

City Chambers
DUNDEE
DD1 3BY

16th June, 2023

TO: ALL MEMBERS OF THE TAY
CITIES REGION JOINT COMMITTEE

Dear Colleague

TAY CITIES REGION JOINT COMMITTEE

Will you please attend a MEETING of the **TAY CITIES REGION JOINT COMMITTEE** on Friday, 23rd June, 2023 at 10:00am, to be held remotely.

Please submit any apologies to Veronica Thomson, Committee Services Officer on telephone (01382) 434205 or by e-mail at veronica.thomson@dundee.gov.uk.

Members of the Press or Public wishing to join the meeting should contact Veronica Thomson, Committee Services Officer on telephone (01382) 434205 or by e-mail at veronica.thomson@dundee.gov.uk by **12 noon on 21st June, 2023**.

Yours faithfully

ROGER MENNIE

Clerk to the Joint Committee

- 1 **WELCOME AND APOLOGIES**
- 2 **DECLARATIONS OF INTEREST**
- 3 **MINUTE OF MEETING OF 24TH MARCH, 2023 - Page 1**

(Copy attached).

PART 1: REGIONAL COLLABORATION

NO ITEMS

PART 2: TAY CITIES REGION DEAL

4 TAY CITIES REGION DEAL UPDATE

(Update by Mo Saunders, Programme Manager, PMO).

5 HOSPITALFIELD PHASE 2 PROFILE FOR INFORMATION & PROJECT UPDATE - Page 7

(Report No TCRJC7-2023, introduced by Alison Smith, Angus Council and presentation by Lucy Byatt, Hospitalfield and Russell Willis Taylor, Hospitalfield Board member, copy attached).

6 AERO SPACE KINROSS FBC FOR APPROVAL - Page 10

(Report No TCRJC8-2023, introduced by Barbara Renton, Perth & Kinross Council, and presentation by Alisdair Stewart, Aero Space Kinross and Project Lead, copy attached).

7 ADVANCED MANUFACTURING PROGRAMME APPROACH FOR EXPRESSION OF INTEREST

(Presentation by Sam Greensmith, Scottish Enterprise).

8 PROPOSED PROGRAMME OF MEETINGS 2023

Friday, 22nd September, 2023, to be held remotely.
Friday, 8th December, 2023, venue to be confirmed.

9 AOCB

10 DATE OF NEXT MEETING

Friday, 22nd September 2023.

ITEM No ...3.....

At a MEETING of the **TAY CITIES REGION JOINT COMMITTEE** held remotely on Friday, 24th March, 2023

Present:-

Angus Council

Councillor Beth WHITESIDE
Councillor Bill DUFF

Dundee City Council

Councillor John ALEXANDER
Councillor Georgia CRUICKSHANK

Fife Council

Councillor Colin Davidson
Councillor Alycia HAYES
Councillor Gary HOLT

Perth & Kinross Council

Councillor Grant LAING
Councillor John DUFF
Councillor Sheila MCCOLE

Non-Elected Members

Alison HENDERSON, TCRD Enterprise Forum Chair
Iain GILLESPIE, TCRD HE/FE Forum Chair
Matt LOCKLEY, Scottish Enterprise

Co-Opted Member

Councillor Andrew PARROT, TACTRAN

Also Present

Roger MENNIE, Dundee City Council
Robert EMMOTT, Dundee City Council
Robin PRESSWOOD, Dundee City Council
Alison SMITH, Angus Council
Margo WILLIAMSON, Angus Council
Mark DAVIDSON, Angus Council
Thomas GLEN, Perth and Kinross Council
Barbara RENTON, Perth and Kinross Council
Steve GRIMMOND, Fife Council
Ken GOURLAY, Fife Council
Mark SPEED, TACTRAN
Steve BELL, Tay Cities Deal Comms
Mo SAUNDERS, Tay Cities Deal Programme Manager
Lauren HOLLAS, Tay Cities Deal Project Manager
Clare SLATER, Tay Cities Deal Project Manager
Nora FERDA-MCKAY, Scottish Enterprise, for item IV
Kris BRYCE, Pitlochry Festival Theatre, for item VII

Councillor Grant LAING, in the Chair

I APOLOGIES

Apologies had been intimated from Councillor Ronnie Procter, Councillor Mark Flynn, Councillor David Ross, Councillor Jonny Tepp, Greg Colgan, Gordon McGuinness, Hayley Mearns and Ronnie Palin.

II DECLARATIONS OF INTEREST

There were no Declarations of Interest.

III MINUTE OF MEETING OF 9TH DECEMBER, 2022

The minute of meeting of 9th December, 2022 was submitted and approved.

PART 1: REGIONAL COLLABORATION

IV TAY CITIES CLEAN GROWTH INITIATIVE

There was submitted Report No TCRJC1-2023 enclosed and introduced by Matt Lockley, Scottish Enterprise and Nora Ferda-McKay, Scottish Enterprise and Clean Growth Group Chair, providing an overview of the Clean Growth Initiative (CGI) and seeking endorsement for the Implementation Phase activities.

A presentation was also given to supplement the report, which was circulated to the Joint Committee after the meeting.

The Joint Committee noted and endorsed: -

- (i) the updated CGI Vision / Mission / Goals;
- (ii) Programme of Activity (as outlined in Appendix 3 of the report);
- (iii) the people and financial Resource Plan (as outlined in Appendix 4 of the report); and
- (iv) an overall funding commitment of £127,880 spend across all partners over 5 years as indicated in Appendix 4 of the report.

PART 2: TAY CITIES REGION DEAL

V TAY CITIES REGION DEAL UPDATE

A presentation by PMO Programme Manager, Morag Saunders, was given to the Joint Committee outlining the current position with regards to the Tay Cities Region Deal.

