

Phoenix Economics Limited

A report for The Ridge Dunbar



April 2016

**The Ridge Training Centre
Feasibility Study – Final Report**

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Cover images from The Ridge

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Executive Summary

The Ridge is a social enterprise based in Dunbar that was set up as a Community Interest Company in 2012. The original vision was around addressing the geographical isolation of the Dunbar area to provide high quality training in real life work settings primarily (but not uniquely) for young people. Trainees are offered valuable certification, as well as support into further training or employment.

The long-term vision of the organisation is the creation of a training centre with the following elements: Training centre; Restaurant; Events venue; and Market garden.

A 5-acre site has been identified on the edge of Dunbar and discussion with the site owner is ongoing. The site may offer opportunities for co-location with a number of other developments. The aim would be to develop sufficient 'critical mass' to attract people to visit the project and spend money. This would support the ultimate aim of creating a largely self-sustaining venture. The feasibility study will consider the relative merits of a range of options for meeting the long-term vision of The Ridge.

The Ridge's performance to date has demonstrated a strong track record in developing key partnerships and securing contracts to further the aims of the organisation. The Training Centre proposal offers even greater potential for partnership working and the option for the colocation of several projects, including arts projects that would allow the Centre to also function as a visitor attraction and to serve the needs of the wider community.

The project has a sound strategic fit and is closely aligned with planned outcomes in local economic and community development strategies and regional and national strategies for tourism and skills development.

The key partners are very supportive of The Ridge's future plans and the plans fit well with partners' drives to offer better geographical coverage across East Lothian and, in particular in Dunbar. The partners recognise that those farthest from the job market are often not keen to travel or find it difficult due to their personal circumstances. The Ridge's development plans are seen by partners as a good way to engage people removed from the labour market.

Partnership working has been highlighted as very important and The Ridge's key stakeholders would actively encourage the organisation to develop partnerships particularly with smaller organisations that could offer training, but do not have the premises of their own or aspirations to grow bigger.

The businesses responding to the survey were very supportive of the proposals for a Training Centre and could see the development leading to positive impacts for Dunbar and in some cases for their own business directly.

There are a number of examples of the positive impacts being achieved by The Ridge in working with young people and clients of all ages to help develop confidence and skills and prepare them for employment.

The site that has been identified for the project is a 5-acre site on land owned by Hallhill Developments, situated on Spott Road, Dunbar, behind the Garden Centre. The following options have been identified for consideration:

- Option 1: Do nothing/status quo
- Option 2: Expansion of current model
- Option 3: New site development: training centre
- Option 4: Lease new building: multi-use proposal

The preferred options are Options 3 and 4 as they both meet the longer-term aspirations of The Ridge.

Option 3 for the development of the Training Centre project is dependent on being able to acquire the land in question and to secure appropriate planning consent, before the organisation takes on responsibility for overseeing the construction of the building and site. This would involve considerable financial burden for The Ridge in financing the site purchase and construction phases.

Option 4 would involve site being developed by a third party and another third party taking on the head lease. The Ridge would then lease the buildings and land to deliver its activities. This would involve higher ongoing revenue costs for The Ridge to meet the rental charges.

The total capital cost of Option 3 is £3.5m including site purchase and construction costs. The construction costs for Option 4 are estimated as £3.6m, but The Ridge would not be liable for these costs under this option as they would be leasing the buildings constructed by the developer.

Based on projected income and expenditure figures for Option 3 there is a deficit of £287k in year 1, with the project reducing the deficit to £163k by year 5. This suggests that the project is unlikely to be financially sustainable without a level of subsidy through a funding package.

Option 4 has a greater deficit of £402k in year 1, which is forecast to reduce to £295k by year 5. This reflects the increased cost base due to the model involving the rental of the building. As per Option 3, this option would rely upon a funding package being secured.

The market is not currently providing employability training in Dunbar as shown in the previous sections of the report. This indicates the presence of some form of market failure and provides a rationale for investment from the public sector in the Training Centre project. The rationale is further strengthened by the excellent strategic fit of the project and the high levels of support from key partners and stakeholders.

The estimated total construction impact for the project is £5.2m for Option 3, supporting 46 FTEs, and £6.7m for Option 4, supporting 60 FTEs. The estimated total operating impact is £862k for Option 3, supporting 27.3 FTEs, and £1.2m for Option 4, supporting 28.5 FTEs. The potential revenue generated by additional visitors to Dunbar is estimated to be £23k.

The project has a good fit with the requirements of a number of key funders.

In summary, the evidence presented in the report suggests that the Training Centre proposal is feasible, but would be reliant on financial support. The main risks to the project relate to the land acquisition and planning issues being resolved and an appropriate funding package being secured. The Ridge has two options to consider: one where they would acquire the land and build the Centre and another where they would lease the building from a third party. Both of these options need to be explored in detail with the parties involved in order to determine which is most viable.

1. Introduction

Introduction

- 1.1 This report presents the findings of a feasibility study for the development of a Training Centre in Dunbar. The study was commissioned by The Ridge and was carried out by Phoenix Economics. The aim of the feasibility study is to determine the practical and economic prospects of success of the proposed project.

Training Centre Proposal

- 1.2 The Ridge is a social enterprise based in Dunbar that was set up as a Community Interest Company in 2012. The original vision was around addressing the geographical isolation of the Dunbar area to provide high quality training in real life work settings primarily (but not uniquely) for young people. Trainees are offered valuable certification, as well as support into further training or employment.
- 1.3 The long-term vision of the organisation is the creation of a training centre with the following elements:
- Training centre
 - Restaurant
 - Events venue
 - Market garden
- 1.4 A 5-acre site has been identified on the edge of Dunbar and discussion with the site owner is ongoing. The site may offer opportunities for co-location with a number of other developments. The aim would be to develop sufficient 'critical mass' to attract people to visit the project and spend money. This would support the ultimate aim of creating a largely self-sustaining venture. The feasibility study will consider the relative merits of a range of options for meeting the long-term vision of The Ridge.

Feasibility Study Structure

- 1.5 The key components of the feasibility study are shown in Figure 1.1 and the report explores the findings from each of these study components to reach a clear conclusion as to the viability of the Training Centre proposal.

Figure 1.1 - Overview of Feasibility Study Components



2. Project Background

Introduction

- 2.1 This section considers the background to The Ridge and reviews the organisation's performance to date. The details of the Training Centre project concept are then set out. It draws upon secondary data sources and documents and consultation with The Ridge Board.

The Ridge Background and History

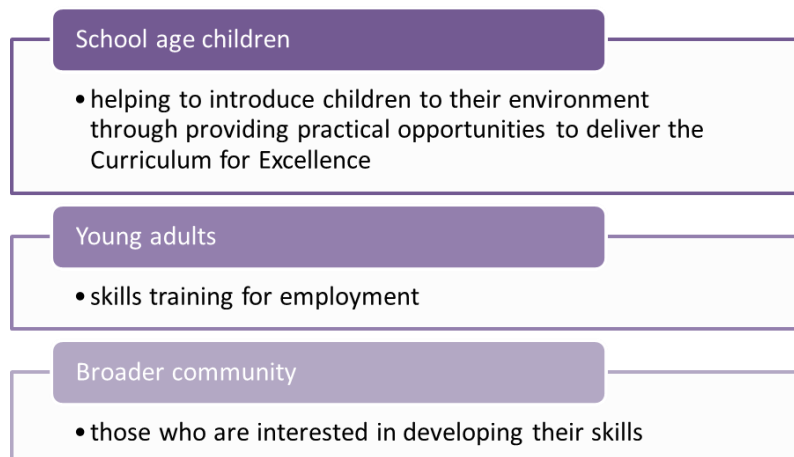
- 2.2 The Ridge was established in April 2012 as a Community Interest Company (CIC). The organisation is a social enterprise with an asset lock that ensures that any profits are used in the interest of The Ridge's objectives with any surplus profits reinvested into the community via a local environmental charity Dunbar Community Woodland Group.
- 2.3 The main objective of The Ridge is to create training and employment opportunities through a sustainable project that delivers a number of associated profitable businesses that generate income to help support the non-profitable elements. The aims of the organisation are captured below:

Figure 2.1 – Aims of The Ridge



- 2.4 The main geographical focus of the organisation is Dunbar and the surrounding villages, although its scope extends across East Lothian. The target groups for training provision are shown in Figure 2.2:

Figure 2.2 –The Ridge Target Client Groups



- 2.5 The Ridge's longer term ambition is to create a purpose-built training centre. In the medium-term, training has been provided in a variety of premises including:
- Belhaven Community Garden
 - Dunbar Community Kitchen
 - Lochend woods
 - Bleachingfield community centre
 - Primary and secondary schools
 - West Barns village hall
 - Dunbar Town House
 - Other growing sites around the town
- 2.6 The focus is on creating jobs in areas including: Horticulture and rural skills; Growing, supplying and processing local foods; and Cooking and hospitality, especially with local and seasonal foods. In addition, training is provided in Employability and core skills, with links into a range of sectors, in response to demand. The Ridge works closely with Fashion School Ltd to provide support to trainees, accredit SQA qualifications and access Employability Fund places. There are also strong links within Social Care, Childcare, Construction, Hairdressing, Customer Service and this will develop as demand grows.
- 2.7 Any surplus profits generated are ploughed back into delivery of The Ridge's social aims, in particular to improve and extend training delivery.

Progress and Performance to Date

- 2.8 The Ridge has successfully developed relationships with a number of key partners to facilitate the delivery of training. Examples of this partnership working with local and national organisations are highlighted below:
- **Training garden:** The organisation collaborated with Sustaining Dunbar to create a training garden at Belhaven Hospital. Following the successful attraction of funding a productive garden was developed. The garden allowed the organisation to deliver training to a number of young people and local residents. Volunteering opportunities were also offered. The Ridge worked with East Lothian Council, Dunbar Grammar School and Criminal Justice to tailor the training offer. This garden is now operated by Sustaining Dunbar and a new site has been developed by The Ridge at the Backlands which is situated behind Dunbar High Street.
 - **Delivery service:** The organisation secured Coastal Communities Fund (CCF) support to develop a van delivery service to serve local producers and end users. This project is currently under development and is expected to be fully operational by spring 2016.
 - **The Ridge Café:** Collaboration with Dunbar Community Kitchen allowed The Ridge to deliver training such as The Royal Environmental Health Institute of Scotland (REHIS) Basic Food Hygiene qualification. Following the closure of Dunbar Community Kitchen, The Ridge successfully bid to take on the running of the café at the Bleachingfield Community Centre. The café provides training and volunteering opportunities. The business is now generating a small surplus that is invested to support the social aims of the organisation.
 - **Accredited training:** In addition to REHIS, The Ridge has also achieved accredited status with the Scottish Qualifications Authority (SQA) and Lantra. Table 2.1 details the accredited training delivered to date. Where appropriate

the training is offered on a commercial basis to businesses and individuals who do not qualify for the funded places. This income subsidises the other provision. For example, the chainsaw training is subsidised by a CCF grant, but commercial organisations are charged. This mix of funded and non-funded places also occurs with REHIS training.

Table 2.1 – Accredited Training Delivered as at Jan 2016

Training	Number
REHIS (Basic Food Hygiene)	36
LANTRA (Basic Maintenance and Crosscut)	23
LANTRA/City & Guilds (Felling up to 380mm)	5
ROSPA First Aid	12
ROSPA Manual Handling	19
ROSPA COSHH	10
SQA - SVQ 2 Certificate of Work Readiness	8
SQA - Nat 5 Fashion and Textile Technology	6
Total training places	119

Source: The Ridge

*A further 12 places are soon to be delivered

- **Skills-based Academies:** The organisation is a Skills-based Academy for Jobcentre Plus and has delivered three courses in Hospitality, Rural Skills and Care, each offering up to 10 unemployed people basic employability training. The organisation supported trainees to apply for and sustain jobs on completion of the formal training. The Ridge works with local employers to provide mentored work experience placements.
- **Employability Fund:** The Ridge secured a contract to deliver Employability Fund training for Skills Development Scotland. This training is at Stages 3 and 4 and includes the SQA qualifications. The Ridge works in partnership with two other social enterprises (the Fashion School and Karele Equine Therapy) to provide work placements. The Ridge also offers work placements within the café and Backlands project.
- **Volunteer placements:** A number of volunteer placements are offered at The Ridge Café, the Backlands project and the After-School Club garden.

Training Centre Proposal Detail

- 2.9 The intention of The Ridge is to acquire a c.5acre site from Hallhill Developments, located behind the Garden Centre, to develop the original vision for a high quality training centre. This is intended to address the issues of geographical isolation and lack of opportunity for the (primarily but not uniquely) young people of Dunbar.
- 2.10 The training centre will comprise a restaurant, productive garden and function/events room, as well as flexible-use training buildings. The proposal is that the function room will allow theatrical/musical performances to be staged, as well as offering a venue for a range of social and business events.
- 2.11 The site may offer opportunities for co-location with a number of other developments. The aim would be to provide sufficient 'critical mass' to attract people to visit and spend money, thereby generating a sustainable income to support the social aims of The Ridge. The organisation has a clear aim to move away from a dependency on grants to create a largely self-sustaining organisation.
- 2.12 Potential co-locations under consideration include:

- Gallery space to provide a permanent home for the Richard Demarco art collection/archive
- Gallery space for temporary exhibitions, in particular of local artists' work
- Studio space for local artists
- An accessible archive for the 'John Muir Collection' generated over recent years of Artist in Residencies
- Small-scale skate park and climbing wall
- Builders' yard for recycling of surplus materials including builders' materials and items salvaged from landfill

2.13 In terms of partnership working, the organisation envisages continuing the training provided in collaboration with SDS, DGS and JCP, as well as collaborating with Edinburgh College and others, to offer a wider range of skills training locally. In addition, the potential co-located projects would present an opportunity to engage with the training facility in a variety of ways.

Summary

2.14 The key points from Section 2 are summarised below:

- The Training Centre proposal has a strong fit with the aims of The Ridge to create local training and employment opportunities.
- The Ridge's performance to date has demonstrated a strong track record in developing key partnerships and securing contracts to further the aims of the organisation.
- The Training Centre proposal offers even greater potential for partnership working and the option for the colocation of several projects, including arts projects that would allow the Centre to also function as a visitor attraction and to serve the needs of the wider community.

3. Market Appraisal

Introduction

- 3.1 This section reviews the potential market demand for the proposed Training Centre in Dunbar through an assessment of secondary data sources and a review of key strategic documents. The findings will inform the options appraisal and financial projections for the project.

Local Economy

- 3.2 The East Lothian Partnership provides an area profile for the Dunbar and East Linton Ward.¹ It is one of the largest wards in the East Lothian Council area. The ward covers the area from East Linton in the west to Dunglass in the east and is home to 13% of the population of East Lothian. Around 64% of the ward's population live in the town of Dunbar. Since 2001 the population of the ward area has grown at twice the rate of East Lothian as a whole, with a growth rate of 21% compared to 10.7%.
- 3.3 Table 3.1 shows that the population of the ward was 13,166 in 2011. The population contains a greater proportion of children than the East Lothian region or Scotland as a whole. There are proportionally fewer people of working age in the Dunbar area and East Lothian than across Scotland.

