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**REPORT TO: SPECIAL MORAY COUNCIL ON 16 DECEMBER 2020**

**SUBJECT: CULTURAL QUARTER - MORAY GROWTH DEAL**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)**

**1. REASON FOR REPORT**

- 1.1 To inform Council of the Cultural quarter project in the Moray Growth Deal providing an update of progress and seeking approval of concepts and next steps.
- 1.2 This report is submitted to the Council in terms of Section III A (2) of the Council's Scheme of Administration relating to long-term financial plans.

**2. RECOMMENDATION**

**2.1 It is recommended that the Council:-**

- (i) consider and note the executive summary from the outline business case provided in Appendix 1;**
- (ii) consider and note the governance process associated with Growth Deal Projects for which the Council is the Lead Partner;**
- (iii) agree the high level funding requirement of £3.9m from the Council and note the overall project costs shown in the financial implications; and**
- (iv) agree to utilise the existing capital budget for the Growth Deal in 2020/21 to enable the next steps identified for the Cultural Quarter in para 5.1.**

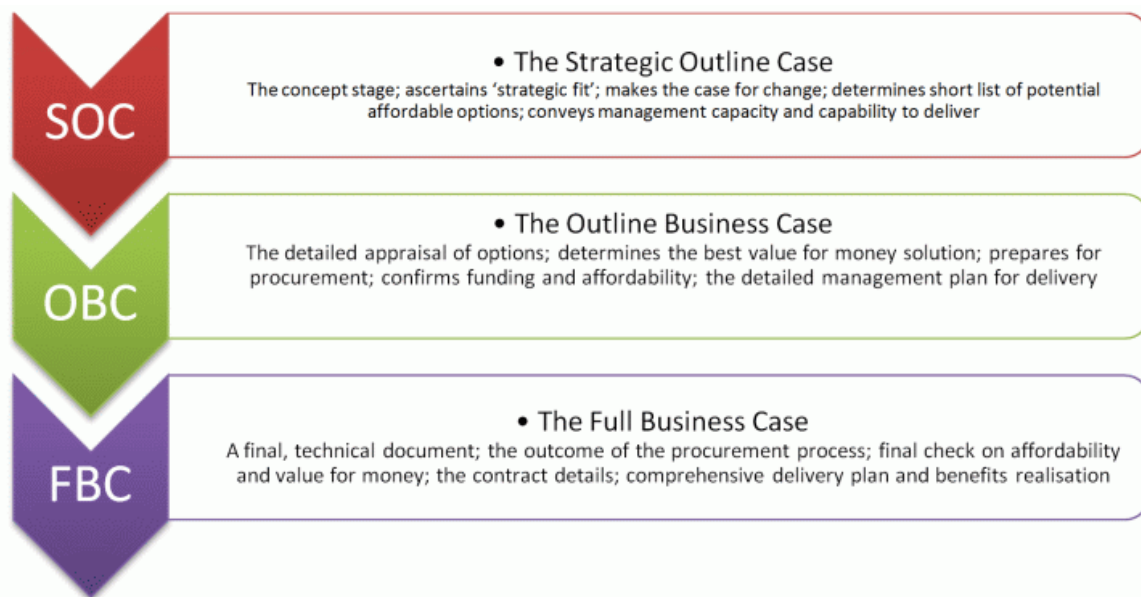
**3. BACKGROUND**

- 3.1 The Moray Growth Deal Heads of Terms was signed on 24 August 2020. The projects included in the Heads of Terms are the Moray Aerospace, Advanced Technology and Innovation Campus; Business Enterprise Hub; Cultural Quarter; Housing Mix Delivery; Early Years STEM; Bus Revolution;