It was noted that the Annual conversation took place on 3rd February 2023. The purpose of the Annual Conversation was for the UK & Scottish Governments' Scottish City Region and Growth Deal Delivery Board to engage with each Deal at senior official level, to celebrate success and discuss progress. This conversation was informed by the Annual Performance Report and Annual Benefits Realisation Plan, and also presented an opportunity to reflect and work through any concerns that either the Regional Partners or Governments had about the implementation of the Programme and the ambitions for the Programme going forward. The Partnership were complimented by both Governments on their ongoing ambition and drive and the progress that they have made since Deal signing. Further information on the latest Annual Report which informed the Annual Conversation can be found here <https://www.taycities.co.uk/sites/default/files/2023-03/Annual%20Performance%20Report%20Oct%202021%20-%20Sep%202022.pdf>.

Business Cases that had achieved approval for the period of December 2022 to March 2023, were highlighted (with Pitlochry Festival Theatre FBC and Mercury Drone Ports BJC being presented to the March Joint Committee for consideration and approval).

Thereafter, the Capital Programme for the year end was outlined. The Capital profile for 22/23 was £37.32m., including the 8m acceleration awarded by the Scottish Government in April 2022. Subject to no further underspends being declared, the 22/23 Capital Programme Year end forecast would have the potential to end delivery at £34.37m, which was 92% of the awarded funding. This will be determined by year end claims and a final update will be presented to the Joint Committee at the next meeting for information.

It was reported that the revenue profile awarded at Deal Signing for 2022/23 was £2.749m. As the Partnership agreed to confirm underspend to the SG within the Skills Programme of £1.403m in March 2022 and there was a change from capital to revenue for TCEP, the revised Revenue Profile in the 2022/23 Grant Offer Letter was £1.011m.

Subject to no further underspends being declared, the 22/23 Revenue Programme Year end forecast had the potential to end delivery at 11% of the awarded funding as set out in the 22/23 Grant Offer Letter with an underspend of £895k. This is predominantly related to the Skills Programme; however, a Programme Manager had been appointed for the Programme in late Summer 2022 on behalf of the Partnership and they were currently reviewing the Programme and developing a strategy to take it forward.

Joint Committee were informed that Projects which had not secured Joint Committee business case approval to enable drawdown of 2022/23 profiled funding have been reminded that the funding will be placed in Year 10, and that the risk would sit with the Programme/Fund/Project Owner.

An opportunity to request accelerated funding from the Governments was highlighted, with Joint Committee advised that there was a role for the Partnership to consider the value it may wish to request of the Scottish Government for acceleration each year.

The Joint Committee had made a commitment to allocate any known underspend to the JHI Projects to meet their profiled funding gap at Deal signing. The February Management Group agreed the FDG's recommendation to request £3.7m acceleration from the Scottish Government. The Scottish Government had indicated that there was more scope, subject to formal confirmation, for the Partnership to request a higher value. Following further consideration, the Management Group agreed to increase the request to £8.7m to be allocated against the two JHI Projects. This had been submitted and was currently being considered by the Scottish Government. Other projects which could benefit from similar acceleration were also noted.

In conclusion, areas for concern on the Risk Register were highlighted, noting that these were being kept under constant review by the PMO Team.

The Chair thanked Mo for her presentation.

VI INFLATION

A presentation by the S95 Officer, Robert Emmott, and PMO Programme Manager, Morag Saunders, was given to the Joint Committee outlining the current position with regards to inflation and how this would affect the Deal.

It was noted that the Deal was three main parts, and that the Partnership had committed to the following:

-

- Delivery of a £300m Programme
- Securing £400m leverage
- Creation of 6,000 jobs

The Partnership had been monitoring the impact of inflation across the Deal Programme, including working with both Governments, the PMO Network and Project Owners.

At Deal Signing, all Programmes, Projects and the Fund were asked to sign an Assurance Statement to confirm that they could deliver their agreed commitments (funding, leverage and outputs). Similar Assurance Statements were sought from all Projects to help both the Partnership and Governments

understand any challenges and risks to the Deal Programme around inflation. The key things the Partnership were looking to seek assurance around included:

- were you still able to deliver the Project, outputs and benefits you committed to when entering into Deal?
- If not, what do you now believe you can deliver?

All Projects were sent their current agreed commitments and asked to return an assurance confirming viability signed by both the Project Owner and Finance Director or highlight any changes.

The Management Group agreed that all quarterly reporting would require the assurances to be reviewed and signed off to help both the Partnership and Governments to understand any key risks.

All Projects and Partners had been reminded of their role to ensure that any inflationary impacts were highlighted as soon as known.

Work was currently underway with all of the Projects who had identified a potential funding gap and impacts to commitments so that they could confirm this in detail and identify what their request was to the Partnership as a potential change to what they presented to Joint Committee for approval.

A fuller update on the position would be provided at the June Joint Committee meeting, and Robert and Mo would continue to actively report to the Joint Committee as a standing item.

The Joint Committee noted the position accordingly.

VII PITLOCHRY FESTIVAL THEATRE FBC FOR APPROVAL

There was submitted Report No TCRJC2-2023 introduced by Barbara Renton, Perth & Kinross Council, and presentation by Kris Bryce, Pitlochry Festival Theatre and Project Lead, seeking the approval of the Joint Committee of the Full Business Case (FBC) for the TCRD018 Pitlochry Festival Theatre – Vision 2021.

A presentation was also given to supplement the report, which was circulated to the Joint Committee after the meeting.