Table 3.1 – Key Economic Statistics – Dunbar Area

	Dunbar and East Linton Ward	East Lothian Local Authority	Scotland
Population			
Total population 2013	13,445	101,360	5,327,700
% population children	20.4%	18.5%	17.1%
% population working age	58.5%	60.6%	63.1%
% population pensionable age	21.1%	20.9%	19.8%
Economic activity			
% population claiming Jobseekers Allowance 2012 Q4:			
o aged 16-24	5.1%	5.4%	5.7%
o aged 25-49	2.4%	3.3%	4.2%
o aged 50 to pensionable age	2.0%	1.6%	2.1%
o aged 16-64	2.7%	3.1%	3.8%
% of population who are income deprived 2012	8.5%	11%	13%
% of population who are employment deprived 2012	7%	10%	13%

Source: Scottish Government, Scottish Neighbourhood Statistics

- 3.4 In terms of deprivation, none of the 14 datazones in the Dunbar and East Linton ward fall within the 20% most deprived across East Lothian. Only 5 of the 14 datazones are amongst the lowest 50% for East Lothian. Approximately 8.5% of the population of the ward is considered to be income deprived. This ranges from 2% to 17% within the datazones of the ward.
- 3.5 Around 7% of the population is classed as employment deprived, which is lower than figures for East Lothian and Scotland. There is a wide variation in levels within the ward, with the lowest datazone at 3% and the highest at 16%.

¹ East Lothian Partnership *Dunbar and East Linton by numbers - Area Profile 2014*, February 2014
http://www.eastlothian.gov.uk/downloads/file/9540/dunbar_and_east_linton_ward_profile

- 3.6 Just over 5% of the population aged 16-24 were claiming Jobseekers Allowance, just slightly less than the proportions for East Lothian and Scotland as a whole. Across the datazones of the ward the overall proportion of working age population claiming Jobseekers Allowance ranges from 1% to 4.8%.
- 3.7 According to the 2011 Census, the Dunbar and East Linton ward had a higher proportion of people who were economically active compared with East Lothian and Scotland (72% compared to 71% and 69% respectively). Interestingly, part-time working was more prevalent and self-employment rates were higher at 12% compared to 9% for East Lothian and 7% for Scotland.
- 3.8 The 2011 Census allows analysis of employment across different industry sectors and highlights two sectors within the ward with a higher concentration of employment:
- Agriculture, forestry and fishing: with 5% of employment compared to 2% in both East Lothian and Scotland as a whole. This reflects the rural profile of the area.
 - Electricity, gas, steam and air conditioning supply: with 4% compared to 2% in East Lothian and 1% in Scotland as a whole. This is partly due to the location of Torness Power Station near Dunbar.
- 3.9 The Area Profile for the ward notes that while overall educational attainment is good across East Lothian there are some issues relating to school leavers attaining and sustaining positive post-school destinations. The report states that *"A key focus for East Lothian is early intervention, ensuring that all young people enter schooling equipped to learn and receive the support they need to reach their potential."*²
- 3.10 A survey of school leavers in 2011/12 found that 10% of school leavers across the ward were unemployed and seeking work 9 months after finishing school, compared to 8% across East Lothian as a whole.
- 3.11 The East Lothian Residents' Survey 2011 asked "what most needs improving" in their area. Residents in the Dunbar and East Linton ward identified the highest scoring improvement was the need for "local jobs for local people". This was selected by 47% of respondents compared to only 32% in East Lothian overall.
- 3.12 Four datazones in the ward are among the 10% most access deprived across Scotland. The East Lothian Residents Survey 2011 shows people in the ward were less likely to be satisfied with public transport than people across East Lothian as a whole. Affordability is a particular issue with only 23% of Dunbar and East Linton residents stating that they found public transport affordable compared to 51% in East Lothian.³

Strategic Context – Local Economic

- 3.13 The East Lothian Economic Development Strategy⁴ identifies East Lothian's strengths as its diverse business base with sectoral strengths in food and drink, tourism and Higher Education. The poor public transport infrastructure is identified as a weakness. There are opportunities identified around tourism, food and drink and creative industries. One of the five strategic objectives identified by the strategy is *"To be Scotland's leading coastal, leisure and food and drink*

² East Lothian Partnership *Dunbar and East Linton by numbers - Area Profile 2014*, February 2014 p22

³ East Lothian Partnership *Dunbar and East Linton by numbers - Area Profile 2014*, February 2014

⁴ University of Glasgow *East Lothian Economic Development Strategy 2012-22*, Training and Employment Research Unit, September 2012

destination". The importance of joined up promotion of attractions is noted. Another of the strategic objectives is "To provide high quality employment pathways for East Lothian's workforce".

- 3.14 This has a strong fit with the rationale for the Training Centre to address the geographical isolation of the Dunbar area by the provision of training locally in key sectors of hospitality, food and drink and rural skills. The tourism attraction elements of the wider proposal including the Demarco and John Muir collections also fit well with the evidence in the strategy.
- 3.15 The East Lothian Partnership's vision for the East Lothian region over a ten-year period is set out in the *East Lothian Single Outcome Agreement*.⁵ The Training Centre has the potential to contribute to the following East Lothian Outcomes:
- East Lothian has a growing sustainable economy (Outcome 1).
 - The cycle of poverty is broken for individuals and families in East Lothian (Outcome 2)
 - Communities in East Lothian are able to adapt to climate change and reduced finite natural resources (Outcome 3)
 - All of East Lothian's young people are successful learners, confident individuals, effective contributors and responsible citizens (Outcome 4).
 - In East Lothian, we live healthier, more active and independent lives (Outcome 6)
 - East Lothian has stronger, more resilient, supportive, influential and inclusive communities (Outcome 10).
- 3.16 Tourism and food and drink are identified as East Lothian's key local sectors under Outcome 1, and the development of a new visitor attraction has the potential to boost the sector in Dunbar and East Lothian as a whole. Through providing training to help people into employment, The Ridge is helping to build a sustainable economy locally. Employability training and support is also important to Outcome 2.
- 3.17 The provision of training in Dunbar thereby eliminating the need to travel will improve accessibility and reduce social exclusion, which will contribute to Outcome 3. By offering an innovative learning environment for schools, the Training Centre has the potential to contribute to the goals of Curriculum for Excellence as described in Outcome 4.
- 3.18 The focus of the Training Centre on producing food in the market garden and developing an effective local food supply chain will increase understanding of the local environment amongst the local community in line with Outcome 6.
- 3.19 Finally, the opportunities for involvement of the local community through volunteering and participation in training will contribute to Outcome 10 by allowing the local community to influence the direction of the project and to take an active involvement in its development.

Strategic Context - Tourism

- 3.20 The wider proposal for the Training Centre that includes the art elements has a strong fit with tourism strategies, both national and regional. The national tourism strategy *Tourism Scotland 2020*⁶ identifies the need to develop assets in response

⁵ East Lothian Partnership *The East Lothian Plan: Single Outcome Agreement 2013-23*, September 2013

⁶ The Scottish Tourism Alliance *Tourism Scotland 2020 – The future of our industry, in our hands: A strategy for leadership and growth*, June 2012

to specific market opportunities including heritage and culture. The Strategy notes that the key to growing tourism in Scotland is: *"turning our nation's assets into authentic, value added visitor experiences that appeal to our key growth markets."* The Training Centre offers an opportunity to turn the asset of the Demarco and John Muir collections into an innovative visitor experience. Food and Drink is identified as a key part of improving the customer journey and the Training Restaurant has the potential to attract visitors. There is a recognised need to attract more people into tourism and hospitality as a career and to develop skills and leadership within the industry. The Training Centre has a strong fit with this priority.

- 3.21 The Edinburgh tourism strategy *Edinburgh 2020*⁷ recognises the benefit of increasing the average spending of visitors to the city. One of the ways in which this might be achieved is identified as enhancing the provision of outlets for locally produced, authentic arts and crafts. The development of the Market Garden that will service the Training Restaurant has a good fit with the sustainability aims of the strategy. As with the national strategy, there is recognition of the need to attract talent into the sector and ensure businesses have access to appropriately skilled staff. The Training Centre could contribute to this aim.
- 3.22 The *East Lothian Tourism Action Plan 2015*⁸ identifies clear areas for growth including identifying and addressing gaps in tourism in industry sectors including food and drink. The need to join up different strands of the tourism offer is highlighted. Opportunities identified for East Lothian tourism include the A1 as a quick road link to the south and the John Muir Way.
- 3.23 The visitor types identified as most likely to visit East Lothian include *"Food Loving Culturalists"* who will *"seek out a relaxing holiday experience where they can enjoy great food and drink and engaging cultural activities"* and *"Natural Advocates"* who offer an opportunity to link the John Muir Way and tourism attractions locally.
- 3.24 As the Training Centre plans do include an option to function as a visitor attraction (Option 4) it is important to consider the volume and value of tourism in the area to review the potential tourism market. VisitScotland provides statistics for the Edinburgh and Lothians area, but does not provide a breakdown for East Lothian. The most recent tourism statistics available are for 2014 and are summarised below:

Table 3.2 – Tourism in Edinburgh and Lothians, 2014

	GB Visitors			Overseas Visitors		
	<i>Edinburgh</i>	<i>Edinburgh & Lothians</i>	<i>Scotland</i>	<i>Edinburgh</i>	<i>Edinburgh & Lothians</i>	<i>Scotland</i>
Trips (millions)	2.21	2.59	12.52	1.59	1.62	2.70
Expenditure (£m)	£513	£569	£2,871	£726	£755	£1,840
Average trip duration (nights)	2.4	2.4	3.3	5.1	5.2	8.0
Holiday trips (%)	71%	70%	71%	62%	62%	52%
Visiting friends or relatives trips (%)	9%	10%	12%	21%	21%	26%

Source: VisitScotland, *Tourism in Scotland's Regions 2014 (Revised January 2016)*

- 3.25 In 2014, GB visitors made around 386,000 trips to the Lothians spending £56m. A further 36,000 trips were made in this period by overseas visitors, with these visitors spending £29m in the Lothians. GB visitors stayed an average of 2.4

⁷ Edinburgh Tourism Action Group *Edinburgh 2020 – The Edinburgh Tourism Strategy*, January 2012

⁸ East Lothian Council *East Lothian Tourism Action Plan 2015*

nights in Edinburgh and Lothians and overseas visitors 5.2 nights. Holidays account for around 70% of all GB trips to Edinburgh and Lothians and 62% of overseas trips.

- 3.26 It is helpful to consider the context of existing local visitor attractions in terms of their focus, visitor numbers and admission charges. Table 3.3 identifies some of the main local attractions. The John Muir Country Park and John Muir's Birthplace receive significant numbers of visitors and have a focus that is complementary to the Training Centre option with the John Muir collection housed onsite. This offers opportunities for synergy and possible partnership working.

Table 3.3 – Overview of Existing Local Visitor Attractions

Visitor attraction	Description	Visitor numbers*	Admission
John Muir's Birthplace, Dunbar	Family-friendly interpretive centre exploring the work of conservationist John Muir. Operated by East Lothian Council. Open Mon-Sat 10am-5pm & Sun 1-5pm. Closed Mon & Tues Nov-March.	29,439 (2009)	Free
Town House Museum, Dunbar	Museum based in Scotland's oldest functioning Council Chamber. Operated by East Lothian Council. Open Mon-Sat 1-5pm April to Oct & Weekends only Nov to March.	8,683 (2009)	Free
John Muir Country Park, Dunbar	The Country Park currently extends to 713.5 hectares and comprises of a variety of habitats. The majority of the Country Park is a Site of Special Scientific Interest. A countryside Ranger manages the site. Open all year round.	435,000 (2009) 39 school groups visited in 2009/10 and 33 in 2010/11	Free
East Links Family Park	East Links Family Park is a 20 acre small farm providing a range of activities including a train safari, go karts, and soft play. The park has a range of farm animals. It is operated as a limited company. Open 7 days all year round.		Adult £13 Child £13 Concession £10 Family £48 Family annual membership £52 per adult/child
Seabird Centre, North Berwick	Visitor attraction with Discovery Centre with live cameras to watch wildlife, films and interactive displays. Boar trips available to Bass Rock and Isle of May. It is an independent charity. Open 7 days all year round.	291,474 (2009) 276,434 (2010) 277,263 (2011) 267,549 (2012) 272,000 (2013) 271,000 (2014)	Adult £8.95 Child £4.95 Concession £6.95 Family £25 Family annual membership £58
National Museum of Flight, Haddington	Museum exploring the history of aviation from the First World War to the present day with an aircraft collection, flight simulator and interactive displays. Operated by National Museums of Scotland. Open 7 days April-Oct and weekends only Nov-March.	82,002 (2009) 76,757 (2015)	Adult £12 Child £7 Concession £10 Family £31 Family annual membership £58
*Source: VisitScotland 2009 Visitor Attraction Monitor (the last year the statistics were freely available) with more recent numbers from attractions			

- 3.27 While the number of tourism trips was explored in Table 3.2, it is also important to consider the scale of the local and day visitor markets as shown in Table 3.4. It is intended that the Training Centre is seen as a resource for the local community as well as a venue to attract tourists from further afield. The local market is defined as the population located within the Dunbar and East Linton Ward. The local market is 13,166 (based on 2011 population figures).

- 3.28 The day visitor market will also be a strong market segment for the Training Centre. The day trip market is defined as the population living within an approximate one hour drive time of Dunbar. Using mid-year population estimates for 2011, there are just under 700,000 people living within an approximate one hour drive of Dunbar.

Table 3.4 – Local and Day Visitor Markets

	Population (2011)
Local Market	
Dunbar and East Linton Ward	13,166
Total	13,166
Day Visitor Market	
East Lothian (excluding local ward)	85,004
City of Edinburgh (all wards)	495,360
Midlothian (all wards)	82,370
Scottish Borders (3 of 11 wards)	31,702
Total	694,436

Source: Scottish Government, Scottish Neighbourhood Statistics
Drive times estimated using AA Route Planner

- 3.29 The market sectors most likely to generate a revenue stream for the Training Centre are the tourism market through local residents, day visitors and tourists visiting the Centre.
- 3.30 The scale of these potential markets can be estimated using penetration rate analysis as shown in Table 3.5. The analysis identifies the total market size in each case and then makes an assumption about the proportion of this market likely to visit the visitor attraction elements of the Training Centre. The assumptions are informed by the information on the local visitor attraction and tourism market presented throughout Section 3.

Table 3.5 – Market Penetration Estimates

	Total market size	Penetration rate	Potential Visits to Centre
Local residents	13,166	10%	1,317
Day visitors	694,436	0.1%	694
UK visitors (to Lothians)	386,000	0.1%	386
Overseas visitors (to Lothians)	36,000	0.1%	36
Total	1,129,602		2,433

Strategic Context – Skills and Employment

- 3.31 The Scottish Government's skills strategy, *Skills for Scotland: Accelerating the Recovery and Increasing Sustainable Economic Growth*,⁹ sets out the Government's partnership approach to meeting the skills needs of Scotland. There are four priority themes within the strategy:

- Empowering people – to ensure that they have the opportunity to access the correct advice, support and opportunities to acquire the skills and attributes to both contribute to and benefit from future economic success. The aims include increased levels of employability for young people, higher rates of engagement with employment and skills services and higher employment rates for hard to reach groups and areas of disadvantage;
- Supporting employers – by understanding better and assessing the skills they need to support future success, and ensuring that the supply of skills, training and qualifications is responsive to their needs. The aims include a reduction in skills gaps and skills shortages reported by employers;

⁹ Scottish Government *Skills for Scotland: Accelerating the Recovery and Increasing Sustainable Economic Growth*, October 2010

- Simplifying the skills system – to ensure that it is more coherent and easy to understand for both individuals and employers. The aims include higher rates of individual and employer engagement with skills services and increased flexibility in skills provision to respond to new economic challenges and opportunities; and
 - Strengthening partnerships – between the public, private and third sectors to help improve skills and the contribution they make towards achieving Scotland's social and economic aspirations. The aims include more efficient skills services which are responsive to local needs.
- 3.32 The Ridge is clearly aligned to this national skills strategy through the employability training it has provided to date and the future plans of the organisation support this national strategy. "Employability" is defined by the Scottish Government as *"all the things that enable people to increase their chances of getting a job, staying in a job, and progressing further in work."* *Working for Growth*,¹⁰ the Government's updated employability framework for Scotland recognises that overcoming barriers to work is at the heart of employability. The importance of finding local solutions is highlighted.
- 3.33 In 2014, the Scottish Government published its Youth Employment Strategy – *Developing the Young Workforce*¹¹. The Strategy notes the need for significantly enhanced quality work experience for young people while at school and college. The role of employers in helping young people in the transition from education to the workplace is also highlighted. The ability of The Ridge to offer employability training linked to relevant work placements will ensure the organisation's activity is closely aligned to the national strategy.

¹⁰ The Scottish Government *Working for Growth: A Refresh of the Employability Framework for Scotland*, September 2012

¹¹ The Scottish Government *Developing the Young Workforce – Scotland's Youth Employment Strategy*, December 2014

Key Comparators and Competitors

3.34 Table 3.6 considers existing provision of training restaurant facilities and training in the areas identified as targets by The Ridge, namely hospitality and catering and rural skills. Provision is spread across the Lothians and Borders, but it is noted that much of this provision would be difficult to access using public transport from Dunbar.

Table 3.6 – Training Restaurant Provision and Qualifications Offered

Provider/ Restaurant(s)	Size	Menu prices	Hours of service	Room hire	Qualifications offered	Other aligned subjects
Edinburgh College: EH15, Milton Road	- 70 for sit down meal - 100 for buffet	Lunch – Set Menu £7.50 2 courses and £10 3 courses Dinner - £7.50-£14.95 depending on menu Higher prices for special events	Lunch – Tues-Fri 1215pm & 1230pm Dinner – Tues-Thu 615pm & Fri-Sat 615-815pm	- £275 for under 20 guests - £195 for 21-35 guests - £99 for 36-65 guests - £0 for 66-100 guests - Buffet charge on top ranging from £6.95-£12.95pp - Private hire also available for lunch or dinner	- Food Preparation & Cooking with Food Service SVQ Level 1 - Professional Cookery SVQ Levels 2 & 3 - REHIS Professional Industry Training - Hospitality NC - Hospitality Management HNC and HND - Prince's Trust Get Into Cooking	- Events Management
Edinburgh College: The Apprentice, Granton		Lunch – Set Menu £7.50 2 courses Dinner - £14.95	Lunch – Tues-Fri 1215-1245pm Dinner – Wed-Thu 6-630pm	- Rates not available	- As above	- As above
Borders College: The Restaurant, Galashiels		Lunch - £7.50 3 courses Dinner - £8.50 3 courses	Lunch – Mon, Wed & Thu 12pm Dinner – Tues 6pm	- Rates not available	- Catering & Hospitality Levels 1-3	- Employability Fund - Agriculture Level 1 & NC - Horticulture Levels 1-3 - Landscaping Levels 1-3
Scotland's Rural College:	50 seat		Lunch – Tues-Fri	- Rates not available	- Professional Cookery Levels 1&2 - Professional Cookery	- Agriculture - Countryside - Forestry & Arboriculture

Provider/ Restaurant(s)	Size	Menu prices	Hours of service	Room hire	Qualifications offered	Other aligned subjects
Themes, Elmwood			1215pm Dinner – only occasionally		SVQ Levels 2 & 3 - Professional Cookery HNC - Food Security MSc - Food & Beverage Service SVQ Level 2 - Food Manufacture Production Control Skills SVQ Level 2	- Garden Design - Horticulture & Plantsmanship - Land-based Skills - Landscape - Organic Farming - Rural & Estate Skills
West Lothian College: The Terrace Restaurant, Livingston		Lunch – £7 3 courses Dinner - £16 3 courses	Lunch - Tues-Thu 1215pm Dinner – Thu-Fri 630-7pm	- Rates not available	- Food Preparation & Cooking with Food Service SVQ Level 1 - Professional Cookery NC Levels 5 & 6 - Professional Cookery HNC - REHIS Professional Industry Training	- Events HNC

Summary

3.35 The key points from Section 3 include:

- The project has a sound strategic fit and is closely aligned with planned outcomes in local economic and community development strategies and regional and national strategies for tourism and skills development.
- There are a number of other colleges in the Lothians and Borders offering a training restaurant and courses in hospitality and catering. Training in rural skills areas is less readily available.
- The Ridge should make clear in its future Business Plan, where in the landscape of training and qualifications the new Training Centre programme will fit i.e. initially at the entry to employment/employability, with options to build the qualification offer over time through partnership with other providers.

4. Stakeholder Consultation

Introduction

4.1 This section presents feedback from the consultation process

Key Partners

- 4.2 **Jobcentre Plus:** The Ridge operates as a Skills-based Academy for Jobcentre Plus and has delivered three courses in Care, Hospitality and Rural Skills. Each course has offered up to 10 places for unemployed people to undertake basic employability training. The training was initially targeted at 18-24 year olds in the local area. Since unemployment in this category has reduced, the courses have since been opened up to those over 25 years and across East Lothian.
- 4.3 The provision has been targeted at sectors where there is growth in East Lothian. The main aim is to secure positive destinations for the trainees. The recent Care Academy has achieved good results with 7 of the 10 trainees gaining employment following the course.
- 4.4 Competition for contracts with Jobcentre Plus is tough. The Ridge's provision in Dunbar at the Bleachingfield Centre has helped overcome one of the major barriers to training in rural areas, which is transport.
- 4.5 The future plans of The Ridge to open a bespoke training centre with a focus on hospitality and rural skills are supported in principle by Jobcentre Plus.
- 4.6 **Skills Development Scotland:** The Ridge secured a contract to deliver Employability Fund training for Skills Development Scotland. This training is at Stages 3 and 4 and includes SQA qualifications. The Ridge works in partnership with two other social enterprises (the Fashion School and Karele Equine Therapy) to provide work placements. The Ridge also offers work placements within the café and Backlands project.
- 4.7 The training lasts for 12-13 weeks at Stage 3 and up to 18 weeks at Stage 4. The training helps with employability issues including confidence, CV writing, job knowledge etc. It is too early to assess the performance of The Ridge in terms of helping clients secure positive destinations.
- 4.8 In the past few years Skills Development Scotland has been trying to have a geographical spread of provision throughout East Lothian and Midlothian. As the travel network is a spoke system it is expensive and time-consuming for young people to access training.
- 4.9 The Ridge's future plans fit well generally with the drive to offer better geographical coverage and the industry sectors of focus fit well with East Lothian employment opportunities.
- 4.10 **East Lothian Works:** East Lothian Works is a partnership of key agencies that share information, experience and skills. The Ridge engages with East Lothian Works initially as a training provider involved in the delivery of Activity Agreements. Over the past 12 months, The Ridge has become a provider under the Employability Fund. The relationship is very positive.
- 4.11 The Ridge is one of around 18 Employability Fund providers working with East Lothian Works. Most of the other providers have either a national presence or are based in Edinburgh and not many have a physical base in East Lothian. Dunbar is at the furthest end of the county and transportation is an issue in terms of cost and availability.

- 4.12 East Lothian Works supports the development plans of The Ridge in the context of the current skills and employability landscape. In particular, hospitality is one of the sectors that is always offering employment opportunities. The location of the new Training Centre is key and accessibility is very important. There is room for The Ridge in the current landscape, but it is recognised that this could change over time.
- 4.13 East Lothian Works is very keen on partnership working and would actively encourage The Ridge to develop partnerships particularly with smaller organisations that could offer training, but do not have the premises of their own or aspirations to grow bigger.
- 4.14 In summary, East Lothian Works is supportive of The Ridge's plans for a Training Centre in Dunbar and recognises that the organisation's track record of provision for existing partners is a solid foundation upon which to build.
- 4.15 **Edinburgh College:** The Ridge has no formal relationship with Edinburgh College, but has initiated discussions of the potential partnership that both parties would like to develop over time. Edinburgh College is a Further Education establishment that has a remit to work with people experiencing barriers to learning.
- 4.16 Discussions with The Ridge have been around the possibility of the College delivering training units in partnership with The Ridge. As the College is set up with the Scottish Qualifications Authority etc., it could deliver accredited courses. The College has a track record of working with other partners in this way. The attraction for the College is that it recognises organisations such as The Ridge have a different way of engaging people that might not engage with Edinburgh College directly.
- 4.17 There is complementarity in terms of geographical coverage as Edinburgh College does not have a presence in Dunbar or the surrounding area. The College recognises that those farthest from the job market are often not keen to travel or find it difficult due to their personal circumstances.
- 4.18 The College also believes The Ridge would offer complementarity in terms of subject coverage, as while they offer training in Hospitality and Rural Skills some of this provision is at a higher level than the training offered by The Ridge. The College believes the plans for The Ridge would enhance their provision.
- 4.19 Edinburgh College recognises that the partnership with The Ridge could work on a number of levels including:
- Imparting knowledge gained from running a training restaurant
 - Staff crossover and exchange between the two organisations
 - Consultative relationship to help develop The Ridge's provision
 - Linking the Creative Industries department to the plans for artists' studio space and event space
 - Signposting and introduction to existing partners of Edinburgh College
- 4.20 In summary, Edinburgh College is supportive of The Ridge's development plans and believes that the Training Centre would be a good way to engage people removed from the labour market. It is also generally supportive of the potential for having co-located projects on the site.
- 4.21 **Dunbar Grammar School:** The Ridge has worked with Dunbar Grammar School with a group of students for whom an academic route in the senior phase was not suitable. The preferred option for these students is a vocational route with associated work experience and qualifications. This route was not available in

school and the students were not achieving and had poor attendance and behavioural issues.

- 4.22 The Ridge staff visited the school and met with the group of students to discuss the work, the conditions and the rules. All of the students were enthusiastic and motivated. Once they started one day a week the students then approached the school to ask if the project could be extended to two days a week and for a longer period than the initial 7 week trial.
- 4.23 All of the students' behaviour and focus improved and they began to understand the need for certain qualifications and learning. There was some evidence of an improvement in attendance at school. The school is very keen for the relationship to be carried forward so that similar opportunities can be offered to more students. They recognise the importance of the placements for students' future employment opportunities. In summary, Dunbar Grammar School believes The Ridge is an invaluable resource that it hopes will be available for years to come.

Business Survey

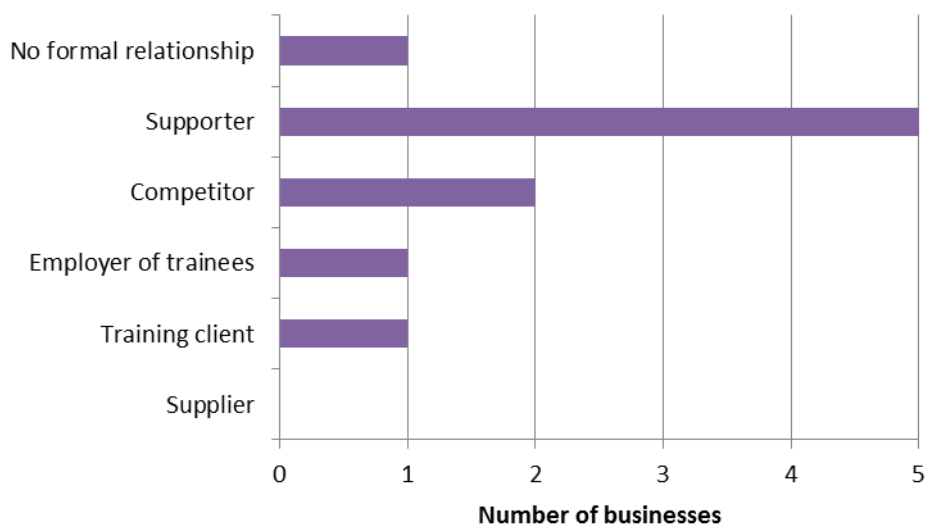
- 4.24 An email survey was sent to a total of 31 businesses. The businesses were identified by The Ridge and characterised as follows:

- Businesses that had taken up training
- Potential competitors in the hospitality field
- Businesses that had acted as a contractor to The Ridge
- Employers of The Ridge trainees
- Key potential employers locally

- 4.25 A total of 8 responses were submitted representing a response rate of 26%. The responses are analysed below. It should be noted that the survey sample was not selected to be statistically representative, but rather to provide a snapshot of the views of a range of businesses and the results should be interpreted in this light.

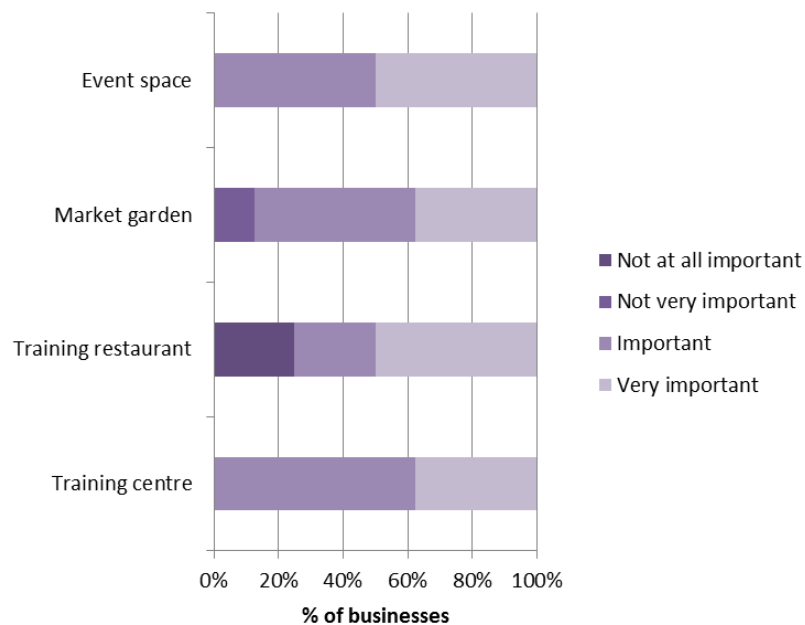
- 4.26 The businesses responding described their relationship with The Ridge in different ways, with the most common being a supporter of the organisation as shown in Figure 4.1.

Figure 4.1 – Q1: How would you characterise your current relationship with The Ridge? (Please select all that apply.)



- 4.27 The businesses were then asked their views on the importance of each of the elements of The Ridge's Training Centre proposal to Dunbar. Figure 4.2 shows how each of the elements were rated by respondents. Only the training restaurant was rated as "not at all" important by 2 respondents. This reflects the fact that some of the businesses contacted are potential competitors in the hospitality field. The respondents were offered an opportunity to explain their answers and the responses received are shown below the chart.
- 4.28 Overall, most of the respondents rated each element of the proposal as "important" or "very important" to Dunbar: 100% for the training centre and event space, 88% for the market garden and 75% for the training restaurant. Another way to look at the results is by an average weighted score, which is shown in Figure 4.2. This confirms the event space is given the highest rating by respondents and the training restaurant the lowest (albeit still positive rating).

Figure 4.2 – Q2: How important do you think each of The Ridge's proposal elements are to Dunbar?

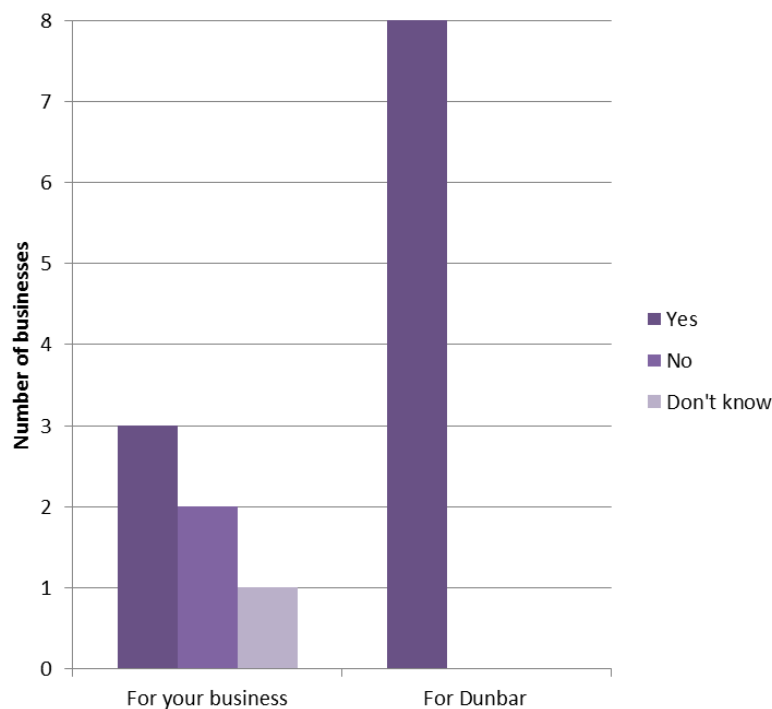


"Training in food and drink is well catered for in an East Lothian economy which champions itself as to the best food and drink county. A lot of public money is already invested in this sector so would see little impact or benefit to another charitably funded enterprise. In terms of training around arts and events including gallery and event space this would be great for the local economy which would benefit hugely from having somewhere to hold performance and music based art. Currently all previous venues have been closed or are over-stretched for the types of uses required."

"My view is that the 'farm to fork' aspirations of The Ridge are the priority."

Figure 4.3 – Q2: Average weighted scores by element

4.29 The businesses were asked whether or not they thought the proposed development could lead to any positive or negative impacts for Dunbar as a whole and their own businesses. Figures 4.4 and 4.5 show the responses received. Encouragingly, all of the businesses responding thought that the proposed Training Centre development could lead to positive impacts for Dunbar. A further 3 businesses thought there could be positive impacts for their own businesses. The open-ended comments received show a willingness to work in partnership with The Ridge and support for the arts and events elements of the proposal.

Figure 4.4 - Q3: Do you think the proposed development could lead to any positive impacts?

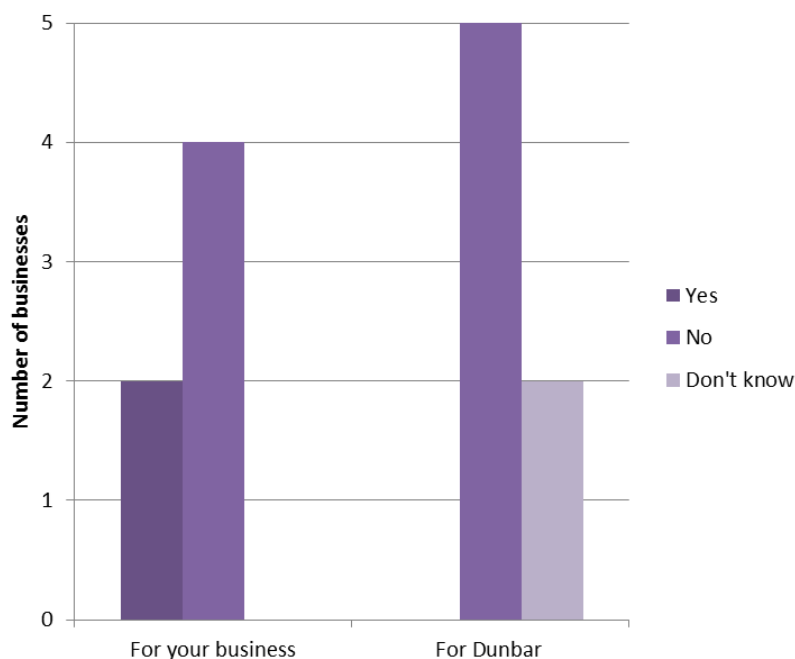
Positive impacts:

"We could work with The Ridge, as lots of potential overlaps with the climbing and skating idea and our surfing/adventure operation."

"Bringing more investment into arts and events has lots of knock on benefits: improvement in the local economy due to increased visitors, improvement of anti-social behaviour, improvement in community engagement."

4.30 Most of the businesses felt that there would be no negative impacts on Dunbar from the development. A couple of businesses thought there could be some negative impact on their business and this is explained in part by the response to the open ended question below where one of the respondents had some concern over business being pulled away from the High Street by the development.

Figure 4.5 – Q4: Do you think the proposed development could lead to any negative impacts?

**Negative impacts:**

"Personally any development which seeks to pull people away from our town centre will impact on trade to all high street businesses. Whether the offshoot of increased passing visitors is unlikely due to the main access points from the A1 having no requirement for visitors to any out of town development to the town centre. Creating a new space is perhaps wasteful of current locations available however logistics are such that cost prohibitions may mean new development is the only realistic option."

4.31 The businesses were then asked their views on the potential co-located projects that have been identified. They were asked to rate the priority level of each of the proposal elements. The majority of the businesses rated each of the elements as either a high or medium priority as shown in Figure 4.6. The average weighted scores of each of the elements shown in Figure 4.7 indicate that the builders' yard and skate park/climbing wall have the greatest support amongst the respondents, with Demarco art collection ranking lowest. However, it should be noted that all of the scores are positive and indicate support in principle from the business community. This is also reflected in the responses to the open ended question.

Figure 4.6 - Q5: The project might offer opportunities for co-location with a number of other developments, with the aim of attracting more people to visit. How would you rate each development?

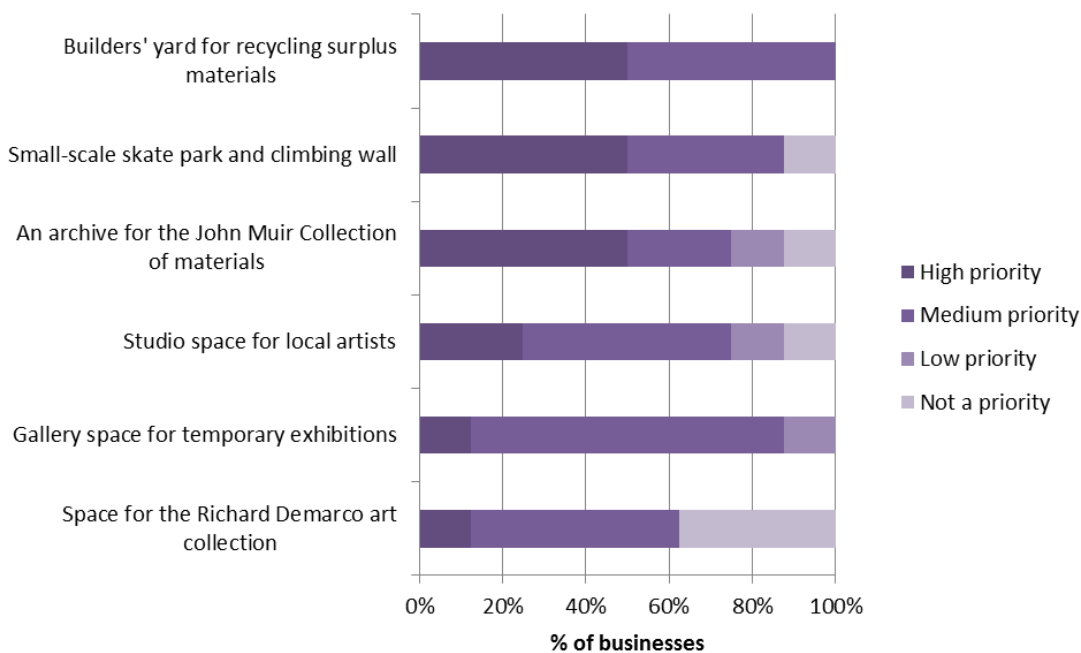
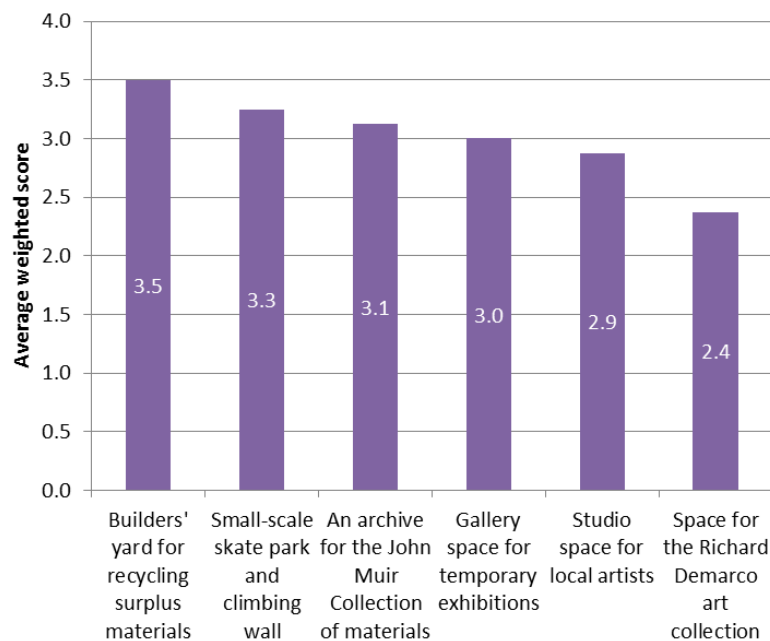


Figure 4.7 – Q5: Average weighted score by element



"It would be awesome to have a place for the kids – skate wise and climbing in East Lothian is really under served. Dunbar has a huge number of children that would benefit from this (and adults too). We'd happily get involved as we have ideas too in this area."

"It would be interesting to see if there is any benefit to pairing together a modern leisure pursuit and traditional art space. I'd like to see more interactive art spaces than the traditional picture hanging room."

"A skate park and climbing wall will engage younger people in the town, which is important. A builder's yard for the recycling of materials fits perfectly with the aims of Zero Waste Dunbar, and is in tune with these times of austerity. It would foster good habits and norms for re-using useful items."

- 4.32 Finally, the businesses were offered an opportunity to leave additional comments and the responses are shown below. In summary, the business survey indicates a broad level of support for The Ridge's future plans.

"A meeting would be good if it looks likely?"

"Good luck."

Young People/Clients

- 4.33 It is important to consider the views of the young people and other clients of The Ridge in the development of the proposals for the future. Feedback from current or recent trainees is considered below.

- 4.34 The Ridge has been working with Dunbar Grammar School pupils in the following ways:

- Long-term regular placements have been offered in the cafe for young people from Dunbar Grammar School who are struggling with confidence and anxiety issues. Confidence is built and skills gained, and positive impacts have been reported by both school and families.
- Other pupils come once a week to work in the Backlands. They are at risk of permanent exclusion from school, due to attendance and behavioural issues. They are learning new practical and soft skills (i.e. turning up, taking responsibility for themselves as part of a team, accepting authority etc.). The school has identified major positive impacts resulting across the board.

- 4.35 Three clients recently attending a Certificate of Work Readiness course have provided feedback. One has a mild learning disability and another is Autistic and they have been integrated into a course with people with different abilities and this has been a success. The feedback is summarised below:

- WHAT DID YOU THINK OF THE TRAINING?
 - *I enjoyed the course and it helped improve my confidence*
 - *It was enjoyable and I learnt about being in employment and how to relate to people*

- *How to get employed and care for other people e.g. Customer Care*
- HAS IT LEAD TO CHANGES SO FAR?
 - *This course has helped me improve my confidence. It has put me into an SQA unit in Introduction to Health and Social Care. I have two more references to add to my CV*
 - *Yes - I am now employed for the first time ever. In the Ridge cafe for 16 hours per week for 6 months. My confidence has grown since I started in October as I have interacted with the other candidates, team members on my placement and customers*
 - *Yes it has helped me to improve my confidence in myself so I could be ready for work and more training so I could do more in the horse care*
- DO YOU THINK IT WILL LEAD TO ANY CHANGES IN THE FUTURE
 - *Yes, because it could help with future jobs and placements*
 - *Hopefully after 6 months experience behind me I can apply for other jobs*
 - *Yes, I will be doing further training in the future*
- WHAT WOULD YOU HAVE DONE IF YOU HADN'T TAKEN PART IN THE RIDGE TRAINING?
 - *I would have just been applying for jobs and waiting to see if I get them*
 - *I would have been bored with nothing much to do. I didn't know I could get a chance like this at The Ridge*
 - *I would have not got a job/work placement*
- IS THERE ANY OTHER TRAINING YOU WOULD LIKE TO SEE THE RIDGE PROVIDE?
 - *I would like to see if they could provide the SQA course I am going to in Musselburgh as it is hard to get to*
 - *I would like to go on other courses that are suitable for me, now that I know I can manage ok*

4.36 Another couple of client stories are shown below to illustrate the positive impact of The Ridge's work.

Jane's Story

Jane is in her 50's and has little employment experience. While attending a course at the Job Centre she was signposted to The Ridge Café. Jane began to volunteer at the café clearing tables and helping in the kitchen. She has now been a volunteer for around 3 years. The volunteer placement helped Jane establish a routine and meeting people helped develop her communication skills and confidence interacting with people. She also gained skills from the work she was doing. Volunteering with The Ridge gave Jane the confidence and work experience to apply for a job with a fast food restaurant. She got the job and believes that she would not have secured the job if she hadn't volunteered at The Ridge Café. She continues to volunteer at the Café as she still feels that she gains a lot from the experience.

Nicola's Story

Nicola took part in a Stage 3 Employability course. She found this a very positive experience:

"I thought it was absolutely fantastic. I felt as if I was in my element. I thoroughly thrived. I can honestly say if it was not for my tutor I would never have found out what career path I want to embark on."

The training has led to a work placement in a care home and with the help of The Ridge Nicola is pursuing Social Care courses in East Lothian. She believes the training and support from her tutor has given her the confidence to enquire about courses. She is hoping that the work placement will lead to an offer of employment and hopes to gain an SVQ or HNC/NC in Social Care either through on the job training or at college.

She feels that The Ridge gave her direction:

"Without The Ridge and my tutor I would not be where I am now and have the knowledge that I have now. I would quite frankly still be walking around like a lost lamb not knowing what direction I am meant to be going in."

Nicola has to fit training around childcare for her young daughter and found the local provision at The Ridge helped get around the difficulties with travel.

- 4.37 The geographical isolation of some of The Ridge's clients in terms of issues relating to transportation is faced daily. The case study below highlights some of the issues.

Geographical Isolation

The Ridge currently has two candidates who have been offered places on a course run by Edinburgh College and East Lothian Council. The course is to complete one unit of an SQA for Health and Social Care or Childcare. The course is run at Musselburgh East Community Centre and is an excellent concept which guarantees an interview for the Candidates choice of full time course at the college. It is run by the college tutors so they can inform at which level to study etc. The candidates are also enrolled as a student of Edinburgh College with the benefits that brings.

The two clients are delighted to be accepted onto the course, but are experiencing real travel issues in getting from Dunbar to Musselburgh. They have to get a bus to Haddington, wait for a connecting bus to Musselburgh and the fare is £8.20 return. The course gives them an allowance of £3. One of the candidates contacted The Ridge in distress explaining that her mother is a single mother and cannot afford to pay the £5.20 difference in the bus fare. The Ridge stepped in to drive the client to the course so she did not lost the opportunity for her future. The course is two hours long and the clients have to spend longer traveling than they do on the course.

The Ridge is also aware of another client who had to leave her course because of the logistics involved in getting to the venue and difficulties in getting back in time to collect her daughter from school.

Summary

4.38 The key points from Section 4 can be summarised as follows:

- The key partners are very supportive of The Ridge's future plans and the plans fit well with partners' drives to offer better geographical coverage across East Lothian and, in particular in Dunbar. The partners recognise that those farthest from the job market are often not keen to travel or find it difficult due to their personal circumstances. The Ridge's development plans are seen by partners as a good way to engage people removed from the labour market.
- The industry sectors of focus fit well with East Lothian employment opportunities. Edinburgh College believes The Ridge would offer complementarity in terms of subject coverage, as while they offer training in Hospitality and Rural Skills some of this provision is at a higher level than the training offered by The Ridge. The College believes the plans for The Ridge would enhance their provision.
- Partnership working has been highlighted as very important and The Ridge's key stakeholders would actively encourage the organisation to develop partnerships particularly with smaller organisations that could offer training, but do not have the premises of their own or aspirations to grow bigger.
- The businesses responding to the survey were very supportive of the proposals for a Training Centre and could see the development leading to positive impacts for Dunbar and in some cases for their own business directly.
- There are a number of examples of the positive impacts being achieved by The Ridge in working with young people and clients of all ages to help develop confidence and skills and prepare them for employment.

5. Option Appraisal

Introduction

- 5.1 The purpose of this section is to present a series of options for the project and to appraise these options in order to determine the preferred option for development moving forward.

Site for Development

- 5.2 The site that has been identified for the project is a 5-acre site on land owned by Hallhill Developments, situated on Spott Road, Dunbar, behind the Garden Centre.
- 5.3 Clearly the main risk to the Training Centre project is the inability to secure the land and the willingness of the owner to sell the site at an accessible price. An alternative option would be for the current owner to develop the site with The Ridge then leasing the land and buildings.
- 5.4 The following options have been identified for consideration:
- Option 1: Do nothing/status quo
 - Option 2: Expansion of current model
 - Option 3: New site development: training centre
 - Option 4: Lease new building: multi-use proposal

Option 1

- 5.5 Option 1 is that there is no new development pursued by The Ridge. The café and garden would continue to operate and training provision would still be in the current leased premises. This option would not require any purchase of land. It would not allow for the development of a training restaurant or event space. **This option does not meet the long-term aspirations of The Ridge and does not allow for growth to meet the needs of the local community, therefore it is not a preferred option.**

Option 2

- 5.6 Option 2 is the expansion of the current model involving the use of leased premises at the Bleachingfield Community Centre or elsewhere. There would be no land purchase or new development. This option would be constrained by the availability of suitable accommodation for training and, as with Option 1, would not allow the creation of a training restaurant or event space. This would impact on The Ridge's ability to generate an income from their activities. There is an issue at present with the availability of space at the Bleachingfield Centre as the premises are used by other groups. There is no other suitable accommodation available locally. **This option does not meet the long-term aspirations of The Ridge and while some expansion would meet some community need it would be constrained by availability of suitable space for training. Option 2 is not a preferred option.**

Option 3

- 5.7 Option 3 comprises the construction and development of a new Training Centre located on the site that has been identified on the outskirts of Dunbar. This option would involve The Ridge purchasing the site from the current owner and developing a new Training Centre, including a training restaurant, function room and market garden. **This option would meet the long-term aspirations of The Ridge and**

would allow for expansion of current activity to meet the needs of the community. Option 3 is a preferred option.

- 5.8 While Option 3 is a preferred option it is noted that there is considerable risk involved in the ability of the organisation to raise funds for both the land purchase and the building construction costs. This is likely to have an impact on the developer's willingness to sell the land as there would be a risk of the development failing to go ahead. Therefore, a second preferred option has been identified below.

Option 4

- 5.9 Option 4 involves the current owners of the site developing the site and constructing the buildings. The buildings and land would then be leased back to The Ridge with another third party organisation taking on the head lease to allow the development to go ahead. There have been examples elsewhere of this type of relationship operating with the local authority as the third party. This option is the one favoured by the site owners who are also keen for the development to include colocated projects including the Richard Demarco art collection, the John Muir Collection and space for local artists to display their work and have studio space. This would have the potential to generate visitors to the development, which would add to the chances of the project being financially viable. **This option would also meet the long-term aspirations of The Ridge and the needs of the community by facilitating an expansion of current activity. Option 4 is also a preferred option.**
- 5.10 While Option 4 would take away the risks involved in having to raise considerable finance to fund the site purchase and construction of a new building, it has risks for The Ridge in terms of the requirement to generate income to meet the rental costs of the building. The success of the project would also be dependent on finding a suitable organisation to take on the head lease and would rely on partners being involved to allow the inclusion of the colocated projects. Therefore, both Option 3 and Option 4 have been included in the financial assessment.

Summary

- 5.11 The key points from Section 5 are as follows:

- The preferred options are Options 3 and 4 as they both meet the longer-term aspirations of The Ridge.
- Option 3 for the development of the Training Centre project is dependent on being able to acquire the land in question and to secure appropriate planning consent, before the organisation takes on responsibility for overseeing the construction of the building and site. This would involve considerable financial burden for The Ridge in financing the site purchase and construction phases.
- Option 4 would involve site being developed by a third party and another third party taking on the head lease. The Ridge would then lease the buildings and land to deliver its activities. This would involve higher ongoing revenue costs for The Ridge to meet the rental charges.

6. Financial Appraisal

Introduction

- 6.1 This section considers the financial viability of the various options for the project described in Section 5. The capital costs are considered along with income and expenditure projections.

Capital Costs

- 6.2 The capital costs associated with the project are based on a calculation of the development cost per square metre. Therefore, for each of the preferred options the estimated gross internal area of the Training Centre is detailed below with the key assumptions identified.
- 6.3 Table 6.1 shows the estimated internal area of the Training Centre under Option 3. The total gross internal area is estimated as 1,086m².

Table 6.1 – Estimated Internal Area: Option 3

Internal element	Area m ²	Assumptions
Large training room	100	up to 45 people classroom style
Large training room	100	up to 45 people classroom style
Large training room	100	up to 45 people classroom style
Small training room	50	up to 22 classroom style
Small training room	50	up to 22 classroom style
Training kitchen	100	space for up to 20 learners with one cooker & sink per 2 learners
Restaurant	100	1.85m ² x 40 covers plus space for wait stations
Function room	100	up to 90 banquet style
Meeting room	25	up to 6 boardroom style
Meeting room	25	up to 6 boardroom style
Office space	15	medium sized office for one person
Office space	54	Open plan space for up to 6 people
Student relaxation space	50	
Net to gross area conversion	217	Net to gross ratio of 80% to account for circulation and WCs
Total internal area m²	1,086	

- 6.4 Table 6.2 shows the estimated internal area of the Training Centre under Option 4. The total gross internal area is estimated as 1,399m².

Table 6.2 – Estimated Internal Area: Option 4

Internal element	Area m ²	Assumptions
Large training room	100	up to 45 people classroom style
Large training room	100	up to 45 people classroom style
Large training room	100	up to 45 people classroom style
Small training room	50	up to 22 classroom style
Small training room	50	up to 22 classroom style
Training kitchen	100	space for up to 20 learners with one cooker & sink per 2 learners
Restaurant	100	1.85m ² x 40 covers plus space for wait stations
Function room	100	up to 90 banquet style with flexibility to use as performance space
Meeting room	25	up to 6 boardroom style
Meeting room	25	up to 6 boardroom style
Office space	15	medium sized office for one person
Office space	54	Open plan space for up to 6 people

Student relaxation space	50	Flexible space for use as common room
Demarco collection gallery	100	
John Muir Collection archive	50	
Artists' studio large	50	Potential to double up as gallery space
Artists' studio small	25	Average studio size for visual artists
Artists' studio small	25	Average studio size for visual artists
Net to gross area conversion	217	Net to gross ratio of 80% to account for circulation and WCs
Total internal area m²	1,399	

6.5 The external area for both Option 3 and Option 4 is assumed to be the same and is detailed in Table 6.3.

Table 6.3 – Estimated External Area: Option 3 and Option 4

External element	Area m ²	Assumptions
Training area	200	Space for sheds with work surfaces and storage of equipment
Poly tunnels	220	2 tunnels of 5.5mx20m
Garden	6,070	1.5 acres for garden area
Car parking	1,642	4.8x2.4m standard bay x 100 spaces plus 10 rows of 6mx10 space widths for circulation plus disabled parking at 1 per 20 spaces of 4.8x3.6m for 5 spaces
Total external area m²	8,132	

6.6 Table 6.4 shows the estimated capital cost of development for Option 3 and Option 4. It should be noted that under Option 4, The Ridge would not be liable for the capital costs and the estimate has only been provided for comparison and to aid the economic impact calculations late in this Section.

Table 6.4 – Estimated Capital Costs: Option 3 and Option 4

	Option 3	Option 4
Site purchase	£750,000	-
Construction works	£2,788,404	£3,590,591
Total	£3,538,404	£3,590,591

6.7 The capital costs are based on the following assumptions:

- Site purchase: The site purchase cost would be based on the valuation provided by the District Valuer. In the absence of a valuation at this stage an estimate has been provided based on market rates¹² that have been adjusted to fit the local context. Discussions between the site owner and The Ridge are ongoing.
- Construction works: The construction costs have been calculated using a proxy measure of the cost per m² of a typical new build college building.¹³ The figure used is £2,567 per m². This includes the following categories: substructure; superstructure; internal finishes; fittings, furniture and equipment; services; external works; preliminaries; contingencies; equipment; professional fees; and VAT. A detailed breakdown and definitions of estimated construction works is provided in Appendix A.

¹² Valuation Office Agency *Property Market Report 2011 The annual guide to the property market across England, Wales and Scotland* Crown copyright 2011

¹³ Skills Funding Agency, AECOM et al *Further Education Schemes Cost Models – New Build, Small Works and Refurbishment Construction*, July 2014

Income and Expenditure

6.8 The projected income and expenditure profile of the project under Option 3 is shown in Table 6.5.

Table 6.5 – Income and Expenditure Profile: Option 3

	Year 1	Year 2	Year 3	Year 4	Year 5
Income					
Training contracts	£150,000	£165,000	£185,000	£205,000	£225,000
Commercial training	£30,000	£35,000	£35,000	£40,000	£40,000
Training restaurant	£52,500	£63,000	£77,280	£92,640	£109,080
Function room hire	£4,000	£6,200	£9,120	£11,510	£15,100
Training room hire	£2,400	£3,400	£4,800	£5,880	£7,800
Total Income	£238,900	£272,600	£311,200	£355,030	£396,980
Expenditure					
Staffing	£440,400	£440,400	£444,804	£449,252	£453,745
Running costs	£56,485	£56,485	£57,615	£57,615	£58,767
Rent and rates	£13,708	£13,708	£13,708	£15,079	£15,079
Other costs	£15,750	£18,900	£23,184	£27,792	£32,724
Total Expenditure	£526,343	£529,493	£539,310	£549,737	£560,314
Surplus/Deficit	-£287,443	-£256,893	-£228,110	-£194,707	-£163,334

6.9 The income forecasts for Option 3 are based on the following assumptions:

- Training contracts: This assumes that The Ridge continues to work with key partners on contracts like Skills Based Academies and the Employability Fund. It also includes other income from training contracts or project-specific funding to develop training and volunteering programmes.
- Commercial training: Current activity levels for commercial training have been used as the basis for forecasting future potential income from courses such as the chainsaw course. Ongoing consultation with local businesses will help determine future training needs from the commercial sector.
- Training restaurant: It is assumed that the training restaurant will be open 30 weeks of the year for five days for lunch and four days for dinner. The 40-cover restaurant is assumed to have 50% occupancy in year 1 rising to 90% in year 5. A set menu for lunch and dinner is priced at £7.50 and £12.50 respectively in year 1, rising to £9 and £14 by year 5.
- Function room hire: In year 1, 12 commercial hires are assumed at a rate of £300 and 4 community hires at a reduced rate of £100. By year 5, it is assumed there will be 36 hires at a full commercial rate of £350 and 20 community hires at a reduced rate of £125.
- Training room hire: In year 1, 12 commercial hires are assumed at a rate of £150 and 12 community hires at a reduced rate of £50. By year 5, it is assumed there will be 36 hires at a full commercial rate of £175 and 20 community hires at a reduced rate of £75.

6.10 The expenditure forecasts for Option 3 are based on the following assumptions:

- Staffing: The posts allocated and their respective salaries are shown below. In addition, there is a 20% allowance for employee costs. It is assumed that additional support will be provided by volunteers:
 - Managing Director FT – £30k
 - Training Manager FT – £25k

- Trainers FT x2 - £20k
- Restaurant Manager FT – £25k
 - Restaurant Staff FT x6 - £14k
 - Restaurant Trainees FT x2 - £10k
- Garden Manager FT – £25k
 - Garden Trainers FT x3 - £20k
 - Gardeners FT x2 - £14k
 - Garden Trainees FT x2 - £10k
- Marketing & Events Officer PT – £22k pro rata
- Running costs: The average college estate running costs have been taken as a proxy measure. An average cost of £52 per m² per annum has been used.¹⁴ Total running costs comprise the following items: insurance, net service charge, cleaning, water and sewerage, maintenance, security, waste disposal and estate management costs. Rent and rates are excluded from this figure.
- Rent & Rates: It is assumed there would be no rental costs as The Ridge would own the building. Business rates have been calculated as £0.49 in every £1 of rateable value. The assumed rental figure for Option 4 has been used as a proxy for the rateable value and 80% rates relief has been assumed for CICs.
- Other costs: This includes the training restaurant food purchase costs. The cost is taken as the industry standard measure of 30% of the menu price.

6.11 The projected income and expenditure profile of the project under Option 4 is shown in Table 6.6.

Table 6.6 – Income and Expenditure Profile: Option 4

	Year 1	Year 2	Year 3	Year 4	Year 5
Income					
Training contracts	£190,000	£205,000	£225,000	£245,000	£265,000
Commercial training	£30,000	£35,000	£35,000	£40,000	£40,000
Training restaurant	£90,300	£103,200	£115,260	£127,980	£141,360
Function room hire	£5,400	£7,600	£10,640	£13,030	£16,750
Training room hire	£3,200	£4,200	£5,680	£6,760	£8,800
Artists' studio hire	£2,500	£2,500	£3,120	£3,380	£3,780
Total Income	£321,400	£357,500	£394,700	£436,150	£475,690
Expenditure					
Staffing	£470,400	£470,400	£475,104	£479,855	£484,654
Running costs	£72,735	£72,735	£74,190	£74,190	£75,673
Rent and rates	£153,583	£153,583	£153,583	£168,941	£168,941
Other costs	£27,090	£30,960	£34,578	£38,394	£42,408
Total Expenditure	£723,808	£727,678	£737,454	£761,380	£771,676
Surplus/Deficit	-£402,408	-£370,178	-£342,754	-£325,230	-£295,986

6.12 The income forecasts for Option 4 are based on the following assumptions:

- Training contracts: The assumptions are as per Option 3, with a greater allowance for project-specific training due to the increased opportunities for arts-related funding and income by having the Demarco and John Muir collections on-site.
- Commercial training: The assumptions are as per Option 3.

¹⁴ MSCI eMAndate – The performance of SFA funded college estates, July 2015

- **Training restaurant:** It is assumed that the Demarco and John Muir collections will attract visitors to the site that will in turn increase demand for the restaurant. It is assumed that the training restaurant will be open 30 weeks of the year for six days for lunch and five days for dinner. The 40-cover restaurant is assumed to have 70% occupancy in year 1 rising to 95% in year 5. A set menu for lunch and dinner is priced at £7.50 and £12.50 respectively in year 1, rising to £9 and £14 by year 5.
- **Function room hire:** It is assumed that the Demarco and John Muir collections will be an added attraction to boost function numbers. In year 1, 16 commercial hires are assumed at a rate of £300 and 6 community hires at a reduced rate of £100. By year 5, it is assumed there will be 40 hires at a full commercial rate of £350 and 22 community hires at a reduced rate of £125.
- **Training room hire:** It is assumed that the Demarco and John Muir collections will be an added attraction for arts-related training. In year 1, 16 commercial hires are assumed at a rate of £150 and 16 community hires at a reduced rate of £50. By year 5, it is assumed there will be 40 hires at a full commercial rate of £175 and 24 community hires at a reduced rate of £75.
- **Artists' studio hire:** It is assumed that the artists' studios will be available for rent 40 weeks of the year and will have 50% occupancy in year 1 rising to 70% in year 5. The two small studios will be charged at £25 per week and the large studio at £50 per week in year 1, rising to £27 and £54 by year 5.

6.13 The expenditure forecasts for Option 4 are based on the following assumptions:

- **Staffing:** The posts allocated and their respective salaries are shown below. In addition, there is a 20% allowance for employee costs. It is assumed that additional support will be provided by volunteers:
 - Managing Director FT – £30k
 - Training Manager FT – £25k
 - Trainers FT x2 - £20k
 - Restaurant Manager FT – £25k
 - Restaurant Staff FT x6 - £14k
 - Restaurant Trainees FT x2 - £10k
 - Garden Manager FT – £25k
 - Garden Trainers FT x3 - £20k
 - Gardeners FT x2 - £14k
 - Garden Trainees FT x2 - £10k
 - Marketing & Events Officer PT – £22k pro rata
 - Gallery Manager FT - £25k
- **Running costs:** as per Option 3 a figure of £53 per m² has been used.
- **Rent & Rates:** Business rates have been calculated as per Option 3. The building rental figure has been assumed to be £100 per m² per annum based on available market data.
- **Other costs:** as per Option 3 this includes restaurant food purchases.

6.14 In summary, the financial viability of the project is shown in Table 6.7. Under Option 3, there is a deficit in Year 1 of £287k reducing to £163k by Year 5. Under

Option 4, there is a larger deficit of £402k in year 1 which is reduced to £296k by year 5.

Table 6.7 – Financial Viability Summary: Options 3 and 4

	Year 1	Year 2	Year 3	Year 4	Year 5
Option 3					
Income	£238,900	£272,600	£311,200	£355,030	£396,980
Expenditure	£526,343	£529,493	£539,310	£549,737	£560,314
Surplus/Deficit	-£287,443	-£256,893	-£228,110	-£194,707	-£163,334
Option 4					
Income	£321,400	£357,500	£394,700	£436,150	£475,690
Expenditure	£723,808	£727,678	£737,454	£761,380	£771,676
Surplus/Deficit	-£402,408	-£370,178	-£342,754	-£325,230	-£295,986

6.15 It is important to undertake sensitivity analysis to consider the situation if the assumptions made do not turn out to be accurate. Table 6.8 shows the implications on the bottom line if the training contract income was increased or decreased by 25% and staffing expenditure increased or decreased by 25%.

Table 6.8 – Financial Sensitivity Analysis Summary

	Lower training contract value (-25%)	Higher training contract value (+25%)	Lower staffing expenditure (-25%)	Higher staffing expenditure (+25%)
Option 3				
Income	£201,400	£276,400	£238,900	£238,900
Expenditure	£526,343	£526,343	£416,243	£636,443
Surplus/Deficit	-£324,943	-£249,943	-£177,343	-£397,543
Option 4				
Income	£273,900	£368,900	£321,400	£321,400
Expenditure	£723,808	£723,808	£606,208	£841,408
Surplus/Deficit	-£449,908	£354,908	-£284,808	£520,008

6.16 It is clear that for the Training Centre project to be viable The Ridge will need to put together a funding package either to cover the significant capital costs of Option 3 or the substantial running costs of Option 4. If the running costs and rent and rates are excluded from the expenditure in Option 4, this would reduce the deficit to £176k in Year 1 and £51k by Year 5.

6.17 There is a strong rationale for public sector intervention in the project given the excellent strategic fit of the project and the support from key partners and stakeholders. Any public sector funding would require to be predicated on the presence of market failures. Market failures in the area of skills development can take the following forms:¹⁵

- **Externalities:** When employers provide training to employees that is transferable to other employers there can be a “free rider” problem when employees move jobs. The new employer can accrue the benefits of the original employer’s investment. This is a particular concern for general employability-type training that is not specific to any one category of employer. This can lead employers to under-invest in training as they believe they might not fully benefit from their investment.

¹⁵ See https://www.s4ye.org/sites/default/files/S4YE_Report_1603414_Web.pdf or https://www.researchgate.net/publication/265225212_MARKET_FAILURE_IN_SKILLS for discussions of market failures in skills development

- **Imperfections in capital markets:** Individuals and employers may lack the funds to invest in training or other activities that have positive returns. This can particularly affect smaller businesses and financially disadvantaged individuals. This then leads to socially suboptimal levels of training.
- **Imperfect information:** Information failures can affect decisions relating to employment and training. This can particularly impact upon young people as they typically have little labour market experience to present to employers. The potential employers are reliant on assessing qualifications, which can have a mismatch with actual skills. Individuals and firms can also be unaware of the types of training most beneficial to employment.
- **Indivisibilities and scale economies:** Firms may be constrained from investing in skills development if there has to be a certain level of investment attained before the benefits exceed the costs. This is more of an issue for smaller firms.
- **Equity:** Governments often have equity goals that markets alone will not meet and may even counteract. An example of this is disadvantaged young people who require a greater level of training to gain employment skills than other young people. Firms may find it unprofitable to provide this level of training. As the social benefit of integrating disadvantaged young people exceeds the private benefits to potential employers, there is a strong rationale for government intervention to ensure that training is provided as the market alone would lead to an underinvestment in this area.

6.18 The market is not currently providing employability training in Dunbar as shown in the previous sections of the report. This indicates the presence of some or all of the market failures outlined above and provides a rationale for investment from the public sector in the Training Centre project.

Economic Impact

- 6.19 The construction of the Training Centre will create and sustain jobs for the appointed contractors: this is the direct construction impact of the site. There will be subsequent employment effects as the appointed contractors increase spending with their suppliers on materials and equipment: these supply chain effects are known as the indirect construction impact of the project. In turn, workers supported directly and indirectly will spend their incomes in the local economy, sustaining further employment in consumer industries like retailers and restaurants: this is the induced impact of the project. The direct, indirect and induced impacts together give the total construction impact of the project.
- 6.20 The Scottish Government publishes multipliers for the construction industry which demonstrate the indirect and induced impacts for expenditure in the sector, and employment conversion coefficients to estimate the full time equivalent jobs (FTEs) supported by this level of spend. These figures are published in the Input-Output tables as part of Scotland's national accounts¹⁶. Based on the estimated construction costs for the site and these multipliers, the estimated total construction impact for the site is £5.2m for Option 3, supporting 46 FTEs, and £6.7m for Option 4, supporting 60 FTEs. These estimated impacts are at Scotland level. Unless a local contractor is appointed, it is unlikely that this impact will accrue to Dunbar, except for some of the onsite staff spending in local retailers while working on-site (a small share of the induced impact).

¹⁶ <http://www.gov.scot/Topics/Statistics/Browse/Economy/Input-Output/Downloads>

Table 6.9 – Construction Impact Estimates

	Option 3		Option 4	
	Output	FTE jobs	Output	FTE jobs
Direct	£2,788,404	23.6	£3,590,591	30.4
Indirect	£1,708,242	16.0	£2,199,680	20.6
Induced	£694,507	6.6	£894,308	8.5
Total construction impact	£5,191,153	46.2	£6,684,579	59.5

6.21 As with construction, the on-going operating of the site will create supply chain effects. The site has direct operating costs and employees, and in turn will spend with food suppliers, catering equipment and education materials supporting indirect supply chain jobs. Again, these direct and indirect supported jobs will earn incomes which are then spent in the local economy. The Scottish Government publishes multipliers for the education sector and the food service industry. Given the profile of the site, we have assumed an average of these 2 sectors for the supply chain profile. These impacts will accrue annually and predominantly in Dunbar, given that the employees and suppliers are likely to be local.

Table 6.10 – Operating Impact Estimates

	Option 3		Option 4	
	Output	FTE jobs	Output	FTE jobs
Direct	£560,314	21.5	£771,676	22.5
Indirect	£123,531	2.8	£170,130	3.0
Induced	£178,554	2.9	£254,909	3.1
Total operating impact	£862,399	27.3	£1,187,714	28.5

6.22 Under Option 4, the Training Centre will attract visitors to Dunbar and those visitors will spend in the local area during their visit. By using VisitScotland average visitor expenditure figures it is possible to estimate the potential visitor impact of the Training Centre.

6.23 Table 6.11 shows the number of visitors in the financial model by visitor type when the total visitors in Year 1 is assumed to be 2,433. Average spend figures are applied to estimate the potential spend in the area. In order to estimate the net economic impact from additional visitor spend, both displacement and deadweight have to be taken into account. Displacement refers to spend that would have taken place elsewhere and therefore any increase in spend due to the Training Centre is offset by a decrease in spend somewhere else as the benefit is diverted and deadweight refers to spend that would have taken place anyway in the local area in the absence of the Training Centre e.g. by visitors visiting another local attraction. Therefore, the combined figure in the table represents the proportion of spend that is disregarded.

6.24 Any spend by local residents has been disregarded as it is assumed that residents would have spent the same amount in the local area if they had not visited the Centre. It is assumed that 75% of spend would have occurred by day trippers from the surrounding areas visiting other attractions, 50% for UK visitors and 25% for overseas visitors, who are more likely to include a tour of surrounding areas when holidaying in Edinburgh/Scotland and could therefore be attracted to Dunbar by a new visitor attraction.

Table 6.11 – Visitor Impact Estimates

	Visitors	Average Spend*	Displacement & Deadweight	Net additional spend
Local residents	1,317	£46	100%	£0
Day visitors	694	£46	75%	£7,981
UK visitors	386	£66.25	50%	£12,786
Overseas visitors	36	£88.25	25%	£2,383
Total	2,433	-	-	£23,150

*Sources: The Great Britain Day Visits Survey 2011 and Tourism in Scotland 2011, VisitScotland

6.25 Based on the projected visitor numbers for Year 1 of operation, the potential revenue generated by additional visitors to Dunbar is estimated to be £23k.

Summary

6.26 The key points from Section 6 include:

- The total capital cost of Option 3 is £3.5m including site purchase and construction costs. The construction costs for Option 4 are estimated as £3.6m, but The Ridge would not be liable for these costs under this option as they would be leasing the buildings constructed by the developer.
- Based on projected income and expenditure figures for Option 3 there is a deficit of £287k in year 1, with the project reducing the deficit to £163k by year 5. This suggests that the project is unlikely to be financially sustainable without a level of subsidy through a funding package.
- Option 4 has a greater deficit of £402k in year 1, which is forecast to reduce to £295k by year 5. This reflects the increased cost base due to the model involving the rental of the building. As per Option 3, this option would rely upon a funding package being secured.
- The market is not currently providing employability training in Dunbar as shown in the previous sections of the report. This indicates the presence of some form of market failure and provides a rationale for investment from the public sector in the Training Centre project.
- The estimated total construction impact for the project is £5.2m for Option 3, supporting 46 FTEs, and £6.7m for Option 4, supporting 60 FTEs. The estimated total operating impact is £862k for Option 3, supporting 27.3 FTEs, and £1.2m for Option 4, supporting 28.5 FTEs. The potential revenue generated by additional visitors to Dunbar is estimated to be £23k.

7. Funding Assessment

Introduction

7.1 This section considers the feasibility of raising finance from a range of funding streams by considering the fit of the Training Centre project with funders' requirements and eligibility criteria.

Review of Funding Sources

7.2 Table 7.1 provides an overview of potential funding sources and assesses the strength of the fit of the project with the funders' requirements. The table also identifies the eligible costs (capital, revenue, activity or project) for each source of funding. It should be noted that this is not an exhaustive list of all funds available, but rather a summary of the key, larger awards that might apply to The Ridge's project.

Table 7.1 – Overview of Potential Funding Sources

Funder/Fund Overview	Eligibility criteria	Key requirements	Strength & Focus
Land Acquisition Only			
<p>Big Lottery – Scottish Land Fund (SLF)</p> <p>www.biglotteryfund.org.uk/prog_scottish_land_fund</p> <p>Organisations can apply for an SLF grant of between £10,000 and £750,000 for up to two years. In exceptional circumstances larger grants may be available.</p> <p>The Fund will accept new applications in 2016 with timings yet to be announced.</p>	<p>The SLF can fund up to 95% of project costs including the purchase price of the land or land assets, professional and legal fees associated with the purchase, and some initial help with running costs.</p> <p>The SLF is open to organisations that are community led, community-controlled, and defined by a geographical area. We will only make grants to projects in rural communities (settlements with a population of less than 10,000).</p>	<p>All projects must meet outcome 1:</p> <ol style="list-style-type: none"> 1. Rural communities achieve increased sustainable economic, social and environmental development through the experience of acquiring, owning and managing land and land assets; And at least one of the following outcomes: 2. Rural communities are more empowered and have a greater capacity to lead and control their own development so that they can generate sustainable income. 3. People in rural communities have increased opportunities to participate effectively in community-led development, including volunteering. 4. Rural communities are more resilient through the development and provision of community-led essential local services. <p>Priority will be given to applications that can demonstrate significant positive impact for the community as a whole and based on their economic, environmental and social impact, with economic impact having the greatest weighting.</p>	<p>H Land</p>

Funder/Fund Overview	Eligibility criteria	Key requirements	Strength & Focus
Capital and Revenue Costs			
<p>Big Lottery – Improving Lives</p> <p>https://www.biglotteryfund.org.uk/global-content/programmes/scotland/grants-for-improving-lives#</p> <p>Improving Lives is about supporting activity that helps people overcome difficulties and become more resilient.</p> <p>Organisations can apply for grants between £10,000 and £1 million. Applications are ongoing.</p>	<p>They can fund projects for up to five years to improve or continue existing services or to develop new activity and can meet up to 100% of project costs.</p> <p>Improving Lives will pay for all the eligible costs of the project including revenue, capital costs and overheads.</p> <p>A range of organisations can apply including voluntary and community organisations, local authorities and community councils, social enterprises and private companies. The fund is particularly interested in applications from organisations working at a local level.</p>	<p>The focus of Improving Lives is on supporting people who are experiencing challenges in their lives. All of the activity funded must achieve the following three outcomes:</p> <ul style="list-style-type: none"> • People are better able to identify solutions that enable them to take control over their lives and build resilience; • People are able to shape the activities and services they use to better meet their needs; and • People have more access to support and opportunities to improve their lives. <p>Funding is available for activity which:</p> <ul style="list-style-type: none"> • Supports children, young people and families currently experiencing challenging circumstances; • Supports people who have experienced abuse; • Tackles loss, isolation and loneliness; and • Challenges discrimination and supports people affected by this. <p>The fund welcomes activity that has or includes a preventative approach to these issues. While the fund could potentially support activity that includes an element of employability work as part of the activity above, Improving Lives grants will not cover general employability activity.</p>	<p>M</p> <p>Building/ staff/ running costs/ landscaping</p>
<p>Big Lottery – Community-led Activity</p> <p>https://www.biglotteryfund.org.uk/global-content/programmes/scotland/grants-for-community-led-activity</p> <p>Community-led Activity grants are about supporting communities to improve the places in which they live and the wellbeing of those most in need.</p> <p>Organisations can apply for grants between £10,000 and £150,000. Applications are ongoing.</p>	<p>They can fund projects for between three and five years to improve or continue existing services or to develop new activity and can meet up to 100% of project costs.</p> <p>The grant can cover staff, equipment, premises costs and overheads. They will mainly offer revenue funding, but can also consider minor capital work up to £50k.</p> <p>This funding is for organisations in Scotland that are based in the local area they serve and are run by local people.</p>	<p>The fund recognises the important role of community organisations in addressing inequality and strengthening communities. They will fund organisations to deliver work that achieves the following outcomes:</p> <ul style="list-style-type: none"> • Everyone in the community has the opportunity to influence and get involved in community-led activity; • People in the community are better connected and work together to improve their wellbeing. <p>The fund is keen to provide longer term funding that offers community-led organisations stability to deliver their work. The organisation must have a governing body (such as a committee or board). The governing body must have at least three unrelated people on it and a written governing document (such as a constitution). The governing document should make clear that the organisation has:</p> <ul style="list-style-type: none"> • A social purpose – The organisation must have a clearly stated purpose which benefits the local area in some way • Open membership – Everyone living in the area should be able 	<p>H</p> <p>Building/ staff/ running costs/ landscaping</p>

Funder/Fund Overview	Eligibility criteria	Key requirements	Strength & Focus
		<p>to get involved in the organisation and the work that it does</p> <ul style="list-style-type: none"> Community control – The majority of people serving on the governing body are from the local area and make the decisions. 	
<p>Big Lottery - Coastal Communities Fund (CCF)</p> <p>https://www.biglotteryfund.org.uk/ccf</p> <p>The CCF aims to encourage the economic development of UK coastal communities by awarding funding to create sustainable economic growth and jobs.</p> <p>In the last round organisations could apply for grants in excess of £50,000.</p> <p>Applications for the current programme have closed, but a new programme has been announced that will run from 2017/18 until 2020/21. No further details have been announced as yet.</p>	<p>Details of the new CCF round have yet to be released.</p> <p>Funding has previously been available for both capital and revenue costs.</p> <p>A range of organisations can apply including voluntary and community organisations, local authorities and community councils, social enterprises and private companies. The fund is particularly interested in applications from strong, cross-sector partnership's that work together for the benefit of the community.</p>	<p>Organisations are expected to show that their project will contribute to the following CCF outcome:</p> <ul style="list-style-type: none"> Coastal communities will experience regeneration and economic growth through projects that directly or indirectly create sustainable jobs and safeguard existing jobs <p>Applicants must be able to demonstrate that their proposal fits with the broad economic priorities of the local area and, where possible link to a wider economic vision that has support from the private sector and the community.</p> <p>Details of projects that are likely to be supported in the next funding round have yet to be released. Previously the CCF in Scotland welcomed applications:</p> <ul style="list-style-type: none"> from small and medium size coastal communities with a population of around 60,000 or less, facing economic challenges; that promote sustainable economic growth and jobs through economic diversification activities in coastal communities that enable the growth of local businesses; and that complement strategic regeneration initiatives within coastal communities. 	<p>H</p> <p>No details of new programme focus as yet</p>
<p>Heritage Lottery Fund (HLF) – Heritage Grants</p> <p>https://www.hlf.org.uk/looking-funding/our-grant-programmes/heritage-grants</p> <p>Heritage Grants is the HLF's main grants programme offering grants of between £100,000 and £5 million for projects that relate to the national, regional or local heritage of the UK. Grants of between £10,000 and £100,000 are available through the Our</p>	<p>The HLF can support all direct project costs including capital work, staff and overheads.</p> <p>For a grant of less than £1 million, HLF funds up to 95% of the project costs and for a grant of £1 million or more, up to 90% of the project costs.</p> <p>Projects should not last more than five years but should provide long-lasting benefits.</p> <p>HLF welcomes applications from</p>	<p>HLF fund projects that make a lasting difference for heritage, people and communities in the UK. Projects are judged against a series of outcomes:</p> <p>With HLF investment:</p> <ul style="list-style-type: none"> Heritage will be: <ul style="list-style-type: none"> Better managed In better condition Better interpreted and explained Identified/recorded People will have: <ul style="list-style-type: none"> Developed skills Learnt about heritage Changed their attitudes and/or behaviour Had an enjoyable experience Volunteered time 	<p>M</p> <p>Land/ building/ Demarco/ John Muir archive</p>

Funder/Fund Overview	Eligibility criteria	Key requirements	Strength & Focus
<p>Heritage programme.</p> <p>There are no deadlines for applications under £100,000. Projects under £2m under Heritage Grants or Heritage Enterprise have a series of deadline dates throughout 2016.</p>	<p>single organisations and partnerships. They give priority to not-for-profit organisations.</p>	<ul style="list-style-type: none"> Community outcomes will include: <ul style="list-style-type: none"> Negative environmental impacts will be reduced More people and a wider range of people will have engaged with heritage Your local area/community will be a better place to live, work or visit Your local economy will be boosted Your organisation will be more resilient <p>As a minimum, they expect projects of under £2m to achieve one outcome in each of the heritage, people and communities categories and projects over £2m to achieve more than one outcome in each category. Our Heritage projects should achieve at least one heritage and one people outcome.</p> <p>If your project involves buying land or buildings, you must buy them either freehold or with a lease with a term of at least 99 years left to run.</p>	
<p>Central Scotland Green Network (CSGN) – Development Fund</p> <p>http://www.centralscotlandgreennetwork.org/resources/funding/csgn-development-fund</p> <p>Grants are awarded at varying levels. In The Community Growing strand the maximum contribution is £33,000.</p> <p>Resources have been committed to the CSGN Development Fund for 2016/17. Applications for this round were due in by 18 January 2016.</p>	<p>CSGN Development Funding is available to all organisations and individuals that can demonstrate they are delivering CSGN priorities.</p> <p>Under the Community Growing strand, the maximum intervention rate is 50%.</p>	<p>Projects are required to meet the following criteria:</p> <ul style="list-style-type: none"> Contribute to the delivery of the outcomes and ambitions of the CSGN vision BE strategic, meeting a clearly identified need; Deliver (or are likely to lead to) transformational improvements on the ground <p>In addition, projects should deliver at least one of a series of priorities, the most relevant of which is:</p> <ul style="list-style-type: none"> Community Growing - Formal or informal food growing projects with a focus on community lead activities or engaging local communities and encouraging the Good Food Nation ethos (that people in Scotland are able to buy, eat and serve food that is affordable, healthy and sustainable). <p>Projects that deliver multiple priorities will be favoured.</p>	<p>M</p> <p>Garden</p>
<p>Landfill Communities Fund - Biffa Award</p> <p>http://www.biffa-award.org/home</p> <p>Funding of £10,000 - £50,000 is available for community projects</p>	<p>The Main Grant Scheme can fund up to 90% of the project costs.</p> <p>They cannot fund projects with a total phase cost of more than £200,000.</p>	<p>There are four types of project theme that Biffa Award can support under the Main Grants Scheme:</p> <ul style="list-style-type: none"> Rebuilding Biodiversity Cultural Facilities Recreation Community Buildings <p>Guidance for the Cultural Facilities theme states that as its primary purpose, a cultural facility will offer public access for recreation,</p>	<p>M</p> <p>Garden/ Demarco/ John Muir archive</p>

Funder/Fund Overview	Eligibility criteria	Key requirements	Strength & Focus
through the Main Grant Scheme.	The grant has to be used for site-based improvement work and not equipment or running costs.	<p>interest and education. The facility should be inclusive and inspire and promote learning, creativity and participation.</p> <p>Guidance for the Community Buildings theme states that Biffa Award aims to provide and improve community buildings that will encourage communities to come together and engage in a variety of activities. Priority is given to projects that can demonstrate innovative use of a community amenity to enhance, maintain or introduce real, community-led social, economic or environmental improvements.</p>	
<p>Landfill Communities Fund – Viridor Credits</p> <p>http://viridor-credits.co.uk/apply-for-funding/scotland/</p> <p>Grants of up to £50,000 are available.</p>	<p>Viridor Credits can fund up to 90% of the project costs. Awards will be for capital expenditure only.</p> <p>Any organisation that is properly constituted and not-for-profit may apply.</p>	<p>Projects that fulfil the following objectives may be eligible for funding:</p> <ul style="list-style-type: none"> • A – The reclamation, remediation, restoration or other operation on land to facilitate economic, social or environmental use. • B – Community based recycling, re-use and waste prevention projects. • C – To provide, maintain or improve a public park or other public amenity. • D – The conservation or promotion of biological diversity through the provision, conservation, restoration or enhancement of a natural habitat or the maintenance or recovery of a species in its natural habitat. • E – The maintenance, repair or restoration of a building, other structure or a site of archaeological interest which is a place of religious worship, or a site of historic or architectural or archaeological interest and is open to the public. • F – The provision of financial, administration and other similar services to projects. <p>Viridor Credits funded projects must demonstrate:</p> <ul style="list-style-type: none"> • Proof of a need and local support for the project; promotion of community participation (volunteering) and partnership approaches • Environmental sustainability • Value for money; projects must maximise the benefit of Scottish Landfill Communities Fund • Self-sustaining and have long-term management plans 	<p>M</p> <p>Garden/ Builders' yard</p>

Funder/Fund Overview	Eligibility criteria	Key requirements	Strength & Focus
<p>Esmée Fairbairn Foundation – Main Fund</p> <p>www.esmeefairbairn.org.uk</p> <p>There is no limit on grant size, but awards in 2014 fell within the range of £6,000 to £1.25m.</p> <p>There are no funding application deadlines.</p>	<p>The Foundation does not fund capital costs.</p> <p>The grants can support core or project costs including staff and overheads.</p> <p>Community interest companies can apply for funding subject to some conditions.</p>	<p>The Foundation funds across the following sectors and the most relevant priorities are highlighted:</p> <ul style="list-style-type: none"> Arts: art as an instrument for social change, community cohesion or participation Children and Young People: addressing the root causes of low educational attainment and challenging behaviour Environment: connecting people with nature Social Change: participation – marginalised and excluded individuals and groups and place – revitalising community life Food: local innovation in alternative approaches, food and wellbeing and working towards a more coherent food sector <p>Alongside grant funding, the Foundation provides social investment in the form of repayable finance as an alternative way to fund.</p>	<p>H</p> <p>Staff/ overheads</p>
<p>The MacRobert Trust</p> <p>http://www.themacroberttrust.org.uk/</p> <p>There are three levels of award: up to £10,000, £10,000 to £50,000 and £50,000.</p> <p>Application deadlines are the end of May and October.</p>	<p>The Trust only funds organisations that are registered as a charity.</p>	<p>The Trust has a number of themes and sub-themes to guide funding eligibility including:</p> <ul style="list-style-type: none"> Children and Youth: the support of organisations involved with the encouragement of young people through training and development Agriculture and Horticulture: the support of organisations involved in agricultural and horticultural education, training and development 	<p>M</p> <p>Garden</p>
Specific Projects			
<p>Postcode Lottery – People's Postcode Trust</p> <p>http://www.postcodetrust.org.uk/applying-for-a-grant.htm</p> <p>Grants of up to £20,000 are available to projects that aim to make a difference to local communities.</p> <p>The deadlines for applications in</p>	<p>A range of organisations can apply for funding including community interest companies. However, the organisation has to be a registered charity to apply for over £2,000.</p> <p>Projects should be of a maximum of 12 months' duration.</p> <p>The Trust can cover general running costs that are linked to</p>	<p>Projects should meet one of the following funding criteria:</p> <ul style="list-style-type: none"> The prevention of poverty Healthy living initiatives Upholding of human rights for vulnerable groups Helping people come together for the benefit of their area <p>The Trust favours projects that are creative and far-reaching and that will leave a long-term impact once completed. They especially welcome applications for projects that are focused on improving life for disadvantaged groups and encouraging their inclusion within society whilst fulfilling the activities the Trust supports.</p>	<p>H</p> <p>Market garden project/ Volunteering project</p>

Funder/Fund Overview	Eligibility criteria	Key requirements	Strength & Focus
2016 are the end of May and September.	the project and the purchase of capital items and equipment.		
<p>Postcode Lottery - Postcode Community Trust</p> <p>http://www.postcodecommunitytrust.org.uk/applying-for-a-grant.htm</p> <p>Grants of up to £20,000 are available to projects that aim to make a difference to local communities.</p> <p>The deadlines for applications in 2016 are the end of January and May.</p>	<p>A range of organisations can apply for funding including community interest companies. However, the organisation has to be a registered charity to apply for over £2,000.</p> <p>Projects should be of a maximum of 12 months' duration.</p> <p>The Trust can cover general running costs that are linked to the project and the purchase of capital items and equipment.</p>	<p>Postcode Community Trust seeks to empower groups of people by providing them with the skills they need to effect change in their own communities. Some groups may feel they cannot participate fully in activities within their community because of isolation, disability or age. The fund aims to help them overcome these barriers in creative and sustainable ways. Projects should help to regenerate communities by improving social cohesion, economic infrastructure and provide or improve community-based facilities.</p> <p>Projects should meet one of the following funding criteria:</p> <ul style="list-style-type: none"> • Supporting marginalised groups to obtain skills and resources to effect change in their own communities • Overcoming barriers to participation in creative and sustainable ways • Increasing social cohesion through developing access to community facilities and activities 	<p>H</p> <p>Market garden project/ Volunteering project/ Art project</p>
<p>Postcode Lottery - Postcode Local Trust</p> <p>http://www.postcodelocaltrust.org.uk/applying-for-a-grant</p> <p>Grants of up to £20,000 are available to projects that aim to make a difference to local communities.</p> <p>The deadlines for applications in 2016 are the end of January and September.</p>	<p>A range of organisations can apply for funding including community interest companies. However, the organisation has to be a registered charity to apply for over £2,000.</p> <p>Projects should be of a maximum of 12 months' duration.</p> <p>The Trust can cover general running costs that are linked to the project and the purchase of capital items and equipment.</p>	<p>Postcode Local Trust seeks to find real solutions, which encourage communities to take a more active role in helping their local, natural environment. Postcode Local Trust seeks to support projects which benefit wildlife, enhance biodiversity, or repair/create new green habitats utilising the skills and enthusiasm of local, grass-roots organisations.</p> <p>Projects should meet one of the following funding criteria:</p> <ul style="list-style-type: none"> • Good causes which enable local people to benefit wildlife and engage with the natural environment • Enhance biodiversity or renovate/create new green habitats • Sustainable energy projects benefitting local areas and local people 	<p>H</p> <p>Market garden project</p>
<p>Big Lottery – Young Start</p> <p>https://www.biglotteryfund.org.uk/global-content/programmes/scotland/you</p>	<p>They can fund projects for up to two years and can meet up to 100% of project costs (or part funding of a project of no greater than £100,000 value).</p>	<p>The fund aims to create opportunities for children and young people aged between 8 and 24 to help them realise their potential. Young Start can support projects that meet one or more of the following outcomes:</p> <ul style="list-style-type: none"> • Confident – Children and young people have more confidence and skills; 	<p>H</p> <p>Market garden project/</p>

Funder/Fund Overview	Eligibility criteria	Key requirements	Strength & Focus
<p>ng-start</p> <p>Young Start is a grants programme that distributes money from dormant bank accounts.</p> <p>Organisations can apply for grants of between £10,000 and £50,000. Applications are ongoing.</p>	<p>The grant can cover staff, equipment, training, purchase or lease of a vehicle, publicity and marketing costs and overheads. They will not fund major building work, but will consider minor refurbishment of premises.</p> <p>This funding is for third sector organisations including social enterprises.</p>	<ul style="list-style-type: none"> • Healthy – Children and young people have better physical, mental and emotional health; • Connected – Younger and older generations are better connected and have more understanding and respect for each other; • Enterprising – Young people are better prepared for getting a job or starting a business. <p>The fund is keen to see projects that involve young people in their development, design and delivery.</p>	<p>Cooking project/ Skate park/ Climbing wall</p>
<p>Bloom</p> <p>http://www.bloomvc.com/</p> <p>A crowdfunding platform with projects typically requesting less than £10k.</p>	<p>Bloom offers a platform to promote a project, raise cash to fund it and support to help get it off the ground.</p>	<p>Crowdfunding involves lots of people making small contributions to achieve a bigger goal. Rewards can be offered in return for contributions e.g. membership.</p>	<p>H</p> <p>Art project</p>

8. Management and Operation

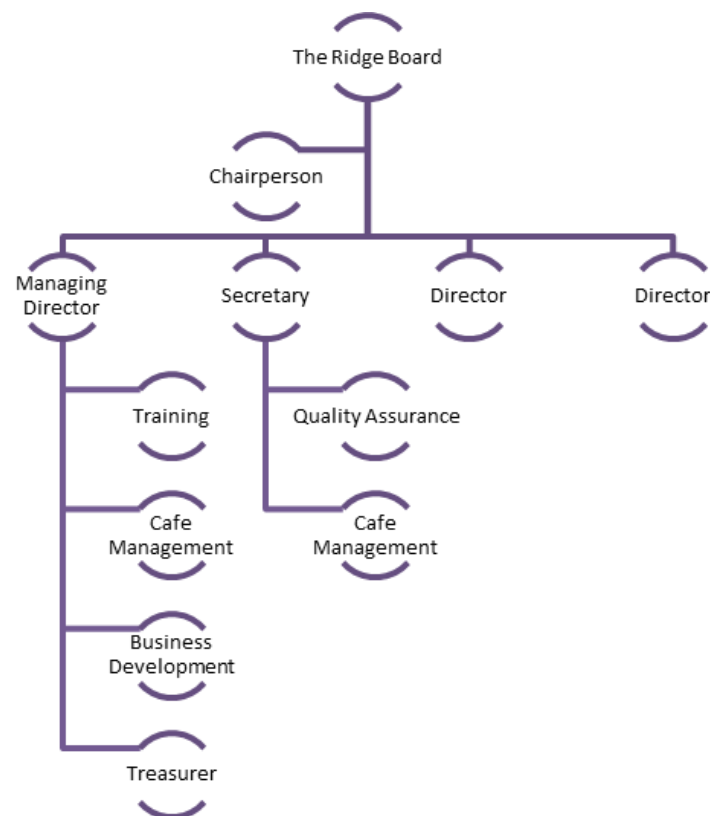
Introduction

- 8.1 This section considers the operational requirements of the Training Centre in terms of the management and staffing required to run the Centre and the organisational structure that best fits the project requirements.

Organisation

- 8.2 The Ridge was established in April 2012 as a Community Interest Company (CIC). The organisation is a social enterprise with an asset lock that ensures that any profits are used in the interest of The Ridge's objectives with any surplus profits reinvested into the community via a local environmental charity Dunbar Community Woodland Group. It is expected that the current organisation will take on the running of the Training Centre. The organisation would have a Board of Directors following the structure shown in Figure 8.1. Where a Director has specific responsibilities these are indicated.

Figure 8.1 – The Ridge Board Members and Responsibilities



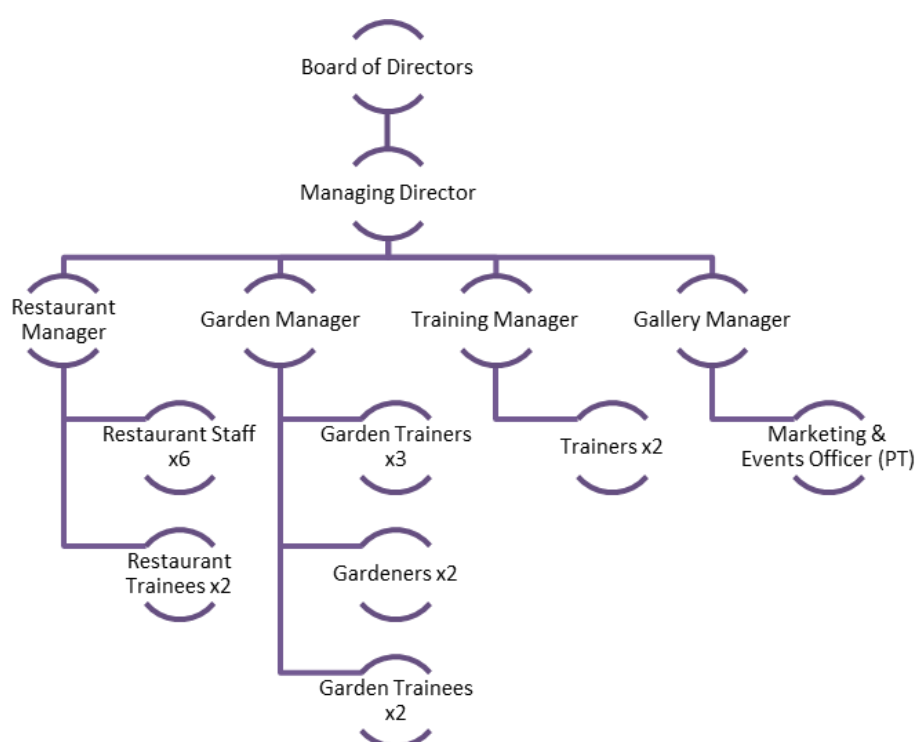
- 8.3 It is recommended that appropriate legal and financial advice is sought by The Ridge to confirm which option represents the best organisational model for the Training Centre and to determine the timeframe for setting this up against the overall project plan. Initial consultation with key funding bodies is also recommended to determine which organisational model would best fit with key funding sources.

- 8.4 Several potential funders identified in Section 7 of the report would only consider funding a registered charity. However, given the potential partnerships identified in the Training Centre proposal, particularly in Option 4 with the arts elements included, there may be opportunities for joint funding bids with partner organisations that meet the eligibility criteria of funders that The Ridge alone does not.

Management and Staffing

- 8.5 As shown in the assumptions in the Financial Appraisal in Section 6, the staffing required to operate the Centre is as shown in Figure 8.2. Figure 8.2 shows the assumed staffing levels for Option 4, which equates to 22.5 FTEs. The staffing under Option 3 is the same with the exception of the Gallery Manager post which would not exist, therefore 21.5 FTEs are assumed.

Figure 8.2 – The Ridge Training Centre Management and Staffing



Summary

- 8.6 The key points from Section 8 are:

- The Ridge plans to continue with its current organisational structure as a CIC to take forward the Training Centre.
- Legal and financial advice should be taken to fully investigate which organisational structure would be best suited to take forward the plans for the Training Centre and meet key funders' requirements.
- The Training Centre would be staffed by a total of 21.5 FTEs under Option 3 and 22.5 under Option 4.

9. Conclusions and Next Steps

Conclusions

9.1 The key findings of the Feasibility Study can be summarised as follows:

- The Training Centre proposal has a strong fit with the aims of The Ridge to create local training and employment opportunities.
- The Ridge's performance to date has demonstrated a strong track record in developing key partnerships and securing contracts to further the aims of the organisation.
- The Training Centre proposal offers even greater potential for partnership working and the option for the colocation of several projects, including arts projects that would allow the Centre to also function as a visitor attraction.
- The project has a sound strategic fit and is closely aligned with planned outcomes in local economic and community development strategies and regional and national strategies for tourism and skills development.
- There are a number of other colleges in the Lothians and Borders offering a training restaurant and courses in hospitality and catering. Training in rural skills areas is less readily available.
- The Ridge should make clear in its future Business Plan, where in the landscape of training and qualifications the new Training Centre programme will fit i.e. initially at the entry to employment/employability, with options to build the qualification offer over time through partnership with other providers.
- The key partners are very supportive of The Ridge's future plans and the plans fit well with partners' drives to offer better geographical coverage across East Lothian and, in particular in Dunbar. The partners recognise that those farthest from the job market are often not keen to travel or find it difficult due to their personal circumstances. The Ridge's development plans are seen by partners as a good way to engage people removed from the labour market.
- The industry sectors of focus fit well with East Lothian employment opportunities. Edinburgh College believes The Ridge would offer complementarity in terms of subject coverage, as while they offer training in Hospitality and Rural Skills some of this provision is at a higher level than the training offered by The Ridge. The College believes the plans for The Ridge would enhance their provision.
- Partnership working has been highlighted as very important and The Ridge's key stakeholders would actively encourage the organisation to develop partnerships particularly with smaller organisations that could offer training, but do not have the premises of their own or aspirations to grow bigger.
- The businesses responding to the survey were very supportive of the proposals for a Training Centre and could see the development leading to positive impacts for Dunbar and in some cases for their own business directly.
- There are a number of examples of the positive impacts being achieved by The Ridge in working with young people and clients of all ages to help develop confidence and skills and prepare them for employment.
- The preferred options are Options 3 and 4 as they both meet the longer-term aspirations of The Ridge.
- Option 3 for the development of the Training Centre project is dependent on being able to acquire the land in question and to secure appropriate planning

consent, before the organisation takes on responsibility for overseeing the construction of the building and site. This would involve considerable financial burden for The Ridge in financing the site purchase and construction phases.

- Option 4 would involve site being developed by a third party and another third party taking on the head lease. The Ridge would then lease the buildings and land to deliver its activities. This would involve higher ongoing revenue costs for The Ridge to meet the rental charges.
- The total capital cost of Option 3 is £3.5m including site purchase and construction costs. The construction costs for Option 4 are estimated as £3.6m, but The Ridge would not be liable for these costs under this option as they would be leasing the buildings constructed by the developer.
- Based on projected income and expenditure figures for Option 3 there is a deficit of £287k in year 1, with the project reducing the deficit to £163k by year 5. This suggests that the project is unlikely to be financially sustainable without a level of subsidy through a funding package.
- Option 4 has a greater deficit of £402k in year 1, which is forecast to reduce to £295k by year 5. This reflects the increased cost base due to the model involving the rental of the building. As per Option 3, this option would rely upon a funding package being secured.
- The market is not currently providing employability training in Dunbar as shown in the previous sections of the report. This indicates the presence of some form of market failure and provides a rationale for investment from the public sector in the Training Centre project. The rationale is further strengthened by the excellent strategic fit of the project and the high levels of support from key partners and stakeholders.
- The estimated total construction impact for the project is £5.2m for Option 3, supporting 46 FTEs, and £6.7m for Option 4, supporting 60 FTEs. The estimated total operating impact is £862k for Option 3, supporting 27.3 FTEs, and £1.2m for Option 4, supporting 28.5 FTEs. The potential revenue generated by additional visitors to Dunbar is estimated to be £23k.
- The project has a good fit with the requirements of a number of key funders.
- The Ridge plans to continue with its current organisational structure as a CIC to take forward the Training Centre.
- Legal and financial advice should be taken to fully investigate which organisational structure would be best suited to take forward the plans for the Training Centre and meet key funders' requirements.
- The Training Centre would be staffed by a total of 21.5 FTEs under Option 3 and 22.5 under Option 4.

9.2 In summary, the evidence presented in the report suggests that the Training Centre proposal is feasible, but would be reliant on financial support. The main risks to the project relate to the land acquisition and planning issues being resolved and an appropriate funding package being secured. The Ridge has two options to consider: one where they would acquire the land and build the Centre and another where they would lease the building from a third party. Both of these options need to be explored in detail with the parties involved in order to determine which is most viable.

Next Steps

9.3 The following steps are recommended to take the project forward:

- Development of a full Business Plan that draws upon the Feasibility Study evidence;
- Formal consultation with the development company, East Lothian Council and any other relevant third parties to discuss the proposal for Option 4 and potential support that could be provided to the project;
- Initial contact with fundraisers to discuss eligibility and application deadlines;
- Development of a detailed fundraising strategy;
- Investigation of the organisational structure to be set up in light of initial fundraising discussions and appropriate legal/financial advice; and
- Discussions with local businesses and key strategic partners to further develop the concept for the Centre training programme.

Appendices

A – Detailed Construction Cost Assumptions

The costing assumptions used in the calculation of capital costs in the Financial Assessment are taken from the following document:

Skills Funding Agency, AECOM et al *Further Education Schemes Cost Models – New Build, Small Works and Refurbishment Construction*, July 2014

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/361166/SFA_AoC_Cost_Models.pdf