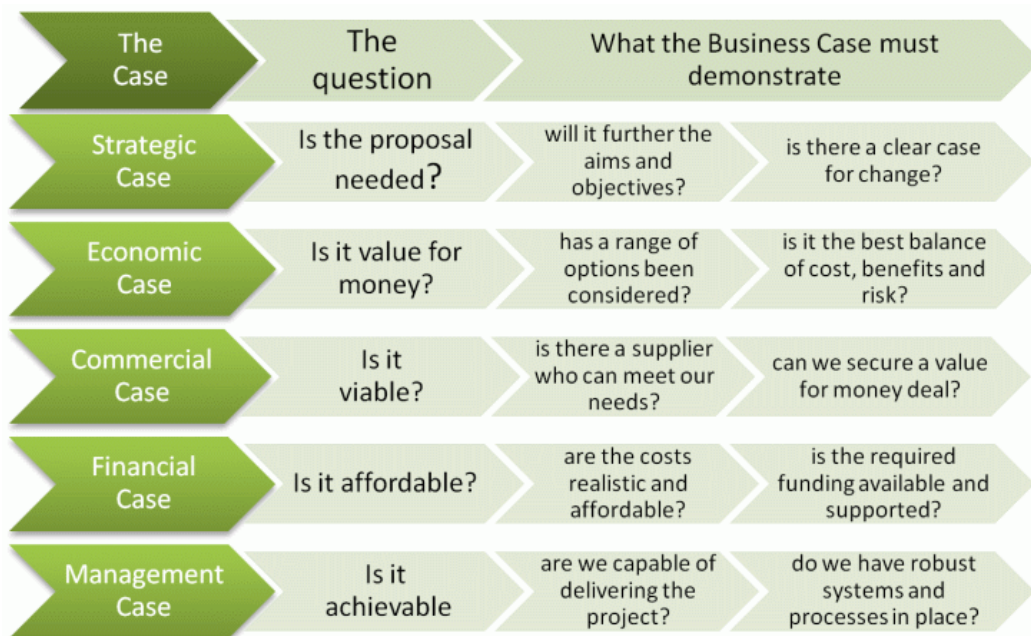
Manufacturing and Innovation for Moray; and Digital Health (now Digital Health and Care Innovation).

[https://www.mymoray.co.uk/application/files/1315/9767/9293/Moray\\_Growth\\_Deal\\_Projects.pdf](https://www.mymoray.co.uk/application/files/1315/9767/9293/Moray_Growth_Deal_Projects.pdf).

- 3.2 Of these projects Moray Council is providing the programme lead and also project management support for the Cultural Quarter, Housing Mix delivery, Bus Revolution and Early Years Stem each of which is led by a senior officer acting as Project Senior Responsible Officer (SRO).
- 3.3 All projects in the Growth Deal must follow the project management processes set out in the Treasury Green Book which requires the development of a strategic outline case followed by the outline business case and then moving to the full business case as shown below.



- 3.4 The green book has a five case model as shown below, these cases are developed to varying degrees through the stages shown above for strategic, outline and full business case.



- 3.5 For the Growth Deal, all projects completed the strategic outline business cases to enable the signing of Heads of Terms in August 2020, and are now working to complete outline business cases by December 2020 for submission to the Scottish and UK Governments for assessment and feedback with a desire to get the final sign off for the Growth Deal by March 2021 which will then enable the drawdown of money to commence projects once Full Business Cases have been agreed.
- 3.6 Each project has a project board with a mix of stakeholders to assist in developing the business cases and moving the projects forward. Progress is monitored and assessed through the Growth Deal Programme Board and updates reported to Moray Economic Partnership and the Community Planning Board.
- 3.7 For the projects in which the Council is a lead partner, project updates will be reported to meetings of Moray Council for approval as necessary and will be monitored through the Transforming the Economy Board. The Cultural Quarter, Housing Mix, Bus Revolution and Early Years Stem are all projects where the Council is a major stakeholder in terms of the provision of assets, service or resources in the project and the projects will need continued consideration and support.
- 3.8 The Growth Deal funding from Scottish and UK Governments is provided as flat cash over what has now been confirmed as the 10 year period of the deal. This requires programming of projects across that 10 year timeline. However, in other deals the Local Authority lead has provided a degree of forward funding where this is considered necessary in economic terms. In some projects external financing can support this forward funding but many partners can neither borrow nor leverage private sector funding for this purpose and it is normal for Local Authorities to step in in such cases and provide this support to stimulate the local economy. This is particularly relevant at the current time as Moray looks to recover from the economic impact of the pandemic.

