jeopardise some grant streams.</p>

²⁹ Lambert Smith Hampton 2019 review of office space in Scotland (Save our Office Space)

Appendix 4

Capital cost phasing and relationship to funding

	Condition	Level 1	Level 2	Level 3	New Works	Year 1	Year 2	Year 3	Year 4	Year 5
Roofs	B	3268		34080		3268		34080		
Floors & Stairs	B	11946	7679	27199	20000	31946			34878	
Ceilings	B	2470	0	0	250000	252470				
Ext Walls, Windows & Doors	C	105523	1185	0		105523	1185			
Int Walls & Doors	B	5512	738	0	50000	55512				738
Sanitary Services	B		724		20000	20724				
Mechanical	C	2638	2634	265795	20000	22638		2634		265795
Electrical	C			59560	40000	40000			59560	
Decoration	C				45000	45000				
Furniture & Fittings	B	645	0	0	50000	25645	25000			
External Access	B	14685	0	0		14685				
Contingency			0	0	260320	154353	6546	9179	23610	66633
		146687	12960	386634	755320.3	771764	32731	45893	118048	333166
					Inc Vat	926117	39278	55071	141657	399800
					10% Fees	77176				
					VAT on fees	15435				
					Total	1018728				

Elements from the condition survey report and new works needed

SKS is not qualified to make comment on VAT matters. Heart of Newhaven Community SCIO should take expert advice on the VAT liability of the renovation and improvement works proposed. It is assumed in this business plan that unrecoverable VAT will apply.

The table below shows possible funding sources matched to the phased development costs

	Year 1	Year 2	Year 3	Year 4	Year 5
Scottish Land Fund	750,500				
City Edinburgh Council	78,500				
His Environment Scot.	100,000				
Robertson Trust	250,000				
Garfield Weston	80,000	40,000	60,000	20,000	
NL Comm Led Activity	50,000				
JESSICA Capital	335,000				
JESSICA Loan	165,000				
Viridor Credits		£50,000			
Architectural Heritage Fund		£30,000			
Member/Community Fundraising	£70,000				

Appendix 5

Numbers visiting 'The Heart' for different purposes.

Visit Numbers (and dwell time hrs)	Year 1	Year 2	Year 3
	Total	Total	Total
Pre-school day care (7 hrs)	7660	10850	12800
Visiting Schools (2 hrs)	800	2800	4000
Heritage appreciation (1 hr)	1600	5600	8000
Art appreciation (1 hr)	1000	3500	5000
Youth Theatre (1hr)	2000	7000	10000
Training	100	350	500
Workshops	200	700	1000
Drop in Café users	500	1750	2500
Men's Shed	1000	3500	5000
Events	100	280	400
Other community users	1100	3850	5500
Total Visits	16,060	40,180	54,700
Non Local Visits	5,400	18,900	27,000

Additional spend in area for visitors staying more than 60 mins during normal hours
Based on 30% and average £5 per person spend (£5 uk average)

£8,100	£28,350	£40,500
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Health & Leisure benefits

Based on compound length of stay and £6 per hour value of non-commuting leisure time³⁰

£52,500	£189,630	£270,900
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Beyond year 3 numbers are assumed to remain similar. It is probable that the opening of the tramline to Newhaven will have a positive impact on the number of visitors from outside the area but this has not been modelled due to the lack of supporting evidence.

³⁰ Value of Time and Vehicle Operating Costs, DfT, 2014