The Joint Committee agreed to: -

- (i) consider this report and the FBC for TCRD018 Pitlochry Festival Theatre (PFT) – Vision 2021. The full FBC would be available via ShareFile on request.
- (ii) note that both Governments approved the business case on 6th February 2023, subject to conditions set out in section 8 of the report and the Culture & Tourism Board recommended the FBC to Management Group for approval on 6th February 2023;
- (iii) note the conditions at Section 8 of the report to provide updates in the FBC before presentation to Joint Committee to amend the business case to illustrate how the Project would comply with Deal Governance, which was now addressed;
- (iv) note that the Project had identified a total of 272 jobs in the FBC, an increase of 42 since Deal Signing, and an additional £1.3m leverage;
- (v) note that the Management Group recommended the FBC for approval to the Joint Committee on 23rd February 2023; and,
- (vi) approve the FBC for Pitlochry Festival Theatre.

VIII MERCURY DRONE PORTS BJC FOR APPROVAL

There was submitted Report No TCRJC3-2023 enclosed and introduced by Alison Smith, Angus Council, and presentation by Mark Davidson, Angus Council and Project Lead), seeking approval of the

Business Justification Case (BJC) for the TCD012(a) Mercury Drone Ports project by the Joint Committee.

A presentation was also given to supplement the report, which was circulated to the Joint Committee after the meeting.

The Joint Committee agreed to:-

- (i) consider the report and the BJC for TCD012(a) Mercury Drone Ports. The BJC would be available via Sharefile on request, and
- (ii) Approve the BJC, subject to final comments and recommendation by the Thematic Board, following the meeting on 23rd March 2023.

IX ANNUAL PERFORMANCE REPORT FOR APPROVAL

There was submitted Report No TCRJC4-2023 enclosed and introduced by Clare Slater, Tay Cities TCD Project Manager updating the Joint Committee on the final Annual Performance Report (Appendix 1) and requesting approval by the Joint Committee thereon.

A presentation was also given to supplement the report, which was circulated to the Joint Committee after the meeting.

The Joint Committee agreed to consider the report and:-

- (i) note that the Management Group recommended the final Annual Performance Report for approval to the Joint Committee on 23rd February 2023; and,
- (ii) approve the final Annual Performance Report for October 2021 – September 2022.

X BENEFITS REALISATION PLAN UPDATE FOR APPROVAL

There was submitted Report No TCRJC5-2023 enclosed and introduced by Lauren Hollas, Tay Cities TCD Project Manager updating the Joint Committee on the 2022/23 Benefits Realisation Plan (Appendix 2) and requesting approval of its content by the Joint Committee.

A presentation was also given to supplement the report, which was circulated to the Joint Committee after the meeting.

The Joint Committee agreed to consider the report and:-

- (i) note that the Management Group recommended the updated Benefits Realisation Plan for approval to the Joint Committee on 23rd February, 2023; and,
- (ii) approve the 2022/23 Benefits Realisation Plan.

XI PROPOSED PROGRAMME OF MEETINGS 2023

Friday, 23rd June, 2023, to be held remotely
Friday, 22nd September, 2023, to be held remotely
Friday, 8th December, 2023, venue to be confirmed

XII AOCB

The Joint Committee noted that there were no other matters which required to be brought to the attention of the Joint Committee.

XIII DATE OF NEXT MEETING

Friday, 23rd June, 2023, to be held remotely.



REPORT TO: TAY CITIES REGION JOINT COMMITTEE

REPORT ON: TCD021a HOSPITALFIELD UPDATED PROFILE FOR INFORMATION

REPORT BY: ALISON SMITH, ANGUS COUNCIL

REPORT NO: TCRJC7-2023

1. PURPOSE OF REPORT

1.1. This report seeks to provide an update for information to the Joint Committee of the updated profile for the Hospitalfield Project.

2. RECOMMENDATIONS

2.1. The Joint Committee is asked to:

- i. Consider this report and the updated profile for the Hospitalfield Project; and,
- ii. Note that the Management Group have considered and agreed that Hospitalfield can draw down £606k of the next tranche of Funding and Joint Committee are being informed of this.

3. INTRODUCTION

3.1. The Regional Culture & Tourism Investment Programme OBC was approved at Joint Committee in March 2020, in which Hospitalfield was a named project.

3.2. The Hospitalfield FBC was approved at Joint Committee in July 2020 with the following conditions;

- The Joint Committee is also being asked to approve the release of £3million, where 50% match is in place. Further reports will be brought to Joint Committee to confirm additional match funding that is secured by the project.
- Note the expectation that a further £2.5million is profiled for financial year 2023/24 subject to 50% match funding being secured.

3.3. As set out in 5.4. of the paper approved at Joint Committee in July 2020, 'further reports will be brought to Joint Committee to confirm additional match funding that is secured by the project'. Confirmation was received

from Tay Cities Legal on 10th March 2022, that the reports would be for information only and not for approval.

- 3.4. Paragraph 15.4 of the Programme OBC states *“Although a fixed ratio of 1:1 is not required in any one financial year, it would not be appropriate for all TCRD monies to be spent upfront, with external funding contributions being spent at the end of the project. Profile of spend will be fixed jointly before the project’s Final Business Case is agreed.”*
- 3.5. As a result of the current economic climate the Project have been unable to secure the full £2.5m matched funding required as per their profiled drawdown for tranche 2 funding from Tay Cities Region Deal. The Project has so far confirmed £606k of match funding against the £2.5m TCRD allocation for 2023/24.
- 3.6. Therefore a new profile is presented by Hospitalfield as the Project Owner which currently shows a drawdown figure of £606k in 2023/24 instead of £2.5m. The Project has indicated that they will request further funding in 2024/25 once the Project are in a position to confirm this match funding.

4. Risks

- 4.1. The current economic climate is impacting on costs and also on potential funders. However Hospitalfield is committed to exploring all avenues of funding to secure the match funding required but the risk is that match funding is not secured.

5. FINANCIAL IMPLICATIONS

- 5.1. The table below shows the original agreed profile for the Hospitalfield Project, the current and proposed Profiles.

Year	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Total
	1	2	3	4	5	6	7	8	9	10	
TCRD Funding ('000) at Programme OBC Approval	1,392	1,608	0	2,500	0	0	0	0	0	0	5,500
TCRD Funding ('000) Current	1,183	857	961	2,500	0	0	0	0	0	0	5,500
TCRD Funding ('000) Proposed	1,183	857	961	606	0	0	0	0	0	1,894	5,500
Expenditure ('000)	1362	898	1,088	3,176	4,046	3,770	0	0	0	0	14,304

- 5.2. The Project have indicated spend of £3.176m in 2023/24.

- 5.3. The Project has indicated that a request will be made in the 2024/25 financial year to accelerate funding from year 10 if they are unable to securing further match funding during 2023/24.
- 5.4. Within section 8.5 of the Hospitalfield Business case the Project Owner has indicated that it may be possible to sell an Antonis Mor painting to raise funds should match funding not be secured; *If the Trust failed to raise the full funding the decision has been made that the sale of one painting would be permissible as a last resort to complete the project. This painting is a particularly maverick work within the collection, and it is of very high financial worth having just been confirmed as an old master by the highly regarded 16th century artist Antonis Mor. It has been valued at £2.5m. This would be a last resort. The painting has been valued and its sale would be agreed if other options were no open to the Trust for this development.*
- 5.5. The Project Owner has confirmed that while the board are willing to consider this for the benefit of Hospitalfield's future and are speaking to Sotheby's, where funds are available elsewhere, the Board will pursue these opportunities as a priority first.

6. CONSULTATIONS

- 6.1. The Culture and Tourism Board considered the financial profile on 22nd May 2023.
- 6.2. The Management Group approved this approach on 25th May 2023.

Report author: Alison Smith Title: Manager – Director VC&SG Email address: SmithAJ@angus.gov.uk	Date: 17/05/2023
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REPORT TO: TAY CITIES REGION JOINT COMMITTEE

REPORT ON: TCD027 AERO SPACE KINROSS – FULL BUSINESS CASE

REPORT BY: BARBARA RENTON, EXECUTIVE DIRECTOR (COMMUNITIES),
PERTH AND KINROSS COUNCIL

REPORT NO: TCRJC8-2023

1 PURPOSE OF REPORT

- 1.1. This report seeks approval of the Final Business Case (FBC) for the Aero Space Kinross project.

2 RECOMMENDATIONS

- 2.1 The Joint Committee is asked to:
- i. Consider this report and the Full Business Case (FBC) for TCD027 Aero Space Kinross. The Full Business Case is available via ShareFile, on request.
 - ii. Approve the FBC subject to the following conditions imposed by the Management Group: -
 - a) Demonstration by the Project Owner that the price of land purchase is satisfactory/reasonable/acceptable to the District Valuer.
 - b) Confirmation and evidence to the satisfaction of the S95 Officer that all match funding has been secured to deliver the full Project.
 - c) The Tay Cities funding is towards the total cost of the Project. However, the funding shall only be awarded to fund up to 50% of the District Valuer's valuation of the land.
 - d) Confirmation from the accountable body that the accountable body is satisfied that the subsidy control statement meets the legal requirements.
 - iii. Note the recommendation that the ongoing requirements as requested by the Governments and the Culture & Tourism Thematic Board (Section 8) are met by the Project, and managed by the Board.

3 INTRODUCTION

- 3.1 This project was awarded up to £1.6m capital funding from the UK Government as part of the Tay Cities Region Deal. The FBC is presented for approval which, if granted, will enable the project to draw down the allocated funding in line with the agreed financial profile. **The project is scheduled for drawdown in years**

9 and 10 of the Deal. The key project information is at Appendix 1 and in the Executive Summary at Appendix 3.

4 DESCRIPTION OF PROJECT IN THE DEAL DOCUMENT

4.1 The UK Government will commit up to £1.6 million to Aero Space Kinross (ASK). The investment will provide the foundation of a funding structure to construct a uniquely themed Aviation, Astronomy and Space Flight Science Centre <https://aerospacekinross.com/>. The project will include:

- an interactive, educational, and inspirational experience that will attract people from all over the UK and beyond to this must-see visitor destination; and,
- development and operation of Scotland's largest fixed dome planetarium, exploring the universe through modern and interactive tools and technologies.

4.2 ASK's activities and attraction is underpinned by the desire to encourage science, technology, engineering, and mathematics (STEM) led opportunities. The project will stimulate excitement and participation in career and leisure opportunities in the multi-faceted aerospace sector and encourage future generations to enter a high value industry via existing educational and training bodies in the region.

5 FINANCIAL IMPLICATIONS

5.1 This project is profiled to drawdown up to £1.6m capital from the Tay Cities Deal funding. The funding is anticipated to be drawn down as follows:

	Total £000	Year 3 2022/23	Year 4 2023/24	Year 5 2024/25	Year 6 2025/26	Year 7 2026/27	Year 8 2027/28	Year 9 2028/29	Year 10 2029/30
Agreed TCRD Fund Profile	1,600	0	0	0	0	0	0	810	790
Forecast Drawdown	1,600	0	0	0	0	0	0	810	790

5.2 The project has stated it will lever in funding of £1.72m, however an element of this will be loan finance. This is £435k more than committed to at Deal Signing.

5.3 The project to date has secure £251,111 via a recent Bond Issue ASSET (Aero Space Scientific and Educational Trust - Kinross) - Fixed Rate Unsecured Seven Year Bonds (ethex.org.uk) and £10,000 from the Architectural Heritage Fund. In addition, they have a conditional offer of £250,000 from the Gannochy Trust subject to acquiring the building and attracting the rest of the funding.

5.4 The project has indicated that they are in discussions with Social Investment Scotland, Foundation Scotland, and the Architectural Heritage Fund for a syndicated secured term loan of £1.1m to cover the balance of the funding requirements. They hope to reduce this via grant applications as the project progresses.

- 5.5 In addition, they have recently highlighted that they intend to seek a bridging loan of £1.6M from Perth & Kinross Council to enable site acquisition this year.
- 5.6 It should be noted that the project has indicated they will be seeking to request an **early draw down of funds** to allow them to accelerate the project and start on site in January 2024, and open to the public in April 2025.
- 5.7 There is a significant reliance on loan funding for the matching finance, and there are some concerns as to how the interest payments on these proposed loans will be funded as the project proceeds through the development phase and into early implementation.

6 IMPLEMENTATION PLAN

- 6.1 The Implementation Plan was updated in March 2023, and is outlined below.

Milestones

Milestones	Due Date	Status
Purchase of site	Dec 2022	In progress subject to funding
Planning consent obtained for the Discovery Centre and Planetarium	Dec 2023	In progress
Outline Business Case approved by Governments	August 2022	Complete
Outline Business Case approved by Tay Cities Partnership - - Management Group	August 2022	Complete
Full Business Case approved by Governments	November 2022	Approved Feb.23 subject to conditions
Full Business Case approved by Tay Cities Partnership - Management Group - Joint Committee	May 2023 June 2023	MG 5/23
Discovery Centre construction completed	April 2024	Not started
Fixed dome planetarium construction completed	April 2024	Not started
Benefits Realisation Plan/reporting	Dec 2022 – Mar 2025	In progress

Outcomes and Targets

Targets	Baseline	Target Uplift	Date
Number of new jobs created because of the Tay Cities Deal investment (FTEs)	0	25	2030
Value of other investment secured because of the Tay Cities Deal investment	0	tbc	2030
Number of new visitors to the Discovery Centre and Planetarium	0	100,000	2030
Inclusive growth target/s	0	£5m GVA 212 FTE	2030

Key Project Risks and Mitigations

- 6.2 Please see table attached at Appendix 2. The main project risks are summarised below: -
- Site acquisition
 - Development approvals – planning permission, etc
 - Match funding secured.
 - Visitor numbers not meeting expectations and income levels not sufficient to pay on-going overheads and to pay back loan funding.
- 6.3 The variations between the Implementation Plan and FBC include:
- Number of new jobs created because of the Tay Cities Deal investment (FTEs) – 50 new jobs reported at Deal Signing and in the Implementation Plan, compared to 25 FTE new jobs as outlined in the FBC.
 - Value of other investment secured because of the Tay Cities Deal investment – tbc was reported in the Implementation Plan, compared to £1.72m as outlined in the FBC.

7 DECISION PATHWAY

- 7.1. The project has met the decision pathway milestones as set out below and the next steps are also indicated.

Decision pathway milestones and planned timeline			
Stage	Milestone	Planned date	Date achieved
OBC	Governments' approval		08/08/2022
	Thematic Board recommendation		11/07/2022
	Management Group approval	25/08/2022	25/8/2022
	Joint Committee informed	23/09/2022	23/9/2022
FBC	Submission of FBC (to PMO who forward to governments)	16/12/2022	19/12/2022
	Governments' approval	15/02/2023	2/02/2023*
	Thematic Board recommendation		4/03/2023*
	Management Group recommendation		25/05/2023*
	Joint Committee approval	23 June 2023	Pending

* approved with conditions

8 GOVERNMENT & THEMATIC BOARD FEEDBACK

- 8.1. The UK & Scottish Governments, as well as the Culture & Tourism Board, while content to approve the FBC in principle they clearly stated that approval was subject to a number of conditions. Notably the project owner should provide updates on further development of the project against the project plan at key stages. This should include updates on 'Other Funding Applications', 'Outline Design' and 'Detailed Design', 'Statutory Authorities' and 'Site Acquisition'. The board supports the request from Governments that ongoing updates on each of these phases should be provided. These updates will be shared with the Thematic Board and Governments to review and assess and should include progress against planned timings and impact on the project (e.g. costs, wider timings, project benefits). Drawdown of funding will be dependent on these milestones being met, irrespective of whether funding is able to be accelerated by the Deal.

- 8.2. The Culture and Tourism Board have also indicated that the project owner acknowledges that the governance is currently light on visitor attraction management experience and will seek to rectify this through ‘the capacity building phase’. This is currently a risk to the project and the Board would seek reassurance from the project team at the appropriate time that suitably experienced appointments have been made to deliver the business plan effectively.
- 8.3 The Board has expressed some uncertainty over the sustainability of this independent attraction in the medium term, and the number of jobs that will be created and sustained. However further justification has been provided in the Full Business Case and the Board will continue to monitor progress.
- 8.4 It is recommended that the ongoing requirements as requested by the Governments and the Culture & Tourism Thematic Board are met by the Project, and managed by the Board.

9 CONDITIONS

- 9.1 The Management Group approved the Aero Space Kinross FBC for recommendation to the Joint Committee subject to the following conditions:
- a) Demonstration by the Project Owner that the price of land purchase is satisfactory/reasonable/acceptable to the District Valuer.
 - b) Confirmation and evidence to the satisfaction of the S95 Officer that all match funding has been secured to deliver the full Project.
 - c) The Tay Cities funding is towards the total cost of the Project. However, the funding shall only be awarded to fund up to 50% of the District Valuer’s valuation of the land.
 - d) Confirmation from the accountable body that the accountable body is satisfied that the subsidy control statement meets the legal requirements.

10 POLICY IMPLICATIONS

- 10.1. This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty and Environment, and the reports are appendices of the FBC.

11 CONSULTATIONS

- 11.1 The following have approved the presentation of this FBC:

- Local Authority Project Management Officer: Alison Seggie
- Management Group Sponsor: Barbara Renton

Report Author:

Alison Seggie, Economic Development Manager – People, Partnerships & Funding






Email address: alseggie@pkc.gov.uk





Date: 16/05/2023

APPENDIX 1

Project Information	
Project number	TCD027
Project name	Aero Space Kinross
Project owner	Alisdair Stewart
Project Finance Director	Ross McConnell
Management Group Sponsor	Barbara Renton
Award amount under TCD	Up to £1.6m
Jobs: Target number of jobs to be created	25
Leverage to be achieved	£1.72m

APPENDIX 2 – Project Risk Assessment from the Full Business Case (see attached)

Risk	Likelihood	Impact	Mitigation	Residual RAG Risk Rating
Land acquisition at preferred location falling through.	While there is the potential of a sale of the preferred site by the vendor to an alternative party, we believe this is unlikely. However, with the ongoing passage of time a sale to an alternative buyer does become more likely.	Major	Three alternative sites have been considered. Two have been rejected on grounds of not being suitable but a third viable option remains as a fall-back should the acquisition of the preferred site fall through.	
Timetable for development slipping.	Beyond of the potential of losing our preferred site, the next most significant risk which could arise from delay is that inflation will have significantly increased our projected capital spend.	Significant	We factored a contingency of (12.5%) into our costings which we believe will cover inflationary pressure in the near term. We have also factored in a 10% construction contingency and a further 10% for optimism bias. We believe that these contingencies, taken together, will be sufficient to cover current pricing pressures. We have the input of a Quantity Surveyor to report any significant increase in cost pressures before we proceed to completion of the purchase.	
Planning consent for change of use not being awarded.	The local plan 2 (Adopted 2019) identifies the site as an Employment use opportunity. We therefore expect to receive full planning permission for the preferred site. The fall-back site is a greenfield site on adjacent agricultural land. It is likely to prove more difficult to obtain planning permission on the fall-back site.	Significant	We have received an encouraging response to a detailed and comprehensive pre-planning application lodged with Perth and Kinross Council for our preferred site and we are now ready to progress to commissioning the range of professional reports needed to apply for full planning permission.	 
Potential for wider site challenges linked to collection and processing of waste and surface water, wider ecological impacts, access rights, wider site investigation and defects within the structures on site, including potential for deleterious materials.	We have a copy of a (238 page) Defence Estates, Land Quality Assessment Report for the preferred site which identifies a small number of low-level risks for which we have identified mitigating actions.	Minor	All site challenges identified to be investigated further with any material risks considered as part of the legal offer to purchase the site.	

Match funding not being secured.	In addition to the bond offer, match funding sources with whom we have entered into meaningful discussions which seem likely to be available include Gannochy Trust, Social Investment Scotland, Charities Aid Foundation, the National Lottery Heritage Fund, UK Gov, Levelling up funds such as the UK Shared Prosperity Fund.	Major	We are getting positive vibes from the range of potential sources described above. The Gannochy Trust have formally confirmed a conditional award of £250k	
Forecast attendance levels not met.	Visitor numbers will be an important key performance indicator - a measure we will actively measure and monitor. Multiple tourism consulting organisations have converged on a projected annual attendance of 50,000 visitors. This seems to be a pragmatic number based on the popularity of themes in focus, local and regional demographics and interest shown by potential audiences as part of our market research activities.	Substantial	We are very conscious of current cost of living challenges so will remain sensitive to this as the situation of family budgets evolves. We have undertaken a sensitivity analysis which has estimated a breakeven attendance of 35,000 annually which offers assurance of viability at lower attendance levels. Marketing will play an essential role in achieving our target and flexibility will provide important alternatives for securing viability e.g. events, weekends, new exhibitions and programming.	
Income and/or overheads lower or higher than projected, respectively.	This is very much in the nature of operating a visitor attraction and we will ensure that appropriate systems and procedures are in place to identify any deviation away from expected performance in order to support early and appropriate corrective action.	Significant	Financial performance will be reviewed frequently, and adjustments made to ensure that overall performance is delivered.	
Fewer strategic partners secured than anticipated from educational establishments and/or industry partners .	We are confident that our new physical venue will offer an attractive public platform and audience for a range of external academic institutions and corporate groups and organisations.	Low	ASK will start in a new venue with an existing strong baseline of clients and partners to build on.	

1 EXECUTIVE SUMMARY

1.1 Introduction

Aero Space Scientific Educational Trust (ASSET) is seeking an investment from Tay Cities of £1.6m to develop a new space and flight themed Science & Discovery Centre, Aero Space Kinross (ASK) in the heart of Kinross-shire.

At its heart, ASK is underpinned by the desire to encourage STEM-led opportunities, stimulating excitement and participation in career and leisure opportunities in the multi-faceted aviation, astronomy and space exploration sectors, all whilst encouraging future generations to enter these high value industries via the many educational and training establishments that the Tay Cities region has to offer.

Scotland has an exciting future in the domains of aviation, astronomy and space exploration and the creation of a new, public-engagement-focused, resource will help cement a role for the Tay Cities region into that national long-term success. There is no doubt that Science and Discovery Centre's engage and inspire their audiences and ASK will be no different albeit focused on themes that are popular in museums and science centres the world over.

Our original request of the TCD was for support for a much larger project, at a total capital expenditure in excess of £12m to achieve a full masterplan development (see option 3 – do maximum, p.49). This would have delivered greater outputs and outcomes to those we have subsequently reported since the signing of the Deal in each scaled down business case draft (SOC supplement, BJC, OBC and FBC) for a substantially curtailed project spend of £3.2m. We believe the balance we have struck in managing much lower overall capital expenditure with identified deliverables such as projected attendance, job creation and GVA still offer a considerable return on the lower level of government support awarded.

Having explored four different locations for the new Centre the board have chosen the former MOD SATCOM Ground Station at Balado Bridge as the site that offers most opportunity. Known widely as "The Golf Ball" the site offers great access from the major arterial route of the Central belt, the M90, and is of sufficient size to support future expansion beyond the scope of this project. Utilisation of existing buildings will help minimise carbon impacts as will a conversion of existing fossil fuel based energy sources to renewables. All too often new facilities open without room for this type of expansion and so the Board believe this is the right approach.

This Full Business Case (FBC) sets out the actions and deliverables against which the project will be delivered. While the ASSET board has set out its timetable against the TCD profiled spend it will accelerate the project once we have an approved project i.e. we will borrow against the TCD approved Final Business Case. This will allow us to deliver the project by spring 2024 and begin delivering against our profiled impacts much sooner than profiled in this FBC.

1.2 Strategic Case

ASSET's origins lie in the Kinross-shire Partnership, a rural development company established in 1998 under the direction of the Scottish Government and originally funded by

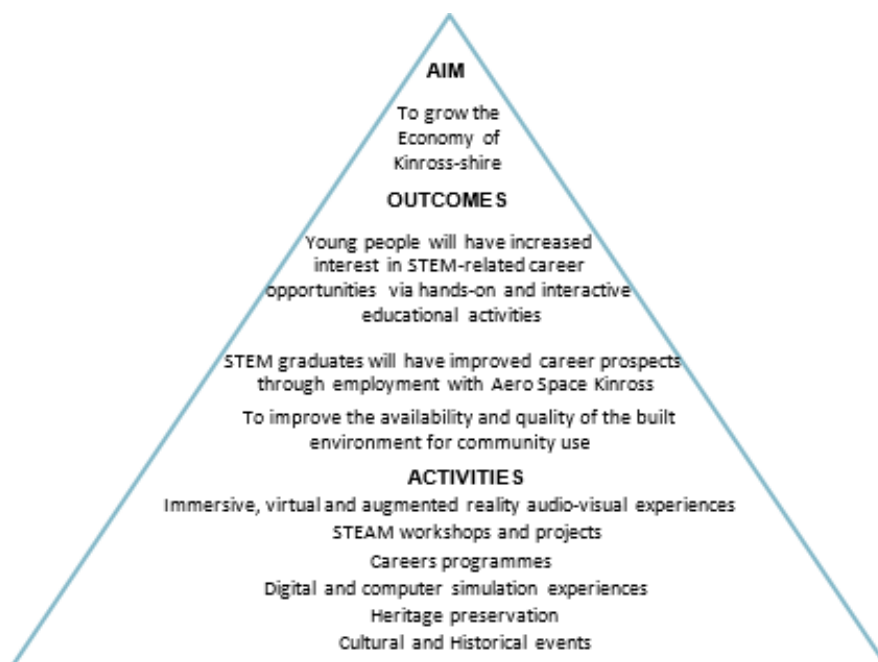
Perth and Kinross Council. Membership of the Partnership comprises a mix of local businesspeople, Perth and Kinross Council Ward Councillors and community representatives.

Following consultation with its members in 2013 the Partnership determined that the creation of a new flight and space focused public venue would best meet its aspirations linked to the economy and community need. ASSET was then founded as a Kinross-shire based charity and Community Benefit Society with a wholly owned trading subsidiary – Aero Space Kinross (ASK) - which since 2018 has incorporated a mobile planetarium business, Cosmos Planetarium. ASSET is owned by the community via life membership and shares. It is run by a board of 10 Trustees and 3 directors. Its activities are delivered by the Trustees, directors and a cohort of 50 volunteers.

It is the organisation's ambition to create an aviation, astronomy and space themed education and visitor centre in the Kinross area. Meanwhile, our objectives are being met through a targeted outreach programme of activities focused primarily on young people and additionally on individuals with a background of deprivation, carers and young carers and those dealing with physical and mental disabilities. We also provide a range of volunteering opportunities, support other local organisations and groups and are actively engaged with the wider local community through running our own activities and participating in locally run events.

Having a physical venue, like other Science & Discovery Centres across the UK, will support significant in-reach activity, estimated to be in excess of 50,000 visitors annually. ASK will be an important new regional community resource, a highly engaging platform for delivering significant educational and learning activities and moreover an important economic engine supporting new jobs, driving tourists to the area and boosting the local and regional economy.

The project will create a quality visitor experience in the Kinross area with a focus on subject matter that will capture the imagination of visiting audiences, independent of age or socio-economic profile. A permanent facility will also support a further expansion in 'outreach' capability of the organisation.



The major investment in new Science Centre's across the UK as part of the Millennium celebrations means that we now have over twenty years of evidence to draw on in terms of these public venues for public engagement with science. In this regard our project's focus has been substantially de-risked. The cost of these, millennium-funded, projects in Scotland ranged from £5m (Dundee) to £74m (Glasgow) and so our approach is highly affordable by comparison.

In Scottish terms the addition of a new Centre in the Central Belt will consolidate the current offer across the country in terms of both coverage and focus of content while nationally the recent announcement of a new, £100m, Space Hub¹ in Leicester demonstrates the growing interest in the UK in science that is close to the heart of ASK and of growing significance to the Scottish economy.

In its current, outreach-focused, form the work of ASK is sustainable but not scalable. Touring a mobile planetarium is labour intensive and has capacity limitations. That said it does support the targeting of communities in need of greatest support and will continue to be an important and active part of the ASK model of delivery – a necessary extension of the work of the new Centre.

Two recently commissioned reports offer assurance to our position that the Perth and Kinross market can sustain a new visitor attraction and that the themes of science, flight and space are likely to prove highly popular with local residents while also attracting a wider audience into the region.

Beyond the specific dynamics of our project it is clear to anyone who knows Kinross-shire that there is a lack of all year round / all weather infrastructure, a result of lack of investment over many years. Our project will help bring some redress to that and by doing so help stimulate the economy while also creating important employment opportunities.

1.3 Economic Case

Our economic case considers the alternatives of the organisation maintaining its status quo operationally or advancing the development of a new physical resource for audiences to visit and at what scale.

The short-listed options considered are:

1. Do nothing – business as usual;
2. Do minimum – site purchase and development of existing facilities into a new flight and space themed discovery centre – our selected option;
3. Do maximum – full scale development of whole site.

Our, outreach-focused, 'business as usual' model is unscalable in the medium term because of the inherent capacity limitations of travelling to communities and delivering STEM programming. We can continue to work at this level but it will not unlock any of the economic potential in our proposed development.

Our 'Do minimum' option will realise a new resource capable of delivering benefits for the community on multiple levels. The project is detailed extensively elsewhere in this FBC.

¹[British astronaut Tim Peake to open £100m space research hub | Evening Standard](#)

The table shows the range of economic impact estimated for our 'Do minimum' option.

Table 1 Economic impact estimate

EIA Indicator / Scenario	Scenario 1 (Pessimistic)	Scenario 2 (Median)	Scenario 3 (Optimistic)
Output	£3,028,045	£3,936,459	£4,693,471
GVA	£1,655,181	£2,151,735	£2,565,530
Employment (FTE)	64	76	85

An important part of the appeal of our preferred site is its scope for future development. A significant challenge for many new attractions is that they have limited scope for expansion as their audience grows and which will not be an issue for ASK – this represents our 'Do maximum' option and was the basis of our initial bid for Tay Cities support.

1.4 Commercial Case

The procurement strategy for this project will ensure that value for money is achieved for the Tay Cities Deal and our wider partners. The Board of Directors will have overall responsibility for the project.

ASK have identified the following values for selection:

- We are committed to ensuring that we achieve a project that makes the most effective use of existing infrastructure and facilities;
- We are committed to ensuring that the design of our project adheres to all sustainable standards, in order to support the lowest possible impact on the environment.

The design team will be led by KBA Associates who will tender each phase of the construction and fit- out on our behalf with oversight from the Board.

We will appoint a project manager to manage the relationship between client, design team and main contractor.

Our approach to risk management and further details on contracting and procurement arrangements are explained in the Commercial Case.

1.5 Financial Case

The impact of our project on ASK'S capital and revenue position has been carefully considered. ASSET has been awarded £1.6 million by the UK Government as part of the Tay Cities Region Deal. These funds will support a planned £3.3million total spend. Conversations are progressing with a number of potentially significant match funders including the National Lottery Heritage Fund, The Gannochy Trust and a number of wider trusts and foundations. We also envisage some lending within our funding mix. The table below shows our projected capital expenditure and funding sources for the project.

We are fully aware of what represents eligible and ineligible capital expenditure for TCD funding. The main ineligible expense will be fundraising costs, interest and banking transaction fees. TCD funding will be claimed for site purchase, the refit and content.

ASK and its retained consultants have a strong record of raising both revenue and capital funding. Our lead consultant has raised over £8,000,000 in support for other Science & Discovery Centre projects and brings many wider benefits having previously led three Science Centre over a period spanning over twelve years, including the Centres in Dundee and Aberdeen.

The following are our expected match funders: National Lottery Heritage Fund (£250,000); Charities Aid Foundation (£250,000); Gannochy Trust (£250,000); Ethex (£300,000); Social Investment Scotland (£500,000); and a Community Share Offer (£50,000).

Relevant Capital Expenditure will be added to the existing ASK asset within ASSET'S Fixed Asset Register and included in ASSET's Balance Sheet. The expenditure will be included at Historic Cost whilst the work is undertaken. When ASK becomes operational, it will be depreciated using the Straight-Line method over its useful life.

Once funded the new Centre will transform the finances of the organisation, supporting an expansion of resources, including a range of new salaried positions including a Finance Officer, Marketing Officer, STEM/Learning Manager, Commercial Officer and wider delivery team. This team will be recruited in the build up towards the opening of the new operation. We believe we have been pragmatic in setting numbers that are based on independent consulting input, extensive benchmarking and consultation with experienced attraction operators and national trade bodies. The new Centre will not be dependent on external subsidy or revenue funding beyond the development of specialist STEM programme for targeted audiences. This model is very common and substantially proven to have been sustainable.

Once operational the board will monitor performance regularly against key performance indicators and make adjustments as necessary in order to ensure the long-term sustainability of the new venue.

1.6 Management Case

ASK's Board of Trustees are legally and financially responsible for the delivery of this project from inception, through delivery, launch and monitoring and evaluation. They have been recruited for skills and experience that will be essential to delivering a successful project, including corporate governance, property law, chartered surveying, engineering, education and venue operations. A wider consulting team will support the planning and delivery aspects of the project.

The Management Case provides details on aspects related to the control measures, reporting, monitoring and evaluation of the project.