- 3.9 This is the first of a series of 5 reports which will come to the council ahead of the signing of the on the deal. This report and a further report on the Housing Delivery Mix project at this meeting and a further two reports regarding the Early Years Stem and the Bus Revolution projects along with a covering programme level report at a meeting to be confirmed in early 2021.

#### 4. **CULTURAL QUARTER**

- 4.1 The Cultural Quarter has now completed the Outline Business Case (OBC) and, following several earlier iterations, this has been submitted to Scottish and UK Governments for review. The OBC executive summary is given in **Appendix 1** and the preferred option is outlined below.
- 4.2 The proposal is to create a vibrant Cultural Quarter space at the heart of Elgin that will support economic growth and cultural expansion within the city and wider region.

The project has 3 key elements:

1. Refurbishment of the currently unused Grant Lodge to create a high quality heritage attraction designed to increase the number of visitors to Moray and to encourage people to stay longer in the area. Grant Lodge is a B-listed building situated in Cooper Park built in the 18th century to a design by the Scottish Architect Robert Adam. The building has been boarded up since it was damaged by fire in 2003 but plans have been developed to refurbish and extend to accommodate proposals.



The project will build upon the strength of the heritage of Moray with a focus on food, drink, and textiles, including the vast array of world class food and drink offerings originating in Moray, as well as the obvious output from “Malt Whisky country”.

The Heritage Experience will complement existing facilities, showcasing not just Speyside whisky but also our region’s other food and drink, craft gins and beers, textiles, art, culture and heritage. With retail and

catering offerings the building will tell the region's stories using interactive exhibitions, installations and multimedia, offering visitors an authentic introduction to Moray Speyside. It will signpost visitors to the region's other tourist attractions (e.g. distillery visitor centres, golf courses, coastal outdoor activities, beaches, mountain and forestry trails, history and heritage) and towns, encouraging longer stays and additional spend.

Particular emphasis has been made within the business case on ensuring that the heritage experience compliments existing offerings throughout the area. Elgin is a central location which is close to all major transport links and provides easy access to all parts of Moray. It is also the most visited by tourists and therefore is ideal for signposting to other attractions throughout Moray.

2. Refurbishment, extension, and rebranding of the Town Hall to house a multi-purpose theatre/performance space, small cinema, rehearsal rooms, and potential gallery space to create an improved cultural offering and support local creative industries. The refurbished facility will have a flexible configuration to accommodate conferences and events for the business tourism market, complementing provision offered by the hotel and providing scope for expansion of existing events, such as Spirit of Speyside Distilled.



The Town Hall will provide additional capacity and opportunity for the region's creative and cultural organisations, and practitioners, and will provide employment and training opportunities for students from UHI Moray College across a range of courses. The provision of a modern theatre and associated performing arts facilities and an increased number of events available locally will reduce the need for people in Moray to travel to Inverness or Aberdeen, make arts and culture more accessible, and support the development of an evening economy in Elgin Town Centre.

3. Provision of a high quality hotel (to be privately funded) to address a much-needed and long acknowledged market gap in the region's tourism

infrastructure, and open up Moray's tourism industry to new markets. Moray lacks both quantity and diversity of accommodation supply. The region's largest quality hotel has just 52 rooms.

The result is that we are unable to meet the ongoing demands from leisure visitors for high-quality accommodation, to service coach tour markets, or to accommodate business conferences. There is a particular lack of accommodation provision in the Elgin area.



