

**community
enterprise**

Newton Stewart Initiative

Feasibility Assessment and Options Appraisal for
the former Grapes Hotel site

Public version

July 2024



NEWTON STEWART
INITIATIVE
working for you



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1. Introduction

1.1 Background and Original Drivers

Newton Stewart is a small market town in the historic County of Wigtownshire, sitting on the banks of the river Cree. The smaller settlement of Minnigaff sits on the opposite bank of the river.

Newton Stewart Initiative is a community led charity working to regenerate the town, involving as many people and groups as possible. The charity aims to develop community facilities, support community led initiatives, businesses and regeneration projects, youthwork and any other project that benefits the community living, working or studying in and around Newton Stewart.

Previous community consultations in Newton Stewart have identified that regenerating the town centre and dealing with derelict buildings are priorities for local people. In particular, the former Grapes Hotel on Victoria Street (the main thoroughfare) has been derelict for many years. This building has been the subject of community discussion over time, given its deteriorating condition and detrimental impact upon the main street in the town.

NSI wishes to explore whether the Grapes Hotel could be purchased for the community and redeveloped to meet community need. Research carried out by South of Scotland Community Housing has identified a demand for affordable housing and the need for energy-efficient homes in Newton Stewart. The vision for the Grapes site is therefore, to create housing units on the upper floors to meet this demand. There is also space for a commercial or community use on the ground floor. NSI operates a successful Community Shop from a small premises in nearby Dashwood Square and the proposal is that the Community Shop could relocate to the ground floor of the Grapes site – offering more to the community from a larger space.

NSI has agreed heads of terms with the owner for purchase, conditional on funding being secured. An architect led consultancy team has been appointed with funding from the Scottish Land Fund, Architectural Heritage Fund and Rural Housing Fund, to produce an overall redevelopment proposal for the property. The team is led by Collective Architecture, with Community Enterprise appointed to consider community need/demand and develop a business plan for the non-housing elements.

This report sets out the findings and recommendations of the research carried out by Community Enterprise.

This is the public version of the main report, intended to provide a summary to the community of the work that was carried out.

1.2 The Asset

This is considered in detail in the technical reporting produced by Collective Architecture. Important points for the purposes of this report are:

- It is currently listed on the Dumfries and Galloway Vacant and Derelict Land Register. It is not listed but is within the Newton Stewart Conservation Area and lies adjacent to listed buildings.
- The front elevation is in reasonable condition and can be retained. No assurances can be given about the remainder of the building. There are some outbuildings within the site which are beyond repair and will need to be taken down.
- The site sits within the functional flood plain of the River Cree. The Planning Department has indicated they do not intend to support any proposal for residential accommodation on the site. However, NSI and the design team, with the support of the local MP, intend to challenge the Council's proposed interpretation of the NPF4 flooding guidelines.
- Other constraints relating to the site include (1) a right of access to the owner of a neighbouring property to access their land through the rear of the Grapes site; (2) Due to



its narrow width and some tight corners, Victoria Lane is not accessible to refuse or emergency vehicles.

1.3 Organisational Background

Newton Stewart Initiative is a Scottish Charitable Incorporated Organisation (charity number SC029869). Trustees are appointed by the wider membership.

In brief, the charitable purposes are “to benefit the community of Newton Stewart and the surrounding area which comprises the postcode district of DG 8 and Cree Valley community Council area (“the Community”) with the following objects: The advancement of community development (including the advancement of rural regeneration) within the Community...” [the constitution includes more specific elements under this general purpose].

While this feasibility work to explore acquisition of the Grapes site is the priority, NSI is also taking forward development of other sites as assets for the local community. These are:

- Vibe 75 – the former Cinnamon Café, The downstairs will be a community hub and the upstairs will be for youth work in partnership with DG Youthwork. There is a 5 year lease in place, with the aim of purchasing the building.
- Minnigaff Industrial Units – intention is to take these on from the Council through Community Asset Transfer. This could generate a reasonably high level of rental income.
- The Clock Tower (Old Town Hall). NSI’s aim is to complete the asset transfer request for the Old Town Hall (clock) building on a long term lease from DGC. Stage 1 submitted and stage 2 in progress. This would be primarily as an information point for visitors and local people and would provide office space for NSI.

The proposed use of the Grapes Hotel site would be complementary to these other buildings.

1.4 Methodology

Engaging with as many people as possible was a critical part of the research phase, and every effort was made to carry out extensive and highly participative community engagement. The aim is to ensure that any proposals for the site are community-led and address a real need.

Community Enterprise engaged with:

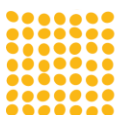
- 354 respondents to a community survey.
- 54 attendees to public meetings for the project.
- 36 participants in focus groups for older and younger people.
- 26 people through a community questionnaire led by young people through DG YouthWork.
- 8 local organisations took part in one to one interviews.

The stages of the study were:

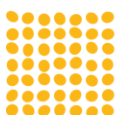
Awareness Raising:	<ul style="list-style-type: none">• Posters displayed in the town.• Social media promotion, including on the NSI Facebook page (2.3k followers) and What's on in and around Newton Stewart (1.1k followers). Boosted posts were also run on Facebook.• A press release was published by DG What's Going On¹ and DnG24². An article was also published in the Stranraer Free Press.
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¹ <https://www.dgwego.com/community-focus/community-survey-grapes-hotel/>

² <https://www.dng24.co.uk/future-plans-revealed-for-rundown-ex-hotel/>



	<ul style="list-style-type: none"> The survey was promoted by local stakeholders, including Douglas Ewart High School.
Desktop research	<ul style="list-style-type: none"> Review of demographic trends in the local area. Analysis of national, local authority and local policies and priorities. Review of background information including the recent local place plan.
Community survey	Online and through paper copies. The survey ran between end April and early July 2024, receiving 345 responses.
Open meetings	<p>Two open consultations took place:</p> <ul style="list-style-type: none"> Open drop in sessions at Vibe 75 on 23rd May 2024, engaging 34 people. Stakeholder meeting at Vibe 75 on 22nd May, engaging 20 representatives of local organisations from the public, private and third sectors.
Focus groups	<p>Focus groups took place with:</p> <ul style="list-style-type: none"> The Riverside Centre: 20 older people took part. DG YouthWork participants: 16 young people took part. <p>A further community questionnaire led by young people through DG YouthWork received responses from a further 26 people.</p>
Stakeholder interviews	Interviews took place with 8 organisations.
Research report and options	Production of this report, for discussion. Once a way forward is agreed a business plan can be produced.



2. Findings

2.1 About the community

Assets

- This is a close knit community. Neighbours will look out for each other. There are generational links to the area.
- There is aspiration to improve the town – work by the Women of Minnigaff and Newton Stewart group is a well recognised example.
- Young people in the town value friends and family and the safe, comforting environment. There is a good youth work offer in Newton Stewart.

Challenges

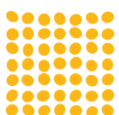
- Concern about the proposed Blair Hill Wind Farm, with reports that this would negatively impact on tourism.
- There is hidden poverty, which is not truly reflected in SIMD statistics. The cost of living crisis is impacting on people locally and increasing costs are impacting on the viability of shops on the high street.
- Some sense of a divide between longstanding residents and incomers to the town. People can move to the town and want to bring about change – but there are conflicting views about what that change should look like.
- Apathy can be a challenge: the community are “all surveyed out”.
- Bus links are poor.
- Challenges relating to teenagers/young people – there is little to do. There are fewer opportunities for work or further education, which leads to young people leaving the area. There was feedback that a lack of housing also contributes to this.
- While there is evidence that this is improving, local community groups have not always communicated well or worked in a joined up way. Some feedback was provided that NSI can improve on this.
- The town centre was identified as a challenge:
 - Historically this has been a bustling town but that busyness has been lost.
 - There are a number of long term empty premises that have deteriorated in the last few years (the Grapes and Galloway Arms in particular).
 - Local businesses have closed and there are empty shops, so people are less likely to come into the town for shopping. There is a need to encourage more businesses to open here.
 - There is a lack of parking in the town centre.

2.2 Support and demand for the project

Support for acquisition of the building

There was support for acquisition of the building by NSI for the community, evidenced by:

- 93% of survey respondents supported purchase of the building by Newton Stewart Initiative for the community. 5% were unsure, and 1% were opposed.
- The majority of stakeholders interviewed were supportive of something being done at the site.



- While not unanimous, there was a positive response at open events and focus groups to the principle of NSI taking on the site.
- Informal ‘voting’ as part of the consultations indicated support:
 - Open meeting participants: Yes 17, No 2, Not sure 2.
 - Youth questionnaire participants: Yes 21, No 1, Not Sure 4.
- This is consistent with previous consultations, which indicated a desire for improvements to the high street and addressing derelict buildings including the Grapes.

For those in favour, feedback was that the building is an “eyesore” with a detrimental impact on the main street. Community ownership could also address safety concerns relating to the condition of the site.

Some concerns were expressed around:

- Costs of taking on and developing the site.
- The financial viability of the project.
- Sustainability over the longer term – if volunteers step away or NSI is wound up.
- Feedback that NSI should concentrate on its existing portfolio of buildings.
- Whether there was openness to alternative suggestions for the site.

Employing some local trades in the capital work can help to bring the community onboard.

Development of community owned affordable housing at the site

There was also support for development of community owned affordable housing at the site, evidenced by:

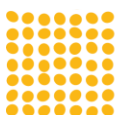
- 85% of survey respondents supported the development of community owned affordable housing at the former Grapes Hotel. 7% were unsure, and 8% were opposed.
- 15 people indicated they were interested in living in affordable housing at the site.
- The majority of stakeholders interviewed were supportive.
- Again, while not unanimous, there was a positive response at open events and focus groups to the principle of developing community owned affordable housing.
- Informal ‘voting’ as part of the consultations indicated support:
 - Open meeting participants: Yes 19, No 1.
 - Youth questionnaire participants: Yes 22, No 1, Unsure 3.

Feedback on the development of housing was that:

- There is a need for affordable housing locally.
- Housing should benefit local people. Residents should be approved / vetted.
- It should be for rent rather than purchase.
- There were mixed views on whether the housing should target any particular demographics. 50% of survey respondents felt that the housing should not be targeted at any specific groups, followed by 29% who felt it should be targeted at young people and 20% at families.

Feedback from the other parts of the consultation was that housing could focus on young people (those in full time employment or education), couples and families. If accommodation is on the upper floors, it would be less suitable for elderly people.

Some concerns were identified about:



- Whether the town centre is the best place for housing.
- Traffic management and lack of parking.
- Potential for flooding.

Commercial/community use on the ground floor

Relocation of the NSI Community Shop to the ground floor

The consultations tested the proposal that the NSI Community Shop would relocate from Dashwood Square to the ground floor of the Grapes site (while also gathering alternative ideas). There was support for the proposal overall, although this was a little more muted:

- 80% of survey respondents supported the NSI Community Shop relocating to the ground floor of the former Grapes Hotel. 13% were unsure and 8% were opposed.
- While there was some support from stakeholders, views on this aspect of the project were more mixed.
- The responses from focus groups were mixed.
- Informal 'voting' as part of the consultations indicated support:
 - Open meeting participants: 16; No: 2.
 - Youth questionnaire participants: Yes 15, No 4, Unsure 7.

Those in favour of the relocation felt that this would support the NSI Community Shop with an improved location and more space. Participants in the stakeholder meeting identified that the Shop could contribute to training and employment.

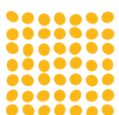
Some concerns were identified about:

- Possible duplication / competition with other charity shops on Victoria Street – especially the Marie Curie shop, which is long established.
- There are enough charity shops in the town.
- The Dashwood Square location is better, it is more convenient for dropping off donations, draws in people getting the bus and is more accessible for disabled people.
- That the current shop unit might become vacant (NB – it is understood that there has been interest in taking this space on should the NSI shop relocate).

Alternative suggestions and options

A wide range of alternative suggestions for the site were received. Some of the suggestions are aligned with NSI's plans for other venues such as Vibe 75.

- Knock down the building and develop either a town centre car park or community green space. This was frequently suggested.
- Support for people in the community, such as benefits office, careers advice, community banking facility, a community library and access to Wi-Fi/computers.
- Community space for groups to rent.
- Suggestions relating to retail, including an affordable clothing shop, community reuse shop, newsagent, pop up shops etc.
- Enterprise space, which could provide training and employment opportunities: e.g., space for businesses/startups; small workshop spaces, a co-working space etc. Training and employability support was emphasised by participants in the stakeholder meeting.
- A sit in restaurant. A café was suggested, although there was also feedback that this would duplicate with existing businesses.



- Facilities for children: indoor play area, soft play, a nursery, toddler groups and private childcare.
- Facilities for young people: included a space to hang out, pool table, a youth club, arcade games, a games room and a dry bar.
- A visitor centre / tourist information. A bunkhouse was also suggested.

2.3 Projected social outcomes

The community survey showed agreement that restoring the building to provide affordable housing and a space for the NSI Community Shop would deliver the following social outcomes:

- Develop the local economy: 37% strongly agreed, 37% agreed (total: 75%).
- Support people to stay in the area: 40% strongly agreed, 35% agreed (total 75%).
- Help people to access housing in Newton Stewart: 43% strongly agreed, 36% agreed (total 79%).
- Strengthen the community by owning a sustainable asset: 46% strongly agreed, 36% agreed (total 82%).
- Help to regenerate the town centre: 58% strongly agreed, 31% agreed (total 89%). This outcome was raised frequently in the other parts of the consultation.

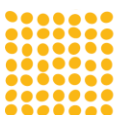
No more than 9% of respondents disagreed or strongly disagreed with each statement.

2.4 Capacity to deliver

- NSI has an appropriate legal structure and looks to be eligible for Scottish Land Fund Stage 2 (although there are some nuances, which should be checked with the SLF Officer).
- There is a track record of managing community buildings, with the current lease and development of Vibe 75, as well as the operation of the Newton Stewart Centre.
- A skills audit analysis showed that the board has appropriate skills and experience to take the project forward and there is interest from the trustees in developing their skills further.

2.5 Finance and funding

- While challenging, the redevelopment is fundable – although the Rural Housing Fund will be key. Many of the capital funding sources are paused or not available at the moment so clarity will be needed before proceeding with a capital project.
- At present the community shop is generating a surplus (£30,862 last financial year). This shows that in principle, the non-housing activity at the site is viable. The financial projections for the housing produced by SOSCH will show what surplus can be generated through the accommodation.
- The shop currently operates on a volunteer basis, coordinated by a trustee who acts as an unpaid manager. There needs to be a transition towards a paid managerial position to reduce the risk of overreliance, and allow that trustee, in time, to be able to step back. While this will increase costs (particularly staffing costs), there are also opportunities for additional development and income generation which a paid management position can help to realise. This will be fleshed out at the business plan stage.



3. Options appraisal

We have identified the following broad options:

1. NSI does not take on the former Grapes Hotel site.
2. NSI takes on the former Grapes Hotel site to provide combination of parking and outdoor community space. This suggestion was frequently mentioned.
3. NSI takes on the former Grapes Hotel site to develop affordable housing and to host the NSI Community Shop (i.e., the original proposal).

Option 1 - NSI does not take on the former Grapes Hotel site

Advantages	Disadvantages
<ul style="list-style-type: none"> • NSI does not need to take on an asset with liabilities. • Avoids the need to fundraise for the redevelopment in a challenging fundraising environment. • Avoids having to manage a building (including potentially residential accommodation). • Avoids risk of competition or duplication from relocation of the Community Shop. • NSI released to focus on other projects such as Vibe 75 and the Clock Tower. 	<ul style="list-style-type: none"> • There is community support for the building to be put to productive use. • The site will continue to sit derelict, with a negative impact on the town centre. • Another site will be required to meet the need and demand for affordable housing. • Another larger space will be required for the Community Shop. • Loss of an asset to the community and a financial asset for NSI.

Conclusion:

We believe this option needs to be considered in light of the challenging funding environment.

On balance however, (1) there is good evidence of community support for the proposal, (2) the building is a longstanding concern to the community and (3) while challenging, the redevelopment can be fundable – although the Rural Housing Fund will be key.

As a result, this is not the recommended option.

Option 2 - NSI takes on the former Grapes Hotel site to provide combination of parking and outdoor community space.

A frequently suggested alternative use for the site was to demolish the building and create either town centre parking or an outdoor community space, which could host events such as markets, car boot sales etc.

There was a suggestion that affordable housing could be developed above ground level, with an arch at ground level leading to parking at the rear of the site. We have not considered this further on the basis of (1) design difficulty leading to increased cost and (2) the impact on marketability of the flats, with cars passing directly below.



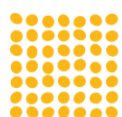
Advantages	Disadvantages
<ul style="list-style-type: none"> • Removes the building which has been consistently identified as an eyesore with a negative impact on the town centre. • Lack of town centre parking was a concern expressed in the consultations. • Outdoor space could support community events, potentially involving different groups in the town working in partnership. • Avoids risk of competition or duplication from relocation of the Community Shop. • Likely easier to manage than a building. • Secures an asset for the community (albeit essentially a gap site). • Could be potential to develop the site further in future. • Fewer issues with planning (as no residential accommodation is being developed in the flood plain). 	<ul style="list-style-type: none"> • The main disadvantage is that this is unlikely to be fundable. Removal of the building will be costly, and it is unlikely that funders will support this capital work due to the relatively low social impact that would be delivered. • Relatively limited income generation potential. • Another site will be required to meet the need and demand for affordable housing. • Another larger space will be required for the Community Shop.

Conclusion: We do not believe that this option is fundable and would lose a vital asset for the community.

Option 3 - NSI takes on the former Grapes Hotel site to develop affordable housing and to host the NSI Community Shop.

This is the initial NSI proposal which has formed the basis of the community consultation.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Delivers on the community support for the building to be put to productive use. • Addresses a longstanding problem building on the high street. • Meets the need and demand identified for affordable housing. • Supports the sustainability of the NSI Community Shop. 	<ul style="list-style-type: none"> • Fundraising for the capital redevelopment will be highly challenging (although possible). • NSI assumes liability for the site. • Requires NSI to manage the building (even if elements of this are outsourced). • Building is on the flood plain: (1) planning permission may be turned



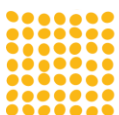
<ul style="list-style-type: none"> • Secures the site as an asset for the community. • Income generated to support the sustainability of NSI (a community owned charity). 	<p>down and (2) insurance costs may be high.</p> <ul style="list-style-type: none"> • Some risk of competition / duplication with the Marie Cure shop from the relocation of the NSI Community Shop. • Potential for NSI to be stretched between too many asset development projects (Vibe 75, the Grapes, Clock Tower, Minnigaff industrial units).
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Conclusion:

While Option 1 needs to be considered, this is the recommended option. Funding for the capital work will be highly challenging but is possible – assuming that the project secures support from the Rural Housing Fund and other sources come back on stream such as the Regeneration Capital Grant Fund and elements of the Levelling Up funding.

The capacity of NSI to manage multiple asset development projects needs to be considered. On the basis of the evidence of community support for the project, the Grapes Hotel site should be a priority.

There is some risk of an impact on the adjacent Marie Curie shop (some specific consultation was carried out in response to this risk). This could be alleviated in part by good signposting to the town's other charity shops by the NSI Community Shop.



4. Recommendations and next steps

We recommend that NSI:

1. Proceeds to business plan with full cash flow projections and key performance indicators.
2. Agrees an accommodation schedule for the architect.
3. Proceeds with its plans to purchase the Grapes on the basis that the purchase price is reasonable and fundable.
4. Continues to consult and inform with the local community and stakeholders over these plans to ensure continued and growing support.
5. Continues to build on the positive relationship with the Marie Curie Shop.

