

REPORT TO: Audit and Governance Committee

MEETING DATE: 29 November 2022

BY: Companies Manager, East Lothian Land Ltd

SUBJECT: East Lothian Land Ltd 2021/22

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the work undertaken by East Lothian Land Ltd in 2021/22.

2 RECOMMENDATIONS

- 2.1 That the Audit and Governance Committee note the contents of the report.

3 BACKGROUND

- 3.1 East Lothian Council established East Lothian Land Ltd (ELL) in 2000, a company limited by shares (SC208723), through the transfer of undeveloped employment land in council ownership at Macmerry (Opposite the industrial estate) in return for 100% equity in the company. The transferred employment land at that time was viewed by the private sector as undevelopable providing insufficient return on investment.
- 3.2 No additional financial support was provided to the company by East Lothian Council (ELC). ELL went to the financial market to fund the development costs of the Macmerry Business Park as well as self funding through selling plots as they were serviced.
- 3.3 In 2016/17 the company developed the empty council building located at Brewery Park, Haddington into 10 individual offices spaces – since opening in October 2016 it has run at between 90% and 100% occupancy.
- 3.4 The company has a board of 4 directors comprising of two elected members (Council leader and the Provost / Economic Development spokesperson), a private industry sector representative and a senior council officer. (Note – Following retirements the senior council officer and

the private sector directorships became vacant on the 19th March 2021 and 17th December 2021 respectively)

- 3.5 Due to the passing of Cllr Innes the directorship changed on the 20th December 2021 to the new Council Leader who had been acting as a proxy for Cllr Innes in his absence.
- 3.6 The former Economic Development & Strategic Investments (EDSI) Business Development manager, is the Company Secretary and manager of the company. The manager is supported by the EDSI Business Development assistant. The Head of Service Development, ELC acts in an advisory role to the board. The board act on a “*Pro Bono*” basis and do not receive payment. The Company manager and Business Development assistant undertake the work under ELC job remits.
- 3.7 Board meetings are held on a regular basis linked to ongoing business requirements and commercial developments. Decisions made are taken by a majority with the Chair having the casting vote on any tied outcome. Minutes of board meetings are taken and approved at subsequent board meeting by the chair. Note due to Covid initially and then the retirement of directors the board meetings were held jointly with the board of East Lothian Investments Ltd who became shadow directors.

Financial / Legal

- 3.8 ELL is audited annually by Azets, Edinburgh. End of Year accounts are approved by the board and signed off accordingly and provided to ELC for group accounting purposes. (See appendix 1 Draft end of year accounts).
- 3.9 ELL accountant’s opinion is that the financial statements for the company give a true and fair view of the state of the company affairs as at 31st March 2022 and of its loss before taxation of £8,207 for the year then ended.
- 3.10 ELL use the online cloud accounting platform – Xero. The company banks with Handelsbanken. Legal advice is provided by Addleshaw Goddard.

2020/21 Projects considered

- 3.11 The directors at each board meeting are provided an update on all available land and commercial property for sale / to let. Updates are circulated monthly between board meetings. (See appendix 2 – property list extract for Haddington – October 2022) The directors discuss each site and whether to progress with offers for purchase and development.

Retail / high streets in county

- 3.12 ELL considered the level of retail / other vacancies on town high streets with the option of intervening and buying / renting vacant properties. ELL intend to base the option on the successful Town Catalyst pilot delivered in Dunbar by Economic Development, Business Gateway and Dunbar Trades association in 2018. (See appendix 3 – TC initiative) A number of vacant properties were considered but then sold / let indicating no

requirement to proceed as no market failure. (Post period note - This vacancy review is ongoing)

Macmerry Business Park

- 3.13 ELL owns a strip of land at Macmerry Business Park which has a zero value on balance sheet. The site was considered as an option to develop / sell but following discussions with an architect it was deemed too difficult to develop. The site may offer access for any future development to the adjacent field

ELC estate review – Brewery Park Block A & C

- 3.14 Discussions have taken place with ELC around the possibility of developing Brewery Park Block A & C along the lines of the model for Block B and under the same financial agreement. This is at no cost to the council with the savings of reduced rates bill and benefit to ELL of an interest (to be agreed) added onto cost of development. No development occurred during the period.

Di Rollo's commercial unit, Musselburgh - Joint Venture (JV)

- 3.15 Di Rollo's manufacturing unit of 5,105 sqft in Musselburgh came onto the market due to the planned retirement of the company owners at offers over £475,000. ELL Ltd was approached to enter into a possible joint venture with a food producer wishing to relocate to East Lothian due in part to the support given to food and drink sector within the county via the EL Food & Drink BID. Joint site visit took place and discussion on best model with the company ensued but Di Rollo owners accepted an offer before any approach could be made via the JV.

Office enquiry

- 3.16 ELL / ELC had an approach from a highly regarded company wishing to expand into East Lothian and create high quality employment for up to 50. Various sites shown to the company around the Haddington area and Aimisfield Stales was identified as the preferred option.

Various

- 3.17 A number of other sites and buildings were raised and discussed by the board of ELL but did not come to fruition.

2021 / 22 Projects commenced

Tyne Close, Haddington

- 3.18 Tyne Close is a small industrial estate owned by ELC. In January 2019 the units at Tyne Close were deemed as unfit / unsafe for occupancy and the units became vacant.

- 3.19 It was agreed in March 2019 by the board of ELL to enter discussions with ELC to take on a long term ground lease, demolish the existing unsafe buildings and then develop the site for commercial use. The length of lease and rental level verbally agreed with ELC estates manager prior to submission of planning application. A local architect was awarded the contract to develop the site layout and submit planning application.
- 3.20 Construction tender was developed by ELL and quotes for the project were received to ascertain viability and financial model. The Board following review of quotes and financial model agreed to appoint a company to undertake the demolition and new build predicated on planning permission being approved.
- 3.21 Planning approval was granted on 31st March 2020 – number 20/00352/P. (See appendix 4 - site plan). The site will accommodate 7 commercial units of 6 @ 45m² and 1 @ 130 m². Following planning permission award ELL lawyers entered into formal negotiations with ELC on the ground lease. During the period 2021/22 the lease negotiations were ongoing.

Office development, Amisfield Stables

- 3.22 Following agreement with ELC and approval by the ELL board, ELL has taken the lead on the Amisfield Stables project. An architect has been appointed, draft outline plans for the building with engagement from the company involved developed, high level financial cost appraisal undertaken and various funding mechanisms considered including grants to bring the project forward. This development is ongoing. (See appendix 5 - site plan)

Future projects

- 3.23 The company actively scans the market for possible developments and has an ongoing engagement with a number of possible joint ventures.

4 POLICY IMPLICATIONS

- 4.1 The two strategic goals of the refreshed East Lothian Council Economic Development Strategy 2012 to 22 are :-
- To increase the number of businesses in East Lothian with growth potential
 - To increase the proportion of East Lothian residents working in and contributing to East Lothian's economy.
- 4.2 The work East Lothian Land Ltd undertakes mirrors and supports the strategic goals set out in the Economic Development Strategy with the company objectives as follows: - *“To promote, support and/or effect the development of land and property within the area served by East*

Lothian Council, with a view to stimulate economic development and regeneration and so to assist in the creation of employment opportunities.”

INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - None
- 6.2 Personnel - Companies manager, EDSI's Business Development assistant and senior ELC officer.
- 6.3 Other – none

7 BACKGROUND PAPERS

- 7.1 Audit and Governance report 2020/21

AUTHOR'S NAME	Richard Baty
DESIGNATION	Companies Manager
CONTACT INFO	rbaty@eastlothian.gov.uk
DATE	November 2022

EAST LoTHIAN LAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

EAST LOTHIAN LAND LIMITED

COMPANY INFORMATION

Directors	J McMillan N Hampshire	(Appointed 20 December 2021)
Secretary	Richard Baty	
Company number	SC208723	
Registered office	John Muir House Room 2.19 Brewery Park Haddington East Lothian United Kingdom EH41 3HA	
Auditor	Azets Audit Services Exchange Place 3 Semple Street Edinburgh United Kingdom EH3 8BL	
Business address	John Muir House Room 2.19 Brewery Park Haddington East Lothian United Kingdom EH41 3HA	
Bankers	Handelsbanken 18 Charlotte Square Edinburgh United Kingdom EH2 4DF	
Solicitors	Addleshaw Goddard Exchange Tower 19 Canning Street Edinburgh United Kingdom EH3 8EH	

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EAST LOTHIAN LAND LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company continued to be that of trading in land for development.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

E Murray	(Resigned 20 December 2021)
W Innes	(Deceased 27 October 2021)
J McMillan	
N Hampshire	(Appointed 20 December 2021)

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

.....
J McMillan

Director

.....

EAST LOTHIAN LAND LIMITED**STATEMENT OF INCOME AND RETAINED EARNINGS****FOR THE YEAR ENDED 31 MARCH 2022**

	2022	2021
	£	£
Administrative expenses	(8,740)	(7,798)
Other operating income	1	-
	<hr/>	<hr/>
Operating loss	(8,739)	(7,798)
Interest receivable and similar income	532	979
	<hr/>	<hr/>
Loss before taxation	(8,207)	(6,819)
Tax on loss	-	-
	<hr/>	<hr/>
Loss for the financial year	(8,207)	(6,819)
Retained earnings brought forward	(222,704)	(215,885)
	<hr/>	<hr/>
Retained earnings carried forward	(230,911)	(222,704)
	<hr/> <hr/>	<hr/> <hr/>

EAST LOTHIAN LAND LIMITED**BALANCE SHEET****AS AT 31 MARCH 2022**

	Notes	2022 £	£	2021 £	£
Current assets					
Debtors	3	59,781		79,226	
Cash at bank and in hand		511,908		500,670	
		<u>571,689</u>		<u>579,896</u>	
Creditors: amounts falling due within one year	4	(2,600)		(2,600)	
Net current assets			<u>569,089</u>		<u>577,296</u>
Capital and reserves					
Called up share capital	5		800,000		800,000
Profit and loss reserves			(230,911)		(222,704)
Total equity			<u>569,089</u>		<u>577,296</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

.....

J McMillan
Director

Company Registration No. SC208723

EAST LOTHIAN LAND LIMITED**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	7		10,706		2,899
Investing activities					
Interest received		532		990	
Net cash generated from investing activities			532		990
Net increase in cash and cash equivalents			11,238		3,889
Cash and cash equivalents at beginning of year			500,670		496,781
Cash and cash equivalents at end of year			511,908		500,670

EAST LOTHIAN LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

East Lothian Land Limited is a private company limited by shares incorporated in Scotland. The registered office is John Muir House Room 2.19, Brewery Park, Haddington, East Lothian, United Kingdom, EH41 3HA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

In light of recent events surrounding the COVID-19 pandemic, in common with most companies in the UK, it is difficult to predict what impact this may have on the economy as a whole, or the company's trade in particular. The directors have considered the impact of COVID-19 directly on the company. They recognise that its main debtor balance may take slightly longer to repay but do consider that this will have minimal impact on the company's ability to trade. The directors are of the opinion, that despite reporting a small loss for the year, its significant cash reserves and minimal liabilities and outgoings, mean that the company is in a strong position to face the ongoing pandemic.

The directors believe that the current strong financial position of the company, particularly given its strong cash position, will ensure the company will continue in operational existence for the foreseeable future and they therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.4 Financial instruments

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

EAST LOTHIAN LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.5 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

EAST LOTHIAN LAND LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2022****1 Accounting policies****(Continued)****Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Total	4	4
	<u> </u>	<u> </u>

3 Debtors

	2022	2021
	£	£
Amounts due from parent entity	57,920	78,883
Other debtors	1,861	343
	<u> </u>	<u> </u>
	<u>59,781</u>	<u>79,226</u>

Debtors include an amount of £34,845 (2021 - £50,154) which is due after more than one year.

EAST LOTHIAN LAND LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2022****4 Creditors: amounts falling due within one year**

	2022	2021
	£	£
Other creditors	2,600	2,600
	<u>2,600</u>	<u>2,600</u>

5 Called up share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary £1 shares of £1 each	800,000	800,000	800,000	800,000
	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>

6 Parent entity

The company is controlled by East Lothian Council whose principal place of business is John Muir House, Brewery Park, Haddington, EH41 3HA. East Lothian Council is the smallest group of undertakings for which group accounts are prepared and of which the company is a member.

7 Cash generated from operations

	2022	2021
	£	£
Loss for the year after tax	(8,207)	(6,819)
Adjustments for:		
Investment income	(532)	(979)
Movements in working capital:		
Decrease in debtors	19,445	10,697
Cash generated from operations	<u>10,706</u>	<u>2,899</u>

8 Analysis of changes in net funds









	1 April 2021	Cash flows	31 March 2022
	£	£	£
Cash at bank and in hand	500,670	11,238	511,908
	<u>500,670</u>	<u>11,238</u>	<u>511,908</u>

EAST LOTHIAN LAND LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 MARCH 2022

EAST LOTHIAN LAND LIMITED**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2022**

	£	2022 £	£	2021 £
Other operating income				
Sundry income		1		-
Administrative expenses				
Legal and professional fees	5,308		3,660	
Audit fees	2,500		2,440	
Accountancy	742		1,562	
Bank charges	190		136	
	<u> </u>		<u> </u>	
		(8,740)		(7,798)
		<u> </u>		<u> </u>
Operating loss		(8,739)		(7,798)
Interest receivable and similar income				
Bank interest received	532		979	
	<u> </u>		<u> </u>	
		532		979
		<u> </u>		<u> </u>
Loss before taxation		(8,207)		(6,819)
		<u> </u>		<u> </u>

Appendix 2

1 UNDER OFFER 13/05/2022					
<p>GOLF TAVERN FOR SALE £395,000.00 https://www.g-s.co.uk/property/?property=47115</p>		TOURISM			X
1 TO LET - updated only 3/10/2022 unit also				Q3 2021	
<p>Wheatrigg SINGLE DESK £20 DAY unit 18m2 Property Page (dmhall.co.uk) Booking Page Wheatrig Business Hub</p>		OFFICE			X
1 TO LET				Q4 2021	
<p>Former Aldi 4,250 sqft Rent £9.00 sqft early 2022 https://www.ryden.co.uk/property/11602-whittingehame-drive-haddington-east-lothian-eh41-4ag</p>		RETAIL			X
1 TO LET - available 2022 changed agents 5/1/2022				Q4 2021	
<p>Retail units Letham Mains Under construction 818 to 1840 sqft 4 spaces £10k per annum for 850sqft x 3 £20k per annum 1840 sqft 21640-Letham-Mains.pdf (ftinden.com)</p>		RETAIL			X
1 FOR SALE - LEASEHOLD				Q4 2021	
<p>Music school and rehearsal room Station road £95000 - leasehold £625 rent Very Well Established Music School & Rehearsal Studio in Great Location - Ref 1656 (centralbusinesssales.co.uk)</p>		OFFICE			X
1 SALE				Q1 2022	
<p>15 Hardgate Footlights Dancewear Offers over £180,000 DM Hall Property Page (dmhall.co.uk)</p>		RETAIL			X
1 SALE - UNDER OFFER 8/08/2022				Q2 2022	
<p>70 Market Street Former Bookies £120,000 offers over 845 sqft 70 Market Street, Haddington, EH41 3JG (shepherd.co.uk)</p>		RETAIL			X
1 SALE - closing date 18th August				Q3 2022	
<p>Alderston House £795,000 14,248 sq ft https://www.eastlothian.gov.uk/directory/10042/commercial-industrial_propertyland_for_leasesale/category/10023</p>		OFFICE			X



1 TO LET
48 Court street
1,291 sqft
£20,000 per annum

[Orinsen | Commercial property consultants](#)



OFFICE

Q3 2022

X

1 SALE
68 High Street Haddington
£175,000

[68 High Street, Haddington, EH41 3EN | Burns and Partners Ltd](#)



RETAIL

Q3 2022

X

1 TO LET
37-39 High Street
Haddington
£10,000 per annum
491 sqft

[37-39 High St, Haddington | Shop / Retail storefront for rent | 491 sq ft | £10,000 per annum \(realla.co.uk\)](#)



Q4 2022

X

1 TO LET
2,746 sqft to 12,696 sqft unit
STORAGE SPACE
Spittalrigg farm
rent £5 psf

[Industrial property to rent in Haddington, East Lothian - Spittalrigg, Haddington - Galbraith \(galbraithgroup.com\)](#)



Q4 2022

X

Town Catalyst - Retail Incubator
Business Proposal
2017

Executive Summary

The Town Catalyst – Retail Incubator is a project aimed at bringing new retail and retail service business to the town centre. These businesses are vital to ensure the viability of any high street, because they attract people to the town centre who then utilise the service sector and hospitality sector which exists there.

A vibrant high street is important in many ways including:

- Reduced crime and anti-social behaviour
- Improved accessibility for the most vulnerable in society
- Improved job market for locals, leading to improvements in community cohesion, health, wellbeing and education

The retail incubator will provide a 6-month opportunity for a new or existing (but non-bricks-and-mortar) business to try their hand at opening a shop, without the usual attached risks. The risks mitigated by this approach are:

- Long lease terms
- Lack of start-up capital
- Lack of knowledge about running a bricks-and-mortar business
- Lack of marketing and customer base in geographical area.

These risks will be minimised by subsidising running costs for the business, and providing educational support and promotional marketing.

At the end of the six months, the business will assess its viability and, if positive, will take a vacant unit in the town centre. The Town Catalyst – Retail Incubator will then assist a new business, generating a natural chain of fresh, exciting, attraction businesses for the town centre. This will arrest the long spells of downturn faced by many towns and help to stimulate growth.

Need

East Lothian has a growing population. Estimated at 101,360 in 2013, it is forecast to grow at one of the fastest rates of all 32 local authorities in Scotland, according to [East Lothian council](#). The number of households is projected to grow by 26.5% between 2012 and 2037 compared to a growth of 16.6% in Scotland.

As the world economy has shown turbulence, it is important that we not only improve local services but also re-localise services that may have been lost to town centres.

Social mobility and community cohesion are two areas which have suffered from these demographic changes. Many towns in East Lothian are used as dormitory towns for Edinburgh and as such their town centres have receded and become predominantly tourist centres.

With large retail parks in the neighbouring county, it is difficult to attract people to town centres. Sadly, anti-social behaviour, change from retail to services, and proliferation of betting and charity shops has become the trend.

Once the shops begin to disappear, it creates a domino effect. The service sector, especially food and drink, then struggles due to the downturn in foot flow, this can lead to a downward spiral that leads to empty units, often left vacant for years.

East Lothian has the lowest number of businesses per head of population of any county in Scotland. The barriers to entry are simply too daunting for many people. With the right support, we think the true entrepreneurial spirit of local communities will show through and we can redress this imbalance.

Economic Benefits

We hope that, by creating a steady flow of viable businesses in East Lothian, we can reverse town centre decline and spark a positive trend of growth that may encourage more visitors and businesses into town centres.

Filling vacant units benefits the entire high street, attracting more shoppers, and adding value to every visit. Locals and visitors from out of town alike are more likely to stop, engage, and spend when there's a variety of different businesses to choose from. A positive experience will result in return visits and word-of-mouth recommendations that will encourage others to visit.

The average day visitor spends £29.61 per person and the average staying visitor spends £57.67 per person, per day, according to the [2015 East Lothian Visitor Survey](#). Day visitors comprise around two-thirds of total visitors.

If the new business attracts just 3 new day visitors per week that would bring an extra £621.81 into the local economy.

Money spent on the high street with local businesses, is more likely to stay local. The people who own and run these local businesses, also live and spend locally, so the entire local economy benefits. This isn't always true with larger retailers and the international chains that dominate most retail parks.

Once all the vacant units are taken, the retail incubator will be left dormant until the need arises again.

Business Opportunity

The potential opportunity to grow the Town Catalyst – Retail Incubator from an initial pilot stage is enormous. Every town across Scotland, and indeed the UK, faces the same problems of out of town development, lack of retail and attraction businesses, and a reliance on the service sector to provide local employment opportunities.

The initial pilot will be run for a period of 12 months in the town of Dunbar, which at the date of writing had five vacant units.

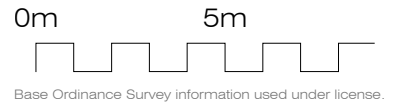
Funding could then be expanded across other town centres in collaboration with East Lothian Council.

The Town Catalyst – Retail Incubator already has the support of the Dunbar Trades Association, the Business Gateway, and Economic Development.

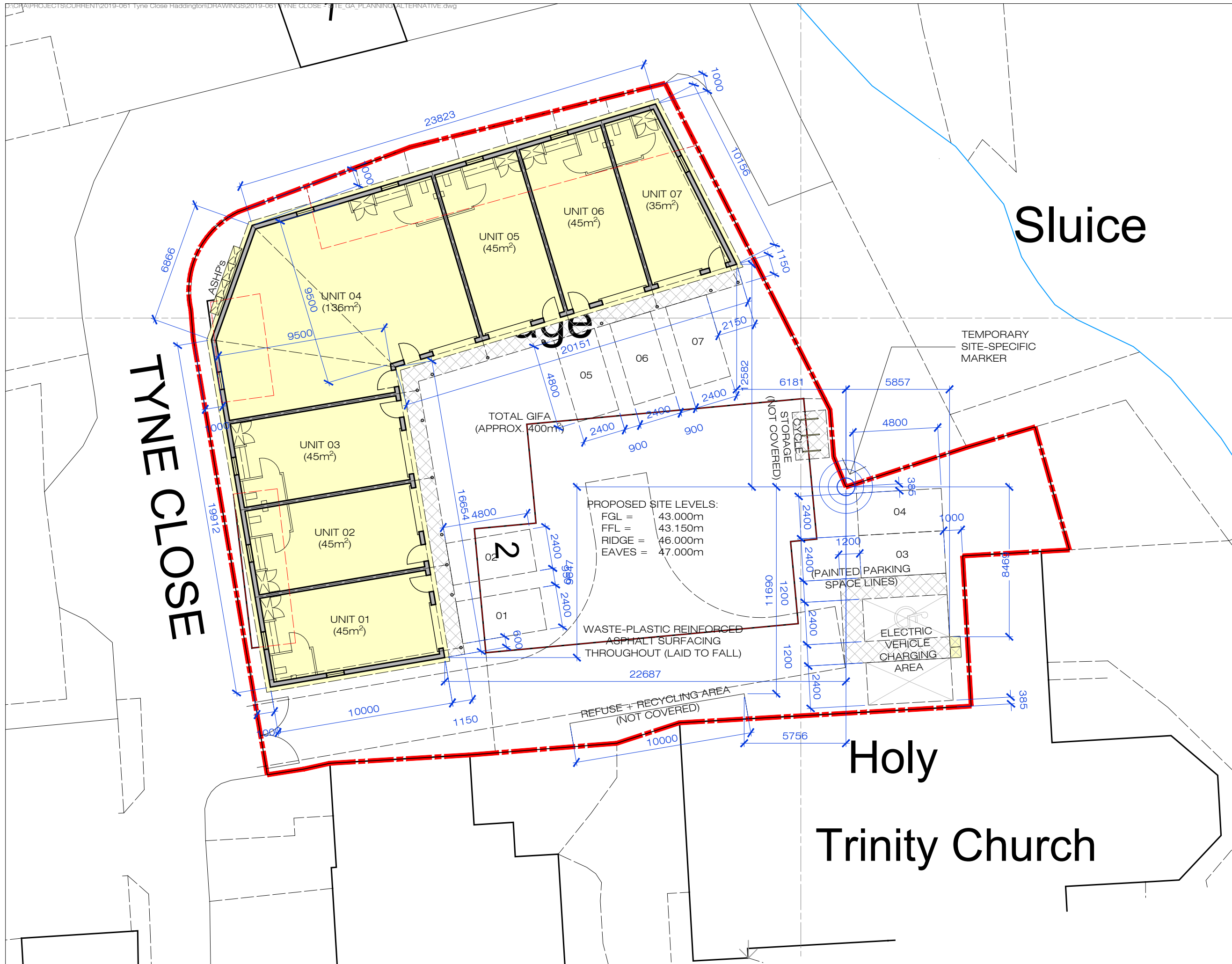
There is also further opportunity to move into purchasing high street properties to keep an income generation tool for future town ventures. With a property portfolio, the snowball effect this could have across the UK becomes even greater.



- APPLICATION SITE BOUNDARY (0.27 Acres)
- EX. STRUCTURES TO BE DEMOLISHED
- AREA OF PROPOSED NEW DEVELOPMENT



NOTE:
 IN THE ABSENCE OF A FULL LAND/BUILDING SURVEY, THE INTERNAL EDGE OF THE EAST CORNER OF THE SITE (AS HIGHLIGHTED) HAS BEEN USED AS A TEMPORARY SITE-SPECIFIC MARKER.
 PROPOSED LEVELS INFORMATION HAS BEEN DERIVED FROM EXISTING OS DATA.
 THIS DRAWING CAN BE UPDATED ONCE SPECIFIC LAND SURVEY/BENCHMARK INFORMATION BECOMES AVAILABLE.



- E ADDITIONAL CONTEXT, SETTING-OUT + HEIGHT DATA TO ALLOW PLANNING APPROVAL CONDITION 1 DISCHARGE. 15.07.20
 - D DISABLED PARKING + CYCLES ADDED. 21.04.20
 - C GENERAL NOTE REVISIONS FOR ELC. 16.01.20
 - B DWG NUMBER REVISION (04-11). 03.12.19
 - A ROOF AND LAYOUT REVISIONS. 11.11.19
- Rev: Description: Date:

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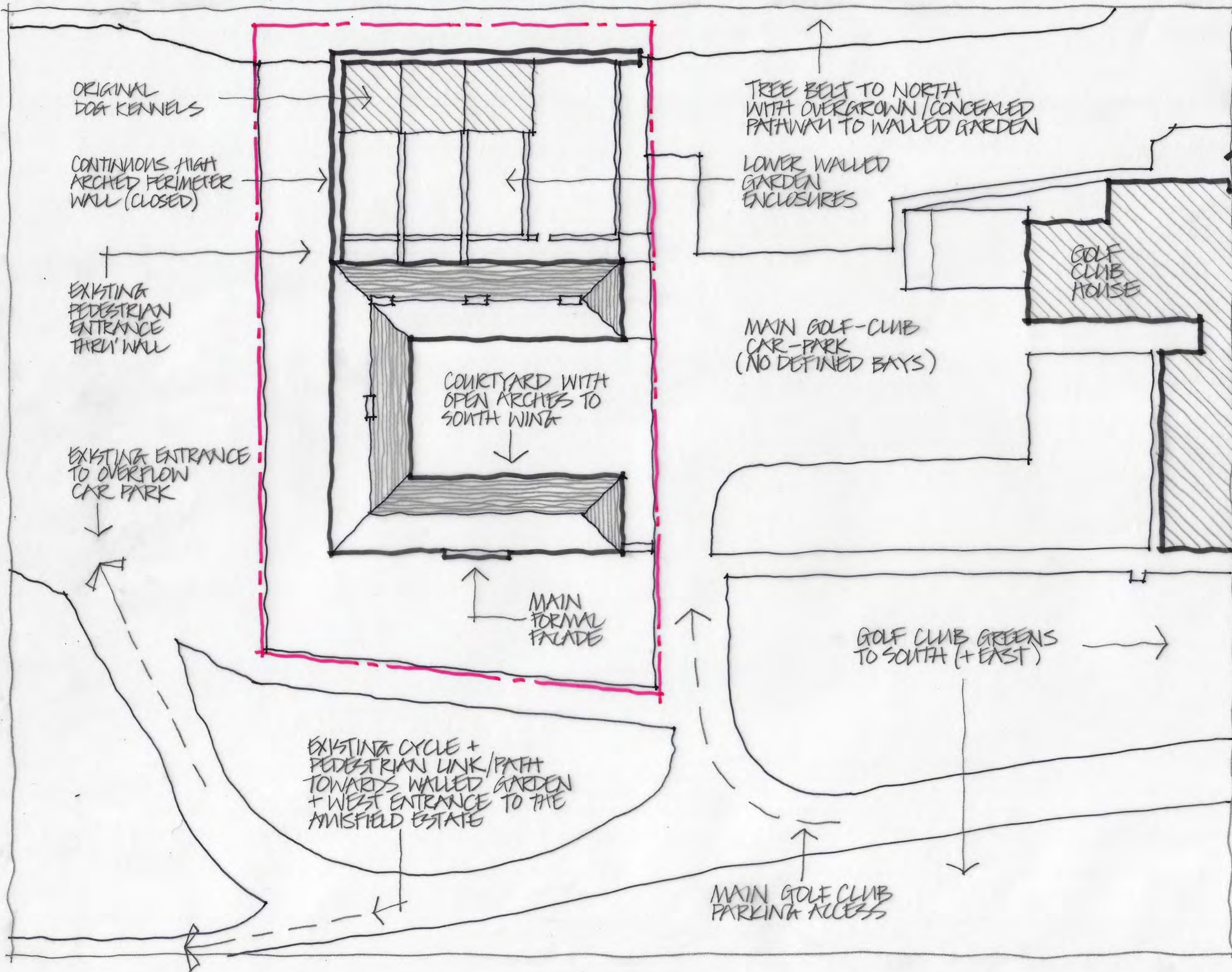
PLANNING

Project:
 TYNE CLOSE
 HADDINGTON, EAST LOTHIAN
 EH41 3EU

Client:
 EAST LOTHIAN LAND LTD.

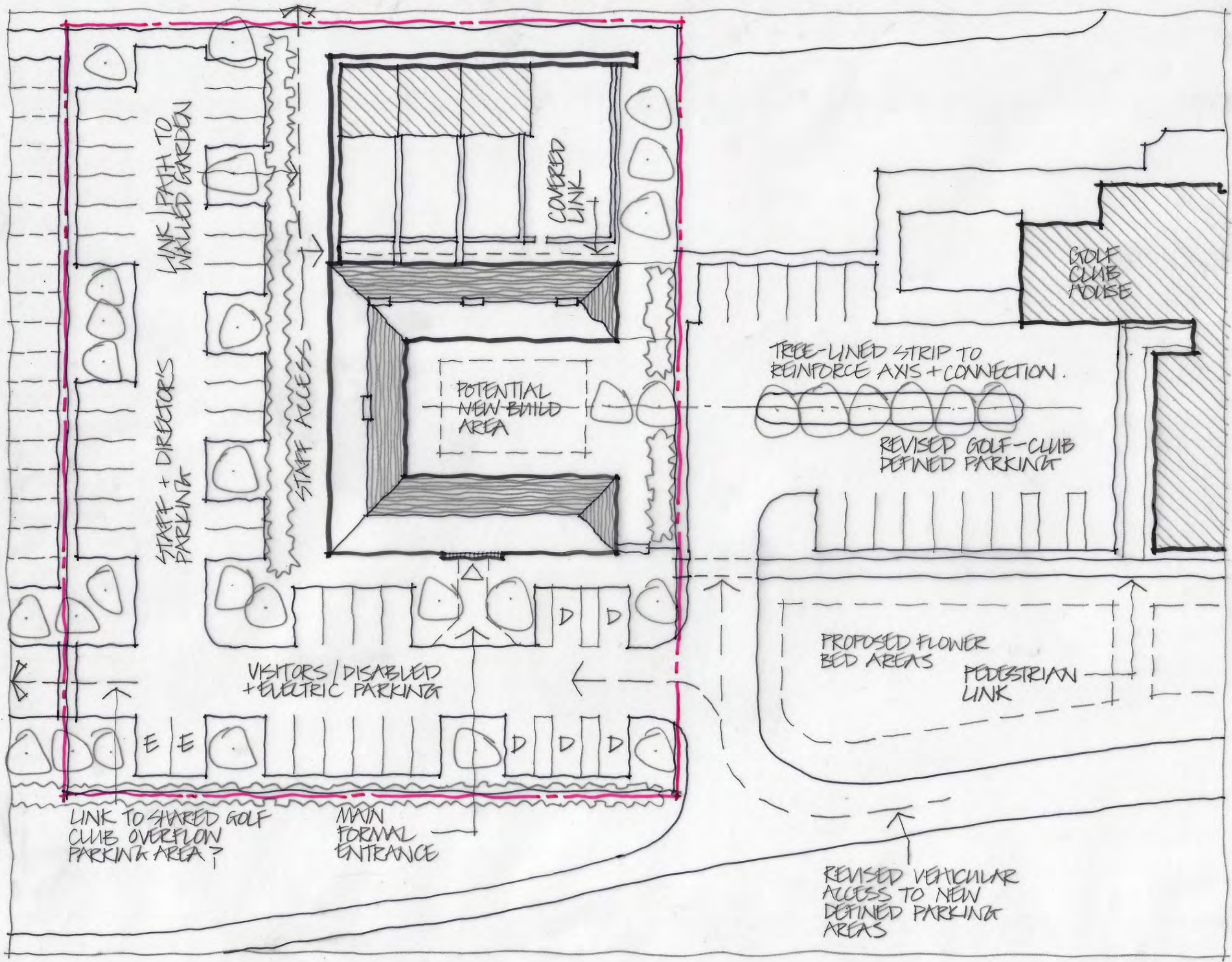
Drawing:
 PROPOSED FLOOR PLAN

Drawing No. Scale: Date: Drawn:
 2019-61-011E 1:200 @ A3 OCT '19 CR



**AMISFIELD STABLES, HADDINGTON
PROPOSED OFFICE CONVERSION**

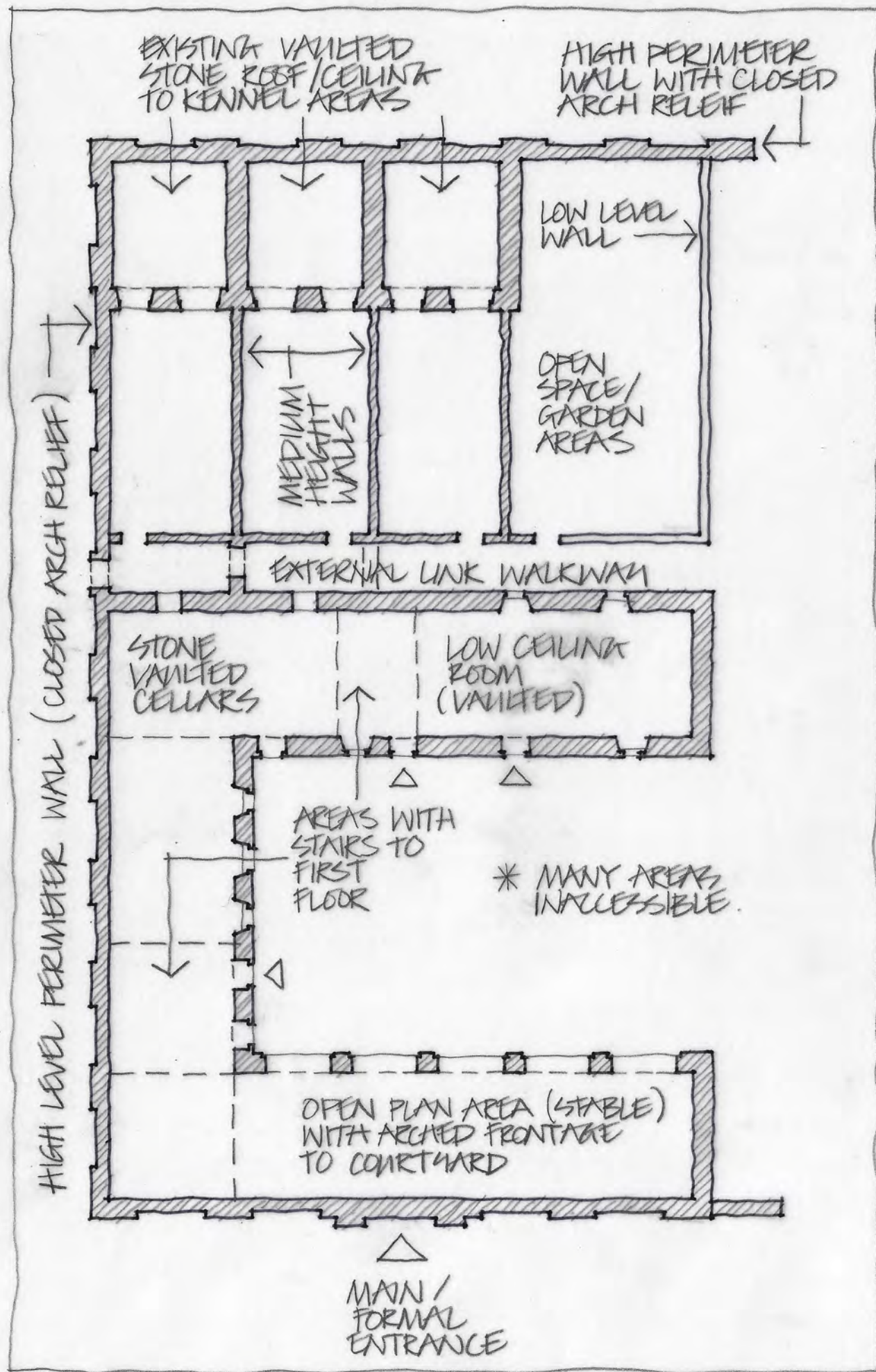
EXISTING SITE PLAN
1:500 @ A3



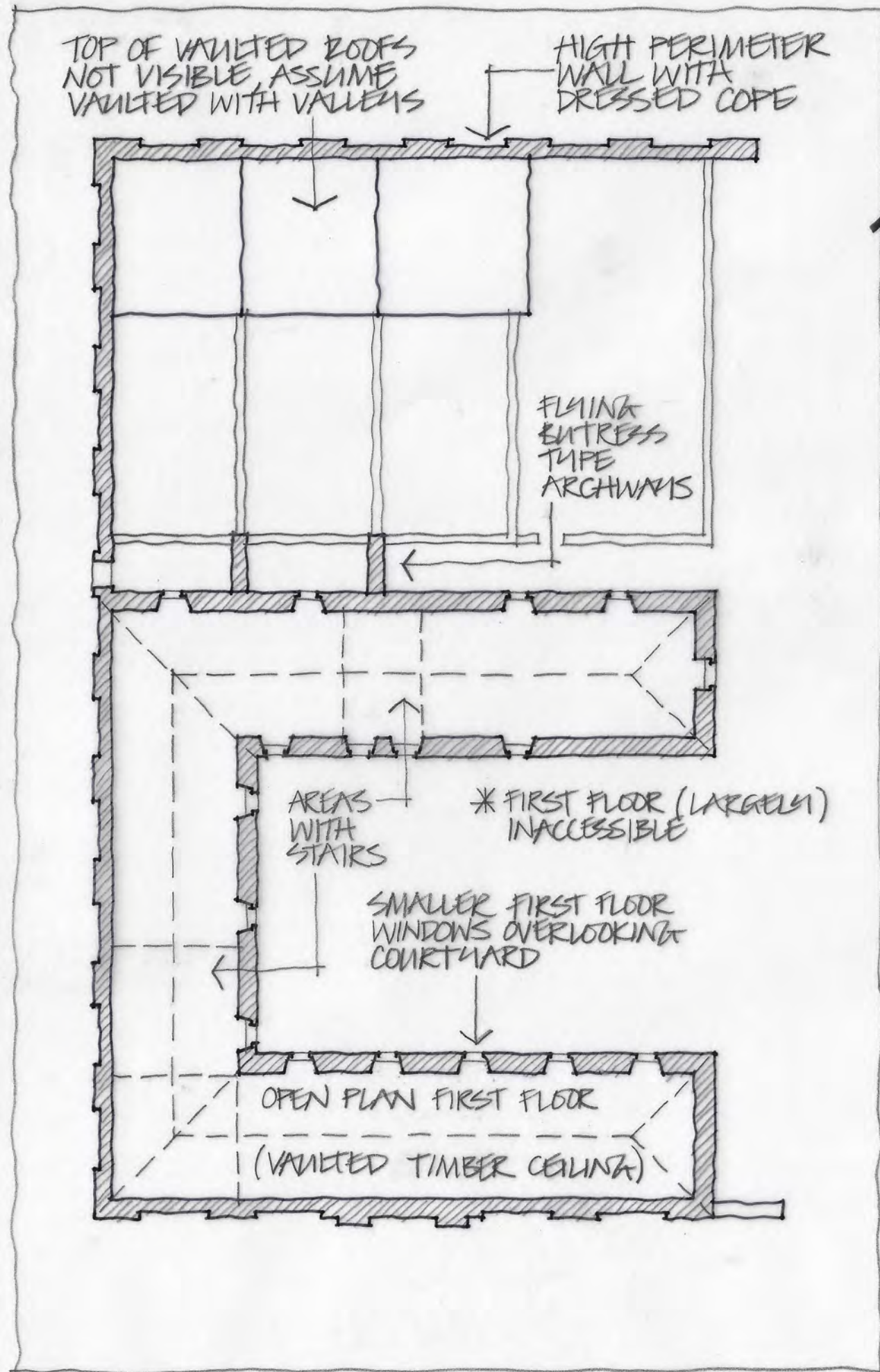
**AMISFIELD STABLES, HADDINGTON
PROPOSED OFFICE CONVERSION**



**PROPOSED SITE PLAN
1:500 @ A3**



EXISTING GROUND FLOOR LAYOUT

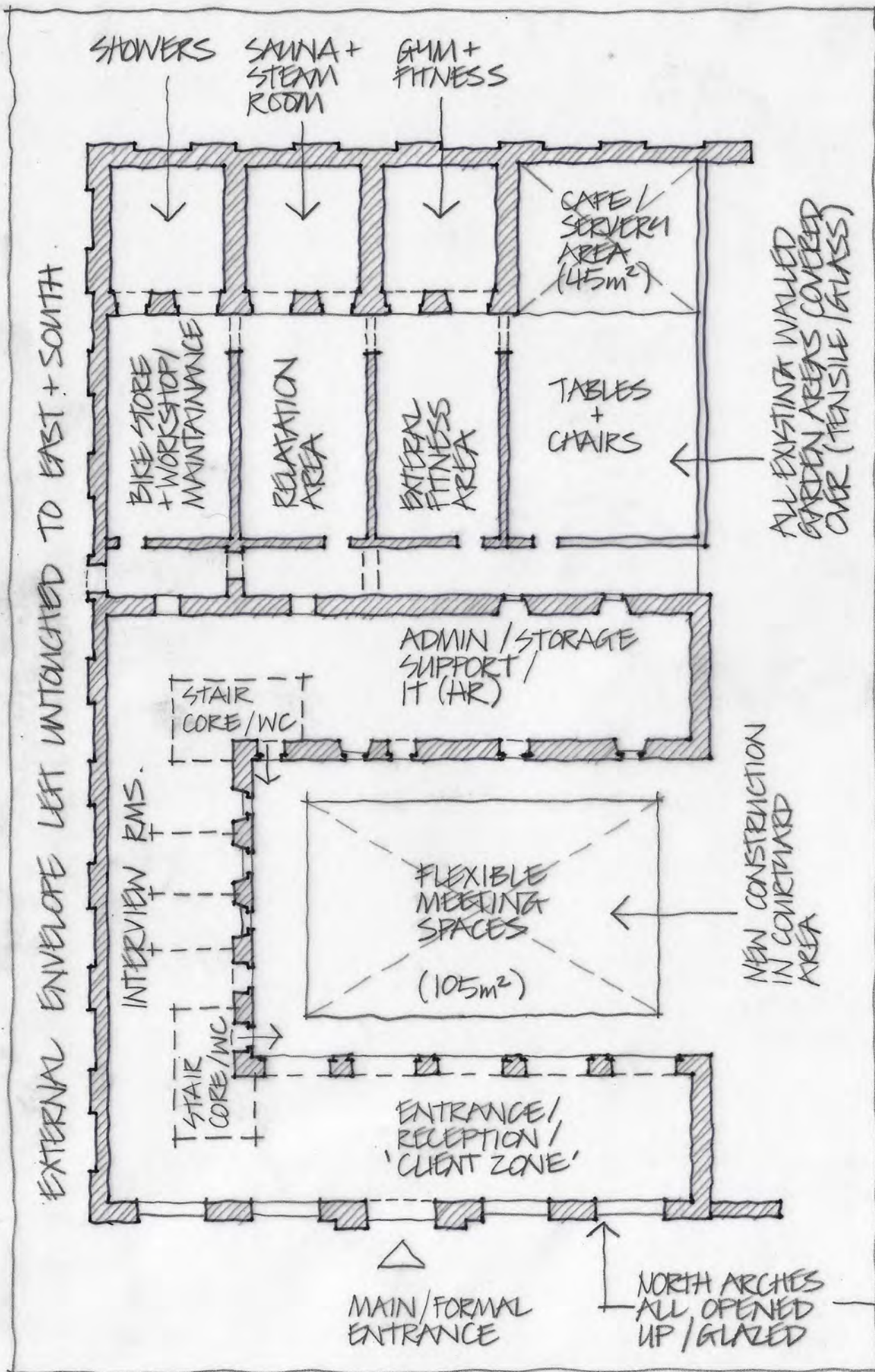


EXISTING FIRST FLOOR LAYOUT

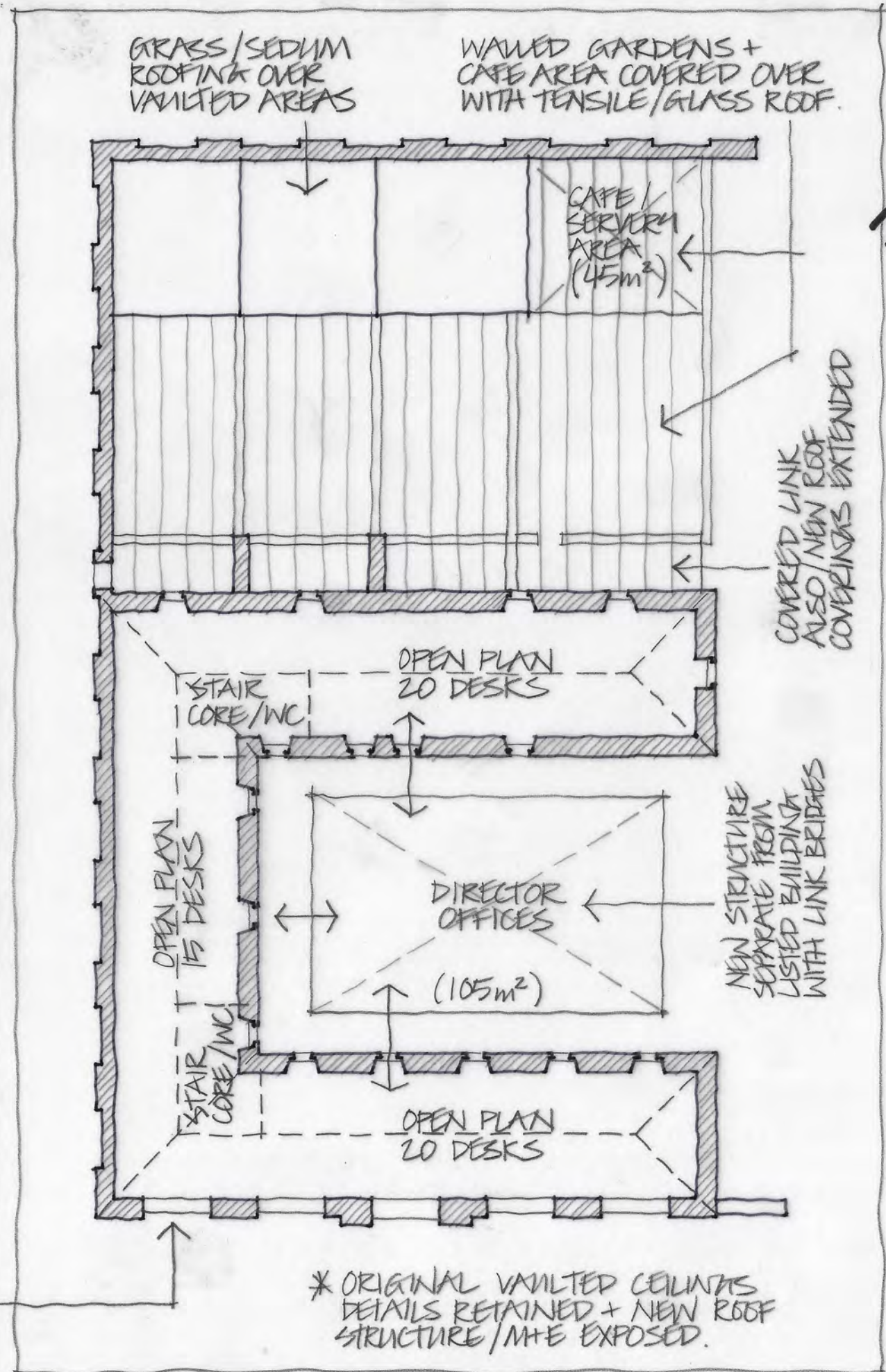


AMISFIELD STABLES, HADDINGTON
PROPOSED OFFICE CONVERSION





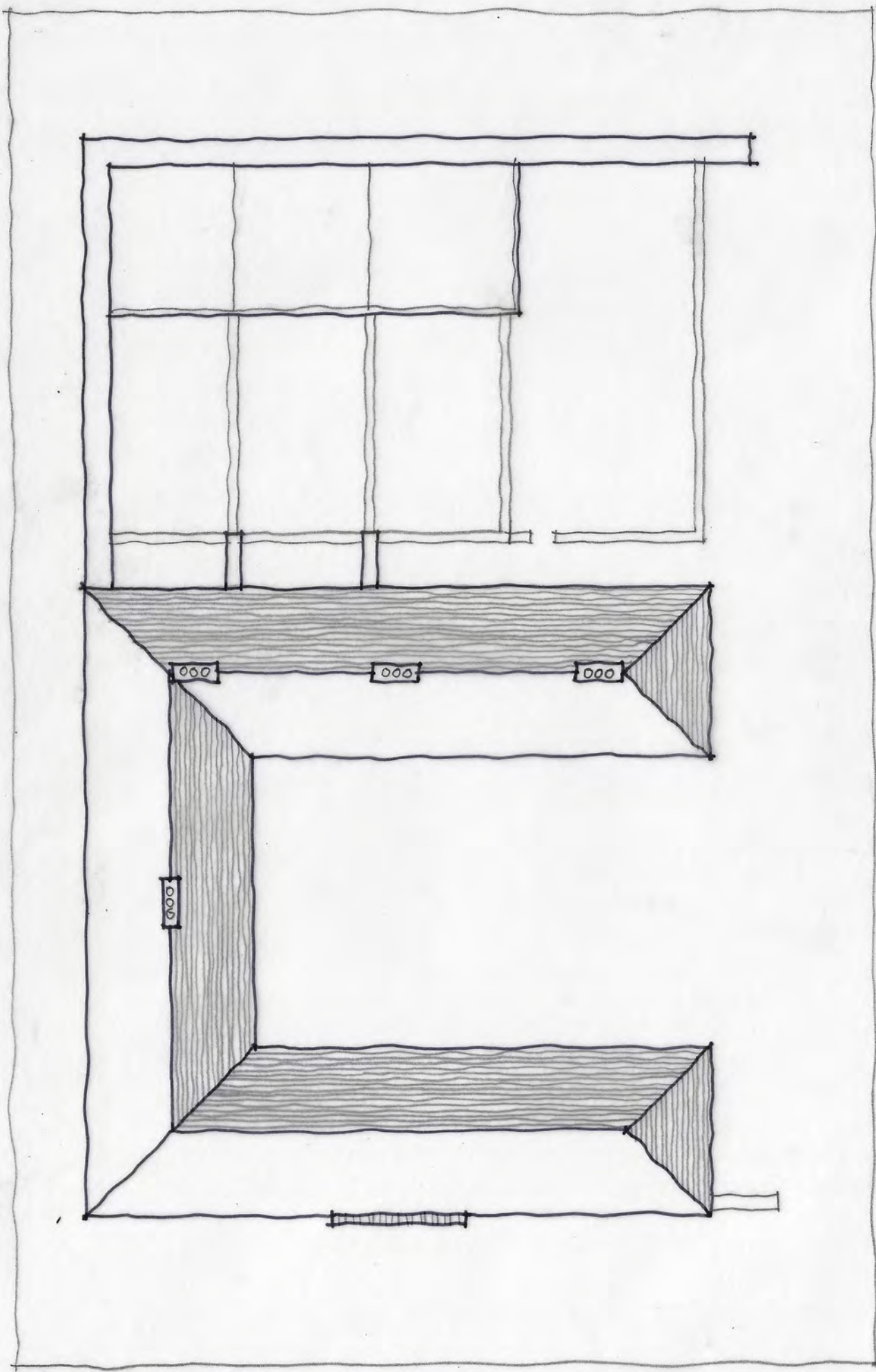
PROPOSED GROUND FLOOR LAYOUT



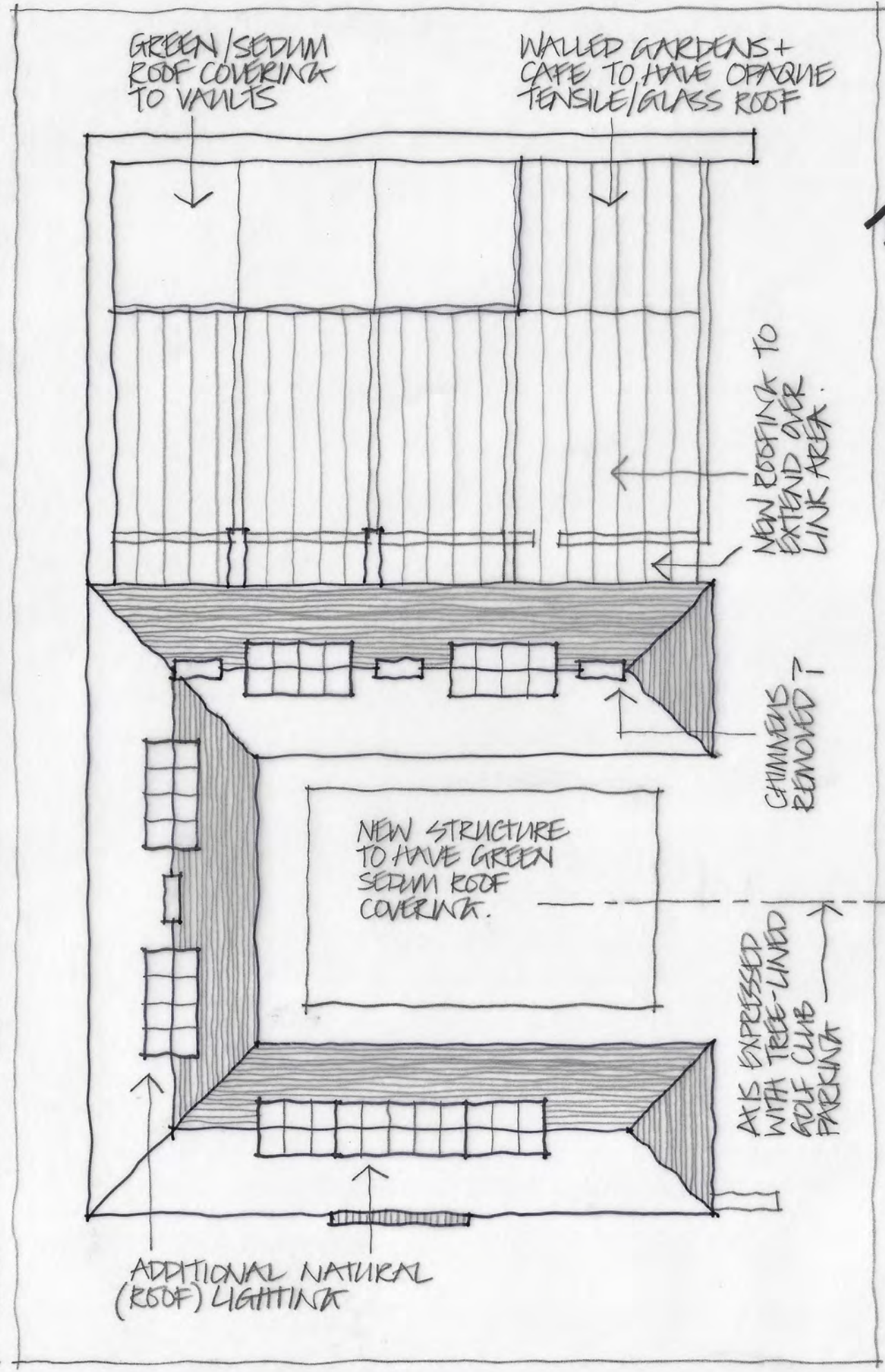
PROPOSED FIRST FLOOR LAYOUT

AMISFIELD STABLES, HADDINGTON
PROPOSED OFFICE CONVERSION

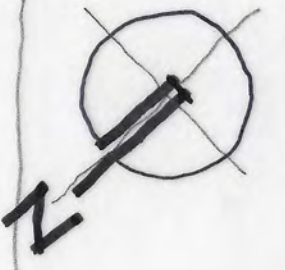
PROPOSED GF+FF PLANS
1:200 @ A3



EXISTING ROOF LAYOUT



PROPOSED ROOF LAYOUT



AMISFIELD STABLES, HADDINGTON
PROPOSED OFFICE CONVERSION



EX + PROP ROOF PLANS
1:200 @ A3