A 60-100 bedroomed quality hotel will address this long-established gap in the region's accommodation provision and serve both the leisure and business tourism markets and open up Moray's growing tourism industry to a market not currently catered for within the region.

Each element will be linked together by enhanced public space and road traffic reconfiguration to ensure easy and safe walking and cycling connections to the town centre.

In developing the OBC concept plans for Grant Lodge and the Town Hall were produced following stakeholder engagement and to ensure that what was being proposed matched stakeholder expectations. These are given in **Appendix 2** and **Appendix 3**.

## **5. NEXT STEPS**

- 5.1 The Cultural Quarter is currently programmed to commence in 2024, however there will be opportunities for additional external funding towards this project and so in the meantime it is proposed to move the Cultural Quarter project forward to the point it is shovel ready so that it can take advantage of any slippage in other Growth Deal projects or external funding that may become available that would allow an earlier start than 2024.
- 5.2 The project is at the stage where the following actions need to be taken: Design and preparation of tender documents for Grant Lodge, Design and preparation of tender documents for Town Hall, Hotel commercial appraisal, contaminated land and flood risk survey on hotel site, amendment of Cooper

Park Trust deed, Road and active travel assessment and design, Design and master planning for Cooper park improvements and public arts strategy.

- 5.3. Finance is available within the Capital programme for the Growth Deal projects in 2020/21 to enable these steps to be commenced.
- 5.4 For the Design of Grant Lodge and Town Hall, stakeholder groups have been formed to participate in the tender and development process.

## 6. **SUMMARY OF IMPLICATIONS**

### **(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

The Cultural Quarter proposals will contribute to achieve the corporate plan priority to promote economic development and growth, also the LOIP priority of a growing and sustainable economy.

### **(b) Policy and Legal**

The Council considers support for economic development issues on their merits, against the objective to facilitate sustainable economic growth and the desired outcomes of the Ten Year Plan and Corporate Plan.

### **(c) Financial implications**

£250,000 is available in the capital plan for 2020/21 for the development of projects in the Moray Growth Deal it is intended to fund the next steps on the Cultural Quarter from this approved budget. The overall project cost is estimated at £31 million which includes an estimated £9 million private sector funding in a hotel, £9m for Town Hall and £9 million for Grant Lodge and up to £4 million related to public space, the Council contribution will be £3.9 million.

Initial costs related to the commencement of work in identified in paragraph 5.2 for 2020/21 are estimated to be £70k. The overall estimated costs for these initial steps are £600k with £175k being provided from HIE subject to approval with the remaining spending for these occurring in 2021/22.

### **(d) Risk Implications**

The Green Book process is designed to minimise risk associated with projects, the final signing of the Growth Deal is reliant on completion of outline business cases across all projects and could cause delay if not achieved by March, having a shovel ready project in the Growth Deal minimises cash flow risk across the programme.

### **(e) Staffing Implications**

Where possible staff related project cost will be capitalised. The current work is being accommodated within existing staffing resources, as the fund is for capital expenditure only. However the service's staffing structure was reviewed with this in mind in 2019.

### **(f) Property**

None

**(g) Equalities/Socio Economic Impact**

An impact assessment is provided in **Appendix 4**.

**(h) Consultations**

Consultation has taken place with the Depute Chief Executive Economy, Environment and Finance, the Head of Legal and Democratic Services, the Environmental Protection Manager, the Transportation Manager, Development Management & Building Standards Manager, the Head of Environmental and Commercial Services, the Depute Chief Executive (Education, Communities and Organisational Development, the Equal Opportunities Officer, the Democratic Services Manager and Chief Financial Officer and their comments incorporated within the report.

**7. CONCLUSION**

**7.1 The Cultural Quarter is a significant project within the Moray Growth Deal, the report sets out the governance arrangements and next steps required to position the project to be shovel ready and minimise risk to cash flow across the Growth Deal programme.**

Author of Report: Jim Grant, Head of Economic Growth and Development

Background Papers:

Ref: