

DUMFRIES & GALLOWAY CHAMBER OF COMMERCE

**SHOWCASE DUMFRIES
PROJECT DEVELOPMENT SUPPORT**

DRAFT REPORT

JANUARY 2010

**SHARON GLENDINNING / NORMA HART
AUSTIN HART PROJECT MANAGEMENT**

TABLE OF CONTENTS

	PAGE
1. INTRODUCTION	3
2. BACKGROUND TO SHOWCASE DUMFRIES PROJECT	3
3. PROJECT DEVELOPMENT – APPROACH	4
4. NATIONAL AND REGIONAL POLICY CONTEXT	5
5. STAGE 1 – PROJECT DEVELOPMENT AND SCOPING	7
6. STAGE 2 – DEVELOPMENT OF MANAGEMENT OPTIONS	10
7. RISKS	22
8. CONCLUSIONS	23
9. APPENDICES	24

1. INTRODUCTION

Dumfries & Galloway Chamber of Commerce is part of a Scottish wide network of Chambers affiliated to the Scottish Chambers of Commerce and to the British Chamber of Commerce. The major aim of Dumfries & Galloway Chamber of Commerce is to be the principal voice and representative body for the business community in Dumfries & Galloway.

Dumfries & Galloway Chamber of Commerce contracted with Austin Hart Project Management (in partnership with Sharon Glendinning) in October 2009 to provide project development support with the Showcase Dumfries project, which aimed to create a business centre in Dumfries which would provide an environment for the development of artists and craft makers and enhance the town centre.

The support provided by Austin Hart Project Management was to cover the development of the management options and business, marketing and operational planning aspects of the project's development. The project development support project would be coordinated with the parallel and separate project which would seek to purchase and refurbish the property.

The Showcase Dumfries project forms part of the wider activity being undertaken to regenerate Dumfries, which is identified as a priority action in the Regional Economic Strategy and Action Plan.

2. BACKGROUND TO THE SHOWCASE DUMFRIES PROJECT

Dumfries & Galloway Council and partners on the Dumfries Town Centre Steering Group successfully secured £1.965 million of funding through the Scottish Government's Town Centre Regeneration Fund (TCRF) for Dumfries Town Centre in June 2009.

Dumfries: A Capital Project is focused around the heart of Dumfries Town Centre at the Midsteeple and brings together six projects:

- Plainstones Gathering Place and Events Podium
- Property Acquisition for Re-development
- Showcase Dumfries
- Bruce, Burns and Barrie Arts Project
- CCTV and Lighting

The Dumfries & Galloway Chamber of Commerce has been represented on the Dumfries Town Centre Steering Group since its inception and the funding package secured included £750k to be allocated to the Chamber of Commerce for the Showcase Dumfries project.

The Chamber's proposal was to buy a vacant shop unit close to the High Street in Dumfries (12-14 Queensberry Street) and then renovate and convert it into a "centre for local creativity". The centre would "showcase" local talent and provide a high street outlet for locally created products.

It would be the Chamber's intention to lease the building on a full repairing and insuring basis to an agreed management organisation. Originally, the aim was to work in partnership with an already established artist-led group such as the Spring Fling Management Committee. Initial discussions were initiated through two meetings with the artistic community. A mixed response was received resulting in no clear aspiration to manage the facility.

3. PROJECT DEVELOPMENT – APPROACH

The client's requirements were confirmed at the project initiation meeting and the following three stage approach was agreed:

Stage 1 - Project Development and Scoping

The first stage would involve a range of discussions with key partners and stakeholders to further define the project concept of a "centre for local creativity". Also during this stage, consultation with local businesses, artists and craft makers would be undertaken and linkages to other projects and activities identified as well as examples of best practise in other areas.

It was also agreed that during this stage a Working Group would be established to drive forward the project. Key contacts were identified as being the Director Economic Regeneration (subsequently replaced by the Operations Manager Economic Development), the Arts Manager and Area Manager Nithsdale from Dumfries & Galloway Council, the Director of Dumfries & Galloway Arts Association and the President of Dumfries & Galloway Chamber of Commerce.

At the end of Stage 1, the aim would be to have completed a consultation exercise and achieved a consistent and collective strategic vision and an agreed set of high level business objectives.

Stage 2 - Development of Management Options

Three potential options for the ongoing management of the facility were identified as part of the originally project proposal. Stage 2 would seek to further develop the options, including:

- conducting a SWOT analysis for each of the options;
- market testing for commercial interest;
- establishing the willingness, capacity and capability locally of potential partners to take on the management of the facility;
- modelling for a preferred operating model; and
- Investigating potential funding opportunities.

At the end of Stage 2, the aim would be to have completed an options appraisal and reached a decision on a preferred operating model. This would also take into account the results of the consultation exercise.

Stage 3 - Preparation of Business, Marketing and Operational Plans

The development of business, marketing and operational plans would be dependant on the outcomes of Stages 1 and 2 above and an agreed management option being confirmed. It was agreed that once agreement on these stages had been reached and the preferred operating model identified, further discussion on the scope of the plans should take place with the client to define the remainder of work. It was agreed that Stage 3 would be outside the scope of the initial contract.

4. NATIONAL AND REGIONAL POLICY CONTEXT

National Policy Context

The purpose of the Scottish Government, as stated in the Government Economic Strategy, is to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.

The Scottish Government believes that the creative industries have an important role to play in helping achieve its purpose and identified the sector as one where Scotland has a comparative advantage that can be built upon to increase productivity and growth.

In defining support for the creative industries sector, the Government identifies 13 distinct industries – **advertising; architecture; art and antiques; crafts; design; designer fashion; film; interactive leisure software; music; performing arts; publishing; software and computer services; and TV and radio.**

Creative Scotland 2009 Ltd is the national company that will complete the work to bring together the Scottish Arts Council and Scottish Screen to form Creative Scotland as a statutory Non Departmental Public Body (NDPB) and the new single national development body for arts and culture. Creative Scotland is expected to be formally established in 2010 and will:

- Encourage and sustain artists and creators of all kinds;
- Ensure that their work is accessible to all;
- Ensure that as many people as possible can participate in creative activities;
- Extend and increase the wider benefits of arts and culture, including their contribution to the promotion and development of our unique national culture and its wider place in the international sphere.

In June 2009, Scotland's Creative Industries Partnership, including the Convention of Scottish Local Authorities (COSLA), Creative Scotland, Highlands & Islands Enterprise and Scottish Enterprise, signed a framework agreement on how they will work together to support the creative industries sector of the Scottish economy in the future.

The first in a series of quarterly events to update the artistic community on progress to establish Creative Scotland was also held during June 2009. The Scottish Government used the opportunity to announce a package of projects to support Scotland's artists and practitioners in the form of a £5 million Innovation Fund, the first Creative Scotland branded initiative.

The Innovation Fund includes £750,000 for the Creative Scotland Rural Innovation Fund to support innovative, cross-agency working in rural areas; and £500,000 for the Creative Scotland Partners artists' residency fund to provide additional innovative residencies for artists to work with communities in education, health and the environment and doubles the funding currently available from the Scottish Arts Council.

This overview provides a snapshot of the national policy context relevant to the Showcase Dumfries project and which is likely to influence its future development.

Regional Policy Context

The Dumfries & Galloway Regional Economic Strategy (RES) has a long-term vision of creating "an innovative and sustainable rural economy", which is underpinned by eight strategic

objectives. An Action Plan has been developed to take forward a small number of high level, high priority actions including Dumfries: Regional Capital with specific reference to Dumfries Town Centre; and a focus on Sector Development with specific reference to arts, culture and creativity.

A new Cultural Strategy for Dumfries & Galloway was launched in August 2009. The purpose of the Strategy is to guide the future development and delivery of cultural assets and services within Dumfries & Galloway. The Cultural Strategy has been developed within the regional context of the Dumfries & Galloway Community Plan and Single Outcome Agreement as well as the Government's five key policy objectives. Areas of culture covered by the Strategy include visual arts, creative industries, literature and writing, performing arts and cultural infrastructure including public art. Ten high level outcomes have been identified including:

- Dumfries & Galloway will have a stronger, sustainable cultural sector.
- There will be improvements to the physical infrastructure, and there will be high quality cultural provision across the region.
- Dumfries & Galloway will be locally and nationally recognised for the quality of our ambitious, innovative and inspiring services, and will attract increasing numbers of visitors each year.
- We will link economic development and regeneration to culture in Dumfries & Galloway communities and we will encourage a local economy that offers cultural opportunities to everyone.
- Dumfries & Galloway will encourage innovative and challenging cultural programming, planning and learning.

Dumfries & Galloway Council is the main statutory partner delivering creative activities and supporting the creative industries sector in the region. This is through the Arts & Museums Team in Community and Customer Services; the Creative Education Arts Team (CREATE) in Schools Services; and the Economic Development Team in Planning and Environment Services.

The Council appointed the first Craft Development Officer in Scotland in 1994, with the aim of supporting the growth of visual art and craft businesses across the region. Since then significant European Regional Development Fund (ERDF) funding enabled the establishment of the Council's Art and Craft Sector Trade Development Project. As a result of the positive outcomes and evaluations from the project, the temporary posts of Visual Arts Development Officer and Craft Development Officer were mainstreamed and a succession plan in the form of Dumfries & Galloway Visual Art and Craft Development Plan 2007-2010 was developed. Economic impact studies completed by Todd Associates in 2000, 2005 and most recently in 2008 found that the sector contributes around £7.1 million per annum to the regional economy and generates around 740 jobs.

Dumfries & Galloway Arts Association (DGAA) is the Council's strategic partner, delivering specifically on community art, public art, performing arts and literature development. DGAA's mission is to make projects and activities happen in the arts and cultural sector in Dumfries & Galloway that otherwise wouldn't happen; to facilitate and support arts development at all levels from grass roots activities to high profile national and international work and projects; and to be an independent single point of contact for a wide range of information, advice, contacts and skills for a wide range of stakeholders. The current business plan sets out the aspiration of achieving a turnover of over a £1 million a year by 2012.

There are also a large number of community groups and private businesses operating across the creative industries sector including examples such as CatStrand; Spring Fling; Whitehouse Gallery; Thomas Tosh; A' the Airts.

Tourism is fundamentally important to the economic well-being of Dumfries & Galloway but is also recognised that there is potential to further maximise the region's assets. This was supported by a feasibility study undertaken by independent consultants the Stevens View Partnership and resulted in the Area Tourism Partnership, the Association of Dumfries & Galloway Accommodation Providers with the support of the Council agreeing to establish a new Destination Development Organisation (DDO) for Dumfries & Galloway during the summer of 2009.

The work by Stevens View Partnership highlighted the strengths of the region based upon the quality of its natural environment, the built environment and especially the cultural heritage. They also commented upon the rich tradition of support for, and nurturing of, creative talent in Dumfries & Galloway and that an exciting, vibrant, creative dynamic that has become a key driver of the region's tourist appeal and gives Dumfries & Galloway its Unique Selling Point in the marketplace with internationally renowned artists; world standout cultural projects; nationally significant events; etc.

To this end, the following vision for the DDO has been adopted:

*"To establish a bold, strong, DDO committed to establishing **Dumfries & Galloway as Scotland's premier rural creative tourism destination** that will be comparable with the world's leading rural creative tourism destinations in terms of its innovative approach to marketing, product development and the delivery of unique visitor experiences."*

At a South of Scotland level, both local authorities have a track record in supporting creative business development through a range of means and the contribution of the sector is recognised within the South of Scotland Competitiveness Strategy. The introduction of Creative Scotland's Rural Innovation Fund has provided the catalyst for increased joint working across the South of Scotland and partners are currently looking to develop a Creative Industries Framework.

As the Showcase Dumfries project will operate with this regional context, a key part of the consultation exercise was to establish how the project could contribute to meeting these strategic objectives.

5. STAGE 1 – PROJECT DEVELOPMENT AND SCOPING

Showcase Dumfries Working Group

It was agreed that a small short-life Working Group would be established to drive forward the project. Membership included Tony Fitzpatrick (subsequently replaced by Ewan Green), Rebecca Coggins, Robert Thom, Susan Garnsworthy, Alan Thompson and Gordon Mann.

The first meeting of the Working Group was held on Monday 26 October 2009 and Terms of Reference for the Working Group were agreed as:

- To provide leadership and direction for the Showcase project
- To focus on strategic aspects of project development
- To advise in all aspects of the project
- To resolve priority conflicts

- To facilitate a joined-up approach and promote partnership working
- To meet at regular intervals between Oct 09 – Mar 10

Two further Working Group meetings were held on Thursday 19 November and Wednesday 16 December 2009.

Consultation Exercise

An extensive consultation exercise was undertaken during October/November 2009 to establish the views of stakeholders and partners and to secure buy-in to the project concept. The methodology for the consultation was agreed with the client. This included the list of individuals and groups to be consulted and the means of consultation. An initial stakeholder analysis was undertaken and a set of seven core consultation questions (**Appendix 1**) were agreed as the basis for the consultation.

Around 70 individuals and organisations were identified as having a potential interest in the Showcase Dumfries project, together with over 400 contacts held on the Council's arts and crafts database and contacts on Dumfries & Galloway Arts Association database.

The consultation process involved meetings with individuals and pairs and a Focus Group attended by artists, craft makers and professionals working in the creative industries. A survey was also planned but due to the increasing uncertainty around securing a property, it was felt that further consultation could raise expectations and therefore was not appropriate at this time.

The views of the Working Group were also taken into consideration following discussion at their meeting on 26 October 2009.

A list of those consulted is provided at **Appendix 2**.

Key Findings

The consultation exercise produced a wide range of views about the role of the Showcase Dumfries project in the development of both Dumfries as a regional centre and in relation to the Cultural Strategy. The responses were based on the prepared questions, and due to the nature of the project there were many additional views expressed by consultees. The following is a summary of the key findings:

- The Showcase Dumfries project could make a significant contribution to delivering regional priorities as detailed in the economic, cultural and tourism strategies.
- It could also provide a stepping stone to the Cultural Centre planned for Dumfries.
- There was a very positive reaction to the concept of a new venue in Dumfries town centre, which provides an outlet for the creative industries and a new reason to visit the town centre, particularly in the early evening.
- The Showcase Dumfries project is not Gracefield; it should take advantage of a central location and not replicate Gracefield.
- The Showcase Dumfries project cannot meet all expectations. It will have to focus on a defined set of activities. These remain to be determined.
- There is evidence of demand for workshop space at affordable prices.
- For the project to be successful, it needs a champion.
- There is some support from the creative industries who will determine supply.
- There is general concern about sustainability and ownership of the project.
- There is no consensus about a management model. There are a couple of clear messages:

- Spring Fling do not have the capacity to take on the project
- Dumfries & Galloway Council Arts Team consider management of the facility to be beyond their remit
- The creative industries would choose a private sector operator as a last resort.

A summary of the key messages arising from the consultation exercise was presented to the Working Group at their meeting on 19 November 2009 as shown at **Appendix 3**.

Strategic Vision and High Level Business Objectives

Following discussion on the emerging key messages, a Purpose and set of Strategic Objectives for the Showcase Dumfries project were agreed by the Working Group at their meeting on 19 November 2009, as being:

PURPOSE

“To create a vibrant regional hub for creative people to work, to meet, and to showcase the creative talent of Dumfries & Galloway”.

STRATEGIC OBJECTIVES

- *To provide a vibrant showcase for high quality creative activity that will draw people into Dumfries Town Centre.*
- *To stimulate collaboration and business development within the creative industries.*
- *To encourage residents and visitors to participate in creative activity.*

Examples of Best Practice in Other Areas

One of the outcomes from Stage 1 was to identify areas of best practice. The following are some examples:

Stroud Valleys Artspace (SVA) – studio and project space for contemporary art, established in 1997 in Gloucestershire. An ambitious artist led project, which has been successful in securing capital and revenue funding, aims to initiate, commission and promote an accessible and innovative programme of projects in collaboration with regional, national and international artists. SVA has developed a studio letting policy and application process which could act as helpful examples/models for the Showcase Dumfries project. Further information is available at www.sva.org.uk.

Out of the Blue Arts & Education Trust – provides affordable studios, rehearsal rooms, performance venues, exhibition space and administrative support for Edinburgh’s cultural community and creates opportunities for everyone to participate in the arts by fostering innovative and accessible creative projects. Out of the Blue has recently secured an investment package of loan and grant totalling £425,000 through the Scottish Investment Fund. Further information is available at www.outoftheblue.org.

Impact Arts – originally established as a small business in 1994, Impact Arts is now one of the leading community arts companies in Scotland, specialising in youth arts, employability and regeneration. The company see the arts and creativity as catalysts for positive, lasting change

in people's lives, and through their work want to enable people to flourish and provide the opportunity to create work for freelance artists who are committed to operating within the community environment. Since 2004 the company has undergone great transformations to become a creative social enterprise with charitable status. More information is available at www.impactarts.co.uk.

Cove Park - is an international centre located on the Rosneath peninsula in Scotland, offering an annual programme of residencies for the arts and creative industries. Founded in 1999, Cove Park enables national and international artists, working in all art forms, to undertake research and develop new projects. Opportunities for public participation are also created through a related events programme. Further information is available at www.covepark.org.

Wasps Artists' Studios – provide affordable studio space to over 750 artists each year at 17 locations throughout Scotland. Studios are let with 24-hour access on a month-to-month basis allowing maximum flexibility for artists. Monthly rental is in the region of £75 to £120 and includes: electricity; rates; building maintenance; public & buildings liability insurance; management costs and water charges. During 2008, Wasps secured two surplus Council offices in Kirkcudbright to convert into studios. At that time, evidence of demand showed that 39 artists and makers were actively looking for working space in Dumfries & Galloway and 19 of those were in the Stewartry area. Further details are available at www.waspsstudios.org.uk.

Trongate 103 – is a centre for the arts and creativity in Glasgow's Merchant City. It is a brand new arts resource and the home to a range of Glasgow based creative organisations including Glasgow Print Studio and Transmission Gallery. As a place to see art, make art and enjoy being creative, the ground and first floor of the building are the gallery floors, with a year round programme. Educational and participative activities for the public are also on offer and other events such as talks, readings, discussions and performances are programmed regularly including a monthly late opening on a Thursday. Further information is available at www.trongate103.com

Although these are just some of the examples which have been identified through the project development support as being relevant, they were the most frequently cited during the consultation exercise and could provide useful lessons for the Showcase Dumfries project.

Based on our limited research the main factors for success with these examples appear to be:

- Confirmation of demand
- Emphasis on quality
- Secure and adequate revenue funding
- Links to a participative and supportive creative industries' community

6. STAGE 2 – DEVELOPMENT OF MANAGEMENT OPTIONS

Background

The Chamber's original proposal was to buy a vacant shop close to the High Street in Dumfries and then renovate and convert the property into a "centre for local creativity". It was the Chamber's intention to lease the building on a full repairing and insuring basis to an agreed management organisation.

In the early stages of project planning, a number of proposals for the ongoing management of the facility were being considered and the project plan which was developed by the Dumfries &

Galloway Chamber of Commerce in support of the bid for the Showcase Dumfries project specifically identified the following three potential options:

- **Artists Led Co-operative** – initial thoughts were that the Spring Fling Management Committee may have a role to play.
- **Special Purpose Vehicle** – the Chamber could set up a separate Company with its own unique Board to run the project.
- **Lease to a Gallery Operator** – in the event that neither of the above two options are feasible within the timescale of the project becoming operational, an alternative would be to grant a commercial lease to an existing Gallery operator.

Market Testing for Commercial Interest

As part of the consultation exercise, contact was made with both local and national commercial gallery operators. There was evidence to suggest that there could be potential commercial interest. However, it is likely that financial incentives would be expected in return for taking on management of the facility.

As part of the Focus Group, the participants were asked for their views on the Showcase Dumfries project being operated on a commercial basis. The general view was that although there could be positives in terms of a new business operating in the Town Centre, it was likely that there would be very little opportunity for the local creative industry sector to influence the project. The lack of control and influence over the development of the Showcase Dumfries Project was considered to out-weigh the benefits of attracting commercial interest.

Artist Led Management

In the early stages of the project planning, there were initial thoughts that the Spring Fling Management Committee (now operating as a Community Interest Company) may have a role to play in the ongoing management of the facility.

The Chamber of Commerce undertook initial discussions with the Council's Arts Manager and members of the Spring Fling Management Committee, DGAA, and the Council's Economic Development staff and also held two meetings with the artistic community to gauge interest. A mixed response was received and although keen to be involved in the project, there was no clear aspiration to manage the facility.

As part of the consultation process, a meeting was held with two members of the Spring Fling Management Committee. It was confirmed that there was currently no capacity within Spring Fling to take on additional responsibilities.

Although there have been no direct approaches from an individual or group of artists to take on the management of the facility, the consultation exercise has identified a strong consensus around ensuring artists are involved in developing the project objectives and future operation.

It has been suggested that one way that this may be achieved could be through bringing together a group of artists that represent the different sectors in the region and task the group to as work together as part of the Showcase team. The main advantages would be the development of trust and co-operation between partners as well as showing recognition of the skills and expertise that artists could contribute to the project. However, it was also felt that payment for these services could be expected by the participating artists. If this proposal was to

be considered, more detailed consideration would be required on how to recruit interested parties to participate in such a group and how it might function.

Other Management Options

Over the last six months a number of factors have influenced the direction of the project and many aspects are still to be confirmed. The main factors have been:

- The difficulty in securing a town centre property
- The on-going recession and its implications for town centre businesses
- A lack of buy-in from stakeholders

At this stage, the location, capacity and configuration of the property are still to be confirmed and this has inevitably placed constraints on the analysis of the management models. However, the evidence gathered so far suggests that another potential management option for consideration could be in the form of a **Strategic Partnership Model**, which would seek to work within existing structures. This would require a number of agencies to work together to deliver the project and achieve an agreed set of corporate strategic goals.

In considering the Strategic Partnership Model, a number of assumptions have been made, including:

- the Chamber of Commerce would seek to work with a third party on the ongoing management of the facility;
- that it would be desirable if the third party was already working with the creative industry sector;
- that to achieve the already agreed purpose and strategic objectives for the Showcase Dumfries project that the third party operates at a regional level across Dumfries & Galloway.

On the basis of these assumptions, from the information gathered from the consultation exercise, and through initial high level discussions with the Director, Dumfries & Galloway Arts Association, have been identified as a potential partner to work with the Chamber of Commerce, in a Strategic Partnership Model. However, if this option was to be considered, then more detailed discussions would be needed between the partners, around the practicalities and governance arrangements.

SWOT Analysis

Based on the views gathered from the consultation exercise, including the Focus Group held with local creative industry business people, a SWOT analysis of four potential management options is detailed below.

Artists Led Co-operative

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Visibly sector-led • Separate legal entity 	<ul style="list-style-type: none"> • No evidence of support from creative industry sector
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Could be developed over time 	<ul style="list-style-type: none"> • High risk to agencies

Special Purpose Vehicle

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Shares risk • Separate legal entity • Demonstrates multi-agency support 	<ul style="list-style-type: none"> • No evidence of support from creative industry sector • No evidence of support from agencies
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Longer-term option • Could provide sustainability 	<ul style="list-style-type: none"> • Would take time to set-up – difficult to achieve by April 2010

Lease to a Gallery Operator

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Some evidence of private sector interest • Could be set-up quickly 	<ul style="list-style-type: none"> • No evidence of support from creative industry sector • Would cost project partners in the short-term (incentives)
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Passes risk to third party • Private sector interest suggests market potential • Could provide sustainability 	<ul style="list-style-type: none"> • Passes benefits to third party • Limits level of “control” for project partners/creative industry • Could leave project partners exposed if it fails

**Strategic Partnership Model
(D&G CC / DGAA)**

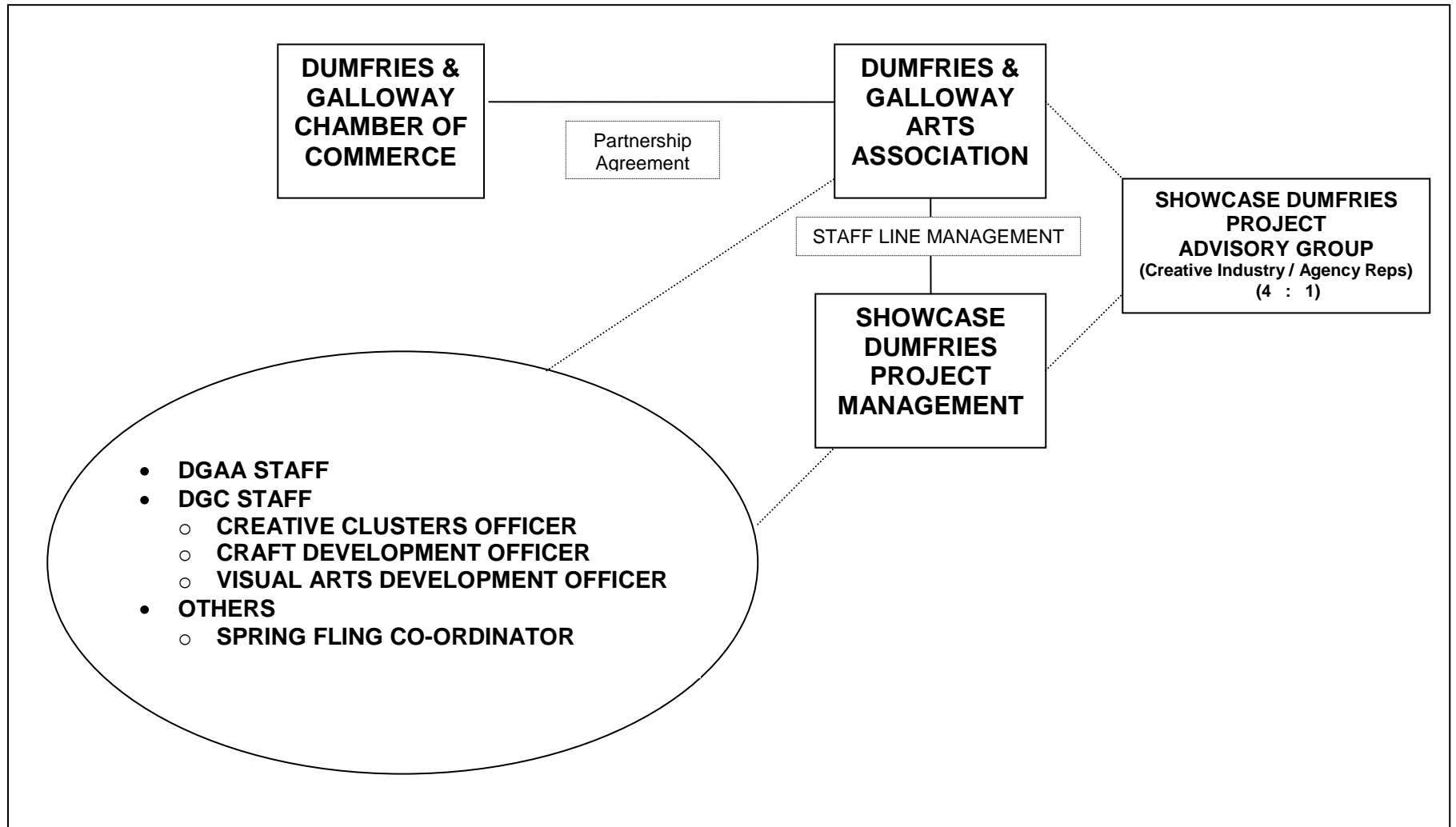
<p align="center">STRENGTHS</p> <ul style="list-style-type: none"> • Could be set-up quickly (by April 2010) • Shares responsibilities • No need for a new structure 	<p align="center">WEAKNESSES</p> <ul style="list-style-type: none"> • Could be perceived by creative industry as agency dominated
<p align="center">OPPORTUNITIES</p> <ul style="list-style-type: none"> • Allows time for organic development of the project and capacity building within the creative industry sector • Allows input from creative industry • Allows for other agency involvement 	<p align="center">THREATS</p> <ul style="list-style-type: none"> • Agencies dominate and sector growth does not happen

Based on the SWOT analysis and its consistency with the consultation exercise, the suggested preferred option is the Strategic Partnership Model.

Although, DGAA have been identified as a potential partner for the Strategic Partnership Model, it is recognised that there may also be other organisations or groups with an interest. Therefore, to ensure an open and transparent process, consideration should be given to inviting expressions of interest or tendering.

An example of how the Strategic Partnership model could work is shown in the following diagram.

**STRATEGIC PARTNERSHIP MODEL
PROPOSED MANAGEMENT ARRANGEMENTS**



Proposed Operating Model

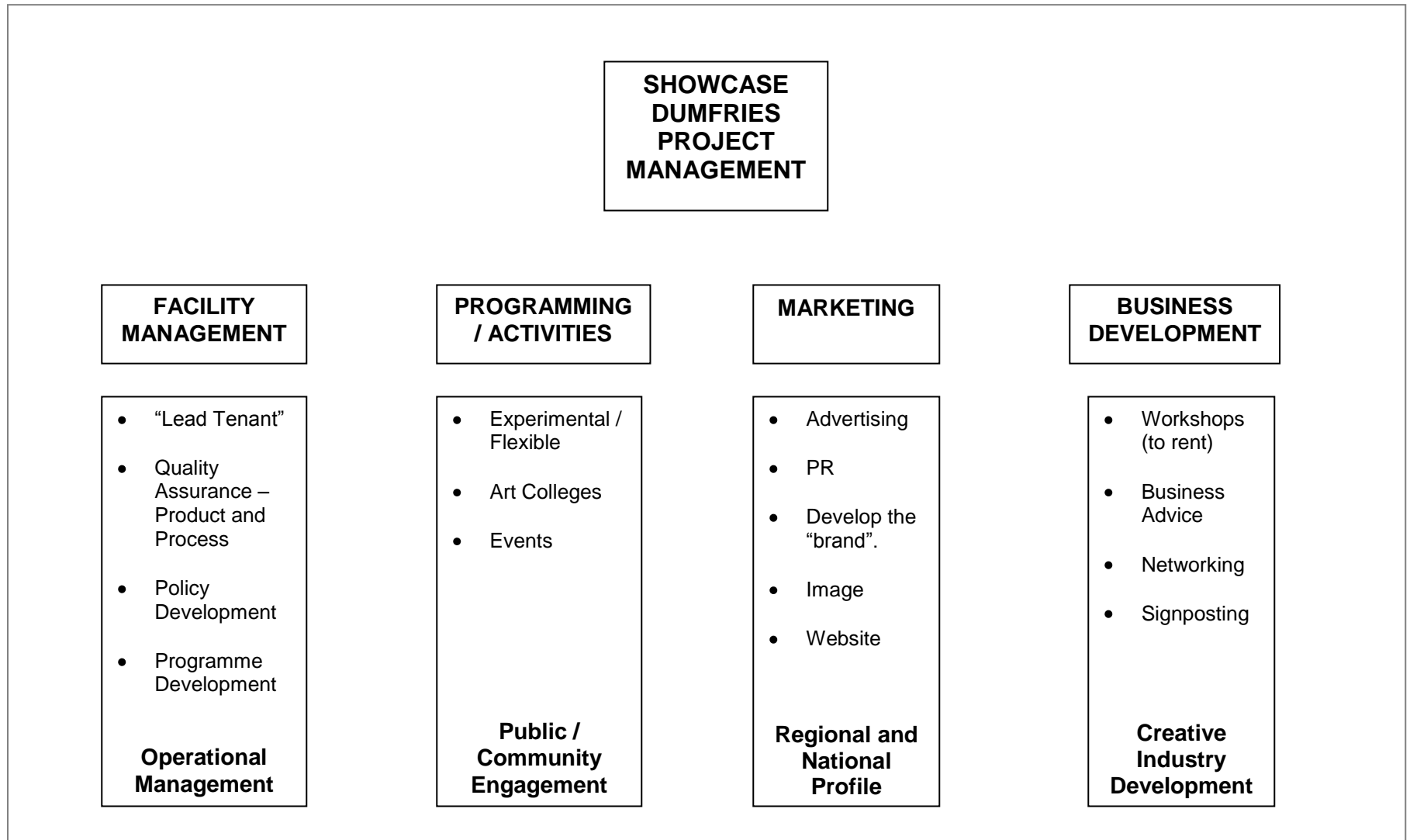
The project development being undertaken by Austin Hart Project Management aims to help inform and further scope out the proposition for the Showcase Dumfries project. However, there are still a number of factors still to be defined, including securing of a property, which will be critical to informing more detailed business planning. Nevertheless, the work completed so far suggests a potential project management operating model based on four main aspects:

- Facility and day-to-day Operational Management
- Programming of Activities and Events
- Marketing
- Business Development

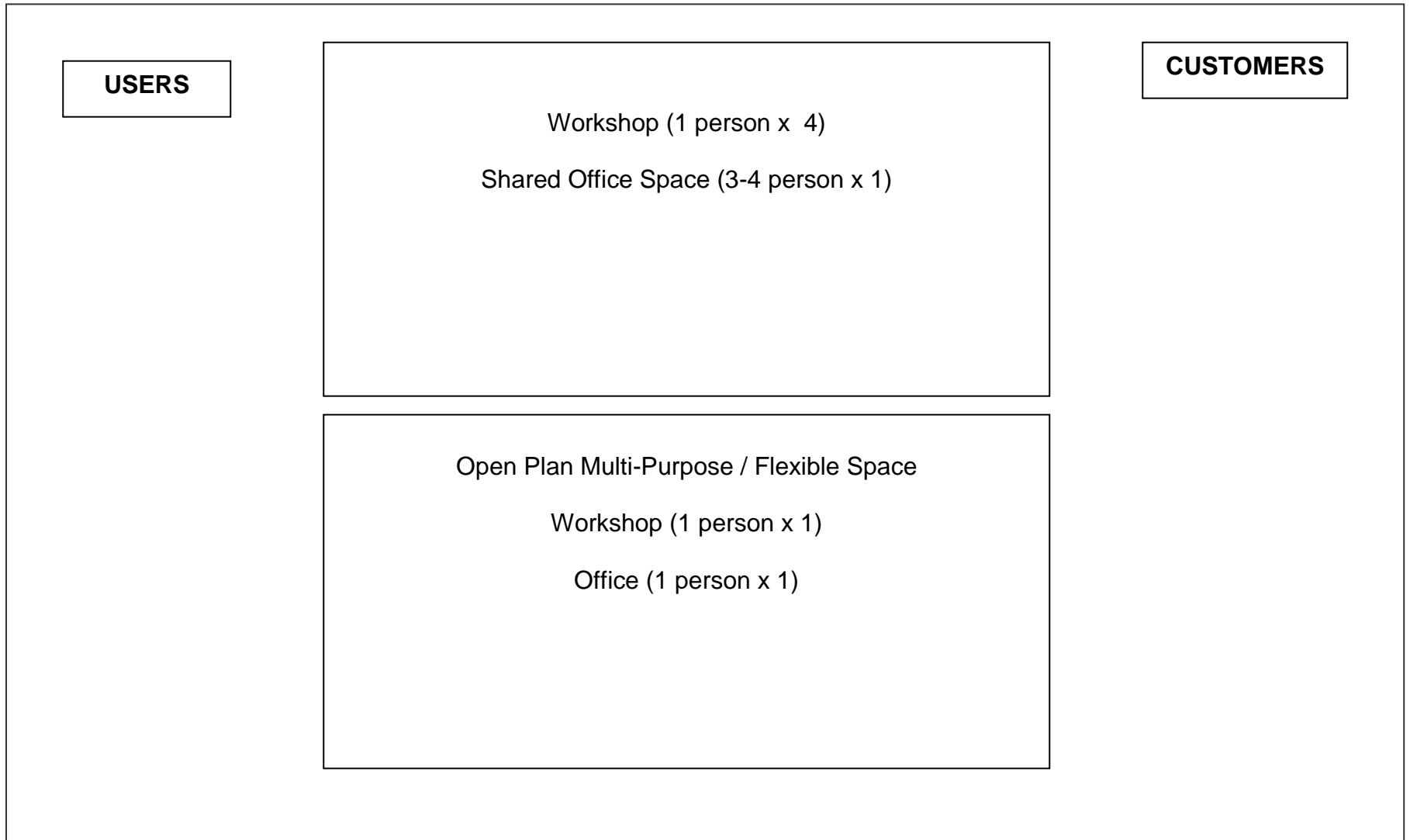
The operating model is also based on the assumption that a proportion of the space available (ideally a separate floor) will be converted into studios/workshops and potentially a shared office space which can be used by creative industry business people and professionals supporting the industry. This would create an income stream for the project. Secondly, the public access area will be a flexible multi-purpose open plan space, with the ability to accommodate a variety of different art forms with disabled access.

An outline of the proposed operating model, as presented to the Working Group at their meeting on 16 December 2009, is detailed below.

PROPOSED OPERATING MODEL



PROPOSED OPERATING MODEL (2)



Financial Planning

Although significant capital funding (£750k) has been secured for the purchase and refurbishment of a redundant property for the Showcase Dumfries project, the potential viability and future sustainability of the project will be dependant on revenue streams.

At the time of writing, the location, capacity and configuration of the property are still to be confirmed. However, the Working Group requested at their meeting on 19 November 2009 that consideration be given to indicative costings.

In preparing an outline budget for the project, a number of assumptions have been made, including:

- the original property identified on Queensberry Street is secured;
- that a proportion of the space available in the building would be converted to workshop/studio space available for rent;
- that the managing organisation would be eligible to receive the 80% discount on rates;
- costs for initial capital equipment could be covered from the capital funding secured through the TCRF.

On the basis of these assumptions, a two year income and expenditure budget has been prepared as detailed at **Appendix 4**.

Based on this model, it is estimated that funding in the region of £60-70k per annum would be required to cover the core operating costs of the Showcase Dumfries project. This does not include funding for programming and activities. It is anticipated that project/bespoke funding could be secured depending on the final detail of the project implementation.

Potential Funding Opportunities

At this stage, there are still a number of unknowns and more detailed business planning would be required to enable funding applications to be prepared. However, initial investigations have identified some potential funding opportunities, as detailed below.

Contributions from Partners

The financial modeling outlined above does not take into account any contributions which may be available from partners.

The consultation exercise and discussions with the Working Group have identified clear synergies between existing activities and the ambitions for the Showcase Dumfries project. In particular, the business development support currently provided by the Council's Visual Arts and Craft Development Officers; the areas of specialist development provided by Dumfries & Galloway Arts Association; the existing generic business development support provided through the Business Gateway; and the potential opportunities arising from the recently created Creative Clusters post within the Council. Dumfries & Galloway College and the Crichton Campus Universities may also be potential partners.

It may be that, as more detailed plans for the operation of the facility and the actual activity and programming are developed; there are opportunities to re-align existing mainstream funding sources in support of the Showcase Dumfries project – possibly in the form of cash or in-kind support. However, at this stage no firm commitment has been identified.

Grant Funding

Council Area or Service Committee Funding

Reducing Council budgets are likely to mean limited revenue funding being available, particularly to support core running costs. However, funding for specific projects may be able to be secured through for example Nithsdale Area Committee. It has also been suggested that there may be funding available through the Council's Education budgets for projects/activities contributing to the Determined to Succeed agenda.

Lowland and Upland Scotland Objective 2 Programme: ERDF Priority 4 – Rural Development (South of Scotland Global Grants Body)

There are two key themes of support: Strengthening Rural Industries and Diversification; and Supporting the Development of Key Shared Services. Projects must be of a scale with total costs of at least £200k per annum and the maximum Grant Intervention Rate is 40%. Eligible activities include:

- Support for sector-wide marketing initiatives to promote diversification in traditional industries in the region, particularly through identification of new market opportunities including niche and exporting strategies;
- Support for SMEs and groups of micro, small and medium-sized enterprises in developing new sources of supplying and production processes (but not activities listed under ERDF Priorities 1 and 2).

The South of Scotland Global Grants body has indicated that there may be potential aspects of the Showcase Dumfries project that could be eligible for support. There is also the possibility of an application being considered through expedited procedures; otherwise the timescale for the next funding decisions will be August 2010.

Dumfries & Galloway LEADER Programme

For stage 1 "*Initial Project Application*", applicants are only expected to present their ideas in brief form, reflecting clearly one or more of the D&G LEADER priorities.

All projects must demonstrate wide community benefit. Up to 50% of eligible project costs can be supported. Match-funding must be in place within three months of project approval and the maximum level of in-kind contribution which can be included is 25%.

As LEADER is a rural programme, projects in Dumfries and Stranraer cannot be supported, unless significant benefit to the wider area can be demonstrated.

The next deadline for Stage 1 Application (2 page document) is 18th March 2010 and for Stage 2 Application is the 15th April 2010. The Local Advisory Group (LAG) meeting is scheduled for 10th June 2010.

Scottish Arts Council – Flexible Funding 2011-2013

£7.98 million will be made available each year in the flexible funding programme 2011-2013. Purpose of the fund is to enable:

- An organisation to be directly involved in creating/supporting the production and/or public presentation of the work of artists and creative practitioners.
- An organisation to offer a range of services, support and advice to other arts and creative organisations, enabling these to best deliver and develop their programming and business objectives.

At least 25% match funding (from sources other than SAC) is required, and at least 10% should be in cash. Four levels of grant are available per annum:

- £50,000 - £99,999
- £100,000 - £199,999
- £200,000 - £349,999
- £350,000 - £500,000

There is a two stage application process. Deadline for first stage application is 5pm on Friday 5 March 2010.

Creative Scotland Innovation Fund

The focus of the Innovation Fund is on:

- Supporting Scotland's artists by funding new work, inspirational collaborations and residences;
- Encouraging and supporting innovative working between public agencies and artists;
- Extending practical help to new creative entrepreneurs;
- Supporting and sustaining Scotland's artistic community and economy now, at this time of recession by offering new ways of getting funds into the hands of artists and creative practitioners across a wide range of disciplines.

The Fund crosses this financial year and next, ending in March 2011 and is now open for applications.

Within the Innovation Fund, £750,000 has been made available for the Creative Scotland Rural Innovation Fund. Early indications have been given that an allocation of £100,000 from the Rural Innovation Fund will be allocated to support creative industries development across the South of Scotland. A proposal on how the £100,000 will be spent is to be worked up by partners and submitted for approval in February 2010.

Paul Hamlyn Foundation

Arts, Education and Learning and Social Justice Open Grants schemes help fund specific activities. The costs of these may include running costs such as staff salaries and overheads. A two stage application process is operated with first-stage applications to all Open Grant programmes accepted throughout the year. The size and duration of grants vary and there is no minimum or maximum grant size.

Scottish Government Third Sector Funding

The Scottish Government will provide £93 million of funding up until 2011 to develop an enterprise Third Sector in Scotland.

Scottish Investment Fund - opened for applications on 1 September 2008 and aims to help established third sector organisations secure a transformational step change in their capacity, capability and financial sustainability. This £30m fund is managed by Social Investment Scotland (SIS) on behalf of the Scottish Government. One of the first two investments announced was Out of the Blue Arts and Education Trust. More details are contained in the Investment Strategy and on the Scottish Investment Fund website www.scottishinvestmentfund.co.uk.

EUCLID

EUCLID has been appointed by the UK Department for Media, Culture & Sport and the European Commission as the official UK "contact point" to promote the EU's funding programmes for culture 2007-2013.

EUCLID provides a range of European & international information, research & consultancy services including the Culture.Info online information resource, the Alert e-newsletter on EU funding and the CUPID database of EU funded culture projects. More information is available at www.euclid.info.

These are just a few examples of the potential funding sources available. There are a number of other sources which could be considered depending on the specific nature of programming and activities such as The Henry Moore Foundation, which concentrates its support on sculpture; or Esmée Fairbairn Foundation which has broader, cultural and quality of life aims.

A number of the funding sources highlighted above relate to European funding. Due to the rules on double funding, decisions on the most appropriate funding source will need to be taken.

Initial discussions with staff in the South of Scotland Global Grants Body and the Dumfries & Galloway Leader Programme have been cautiously positive. The Showcase Dumfries project appears to also be consistent with the aims of the Scottish Art Council and Creative Scotland funding available, although at this stage no direct approaches have been made on how funding bids may be received.

At this stage, it would be difficult to pursue funding applications until more detailed business planning has been completed and decisions on the scope and direction of the Showcase Dumfries project confirmed.

7. RISKS

Risks to the Showcase Dumfries project and its ability to achieve its objectives have been considered as part of the consultation process and also in discussion with the Working Group. The following is a summary of key risks:

- Lack of sufficient commitment and buy-in from the artists and makers in the region. This could lead to a lack of support for the management of the project and an inadequate or inappropriate supply of products. This could mean that the project may be financially unviable. This risk is judged to be medium in probability and high in impact.
- Poor take-up of the workshops. As above this could lead to empty space which in turn means lower rental income. Some evidence for demand has been established so this risk is considered to be low in probability and high in impact.
- If the property is not confirmed or purchased within three months there is a risk that the positive attitude towards project so far will disappear and be replaced with cynicism which will hinder any later developments. This risk is judged to be high in probability and high in impact. It may also damage the reputation of the partners involved which is not a direct project risk but may affect future efforts to work with the sector.
- If the property is not purchased at all within the time constraints laid down by the Scottish Government funding then it could lead to serious damage to the reputation of the region at a national level. This could undermine future efforts to draw investment into the area. The high level of visibility of this project and the Scottish Government's TCRF investment in the area leads to this risk being rated as low in probability but high in impact.
- Lack of committed revenue funding may undermine the feasibility and sustainability of the capital aspects of the project. In view of the many potential funding sources available, this risk is judged to be low in probability but high in impact.
- Poor communications with stakeholders may lead to a loss of confidence in the project and its management. This would lead to the risk that artists and makers do not participate (see above). This risk is judged to be low in probability and medium in impact.

Overall, at the time of writing, we would judge the project to be of medium risk. The risk profile could change as mitigating actions are taken to reduce risk as the project progresses.

All these risks should have mitigating actions to address the probability and impact. These should be built into the project plan if the project goes ahead.

8. CONCLUSIONS

The Dumfries & Galloway Chamber of Commerce contracted with Austin Hart Project Management to provide project development support with the Showcase Dumfries project. The key aims were to: achieve a consistent and collective strategic vision and an agreed set of high level business objectives; complete an options appraisal; and reach a decision on a preferred operating model, through a comprehensive consultation exercise.

As part of the project development, the national and regional policy context and examples of best practice from other areas were considered. A wide ranging consultation exercise was undertaken, together with regular soundings from the Working Group established to drive forward the Showcase Dumfries project. Based on an assessment of the evidence obtained, the following conclusions have been drawn.

- There would appear to be general support for the project concept across public agencies, community organisations, and individual artists and practitioners.
- The project has the potential to fill a gap in creative and cultural provision in the region and provide a reason for residents and visitors to come into Dumfries Town Centre.
- The Purpose and Strategic Objectives agreed for the project are consistent with, and have the potential to contribute to, national and regional strategic priorities for economic, tourism and cultural development.
- The key findings from the consultation exercise support the creation of a flexible, experimental multi-purpose space for artists, including demand for workshop/studio space.
- There are examples of similar types of projects operating across the UK. Although, the proposed Showcase Dumfries project is on a smaller scale.
- The successful operation of the project will be dependant on robust project management arrangements being in place and commitment from partners to reach agreement on the operating and management model to be implemented. This should be through an open and transparent process.
- The potential viability and future sustainability of the project will be dependant on securing revenue streams. Initial research has identified a range of possible funding sources which could be pursued.
- The nature of the project means that there is a degree of risk associated with its development. However, initial risk assessment suggests that these are manageable if appropriate mitigating actions are put in place.
- To enable further, more detailed business planning to be completed, decisions on key aspects of the project are required.
- If the Showcase Dumfries project is to fulfil the aspiration, of bringing a redundant building back into use; of attracting people into Dumfries Town Centre; and providing a high quality creative experience, it will require commitment and determination from key stakeholders and an individual or organisation willing to “champion” the project.

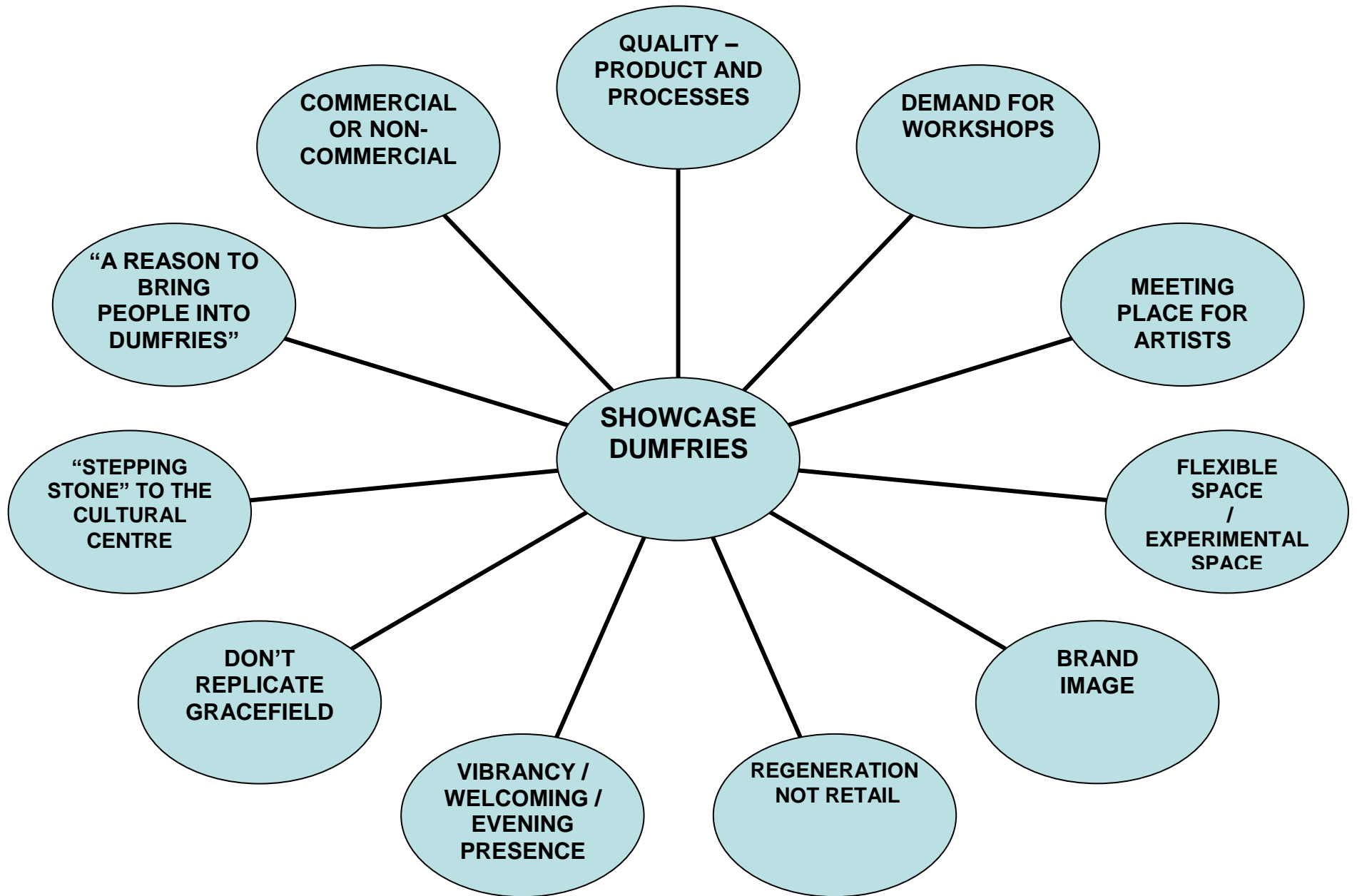
9. APPENDICES

**SHOWCASE DUMFRIES
CONSULTATION QUESTIONS**

Question	
1	What would be your key objectives for this project?
2	Which of your own strategic objectives could be addressed by this project?
3	What is your organisation's role in this project and what do you see as its contribution?
4	What are the linkages that the project should be aware of?
5	How do you feel the Showcase could add value to what is currently available?
6	What do you see as the main benefits of this project?
7	What are the key risks to achieving the project objectives?

LIST OF CONSULTEES

Rebecca Coggins	Arts Manager	Dumfries & Galloway Council
Marcus MacLeod	Independent Gallery Operator	ArtDeCaf The Kalyani Gallery
Colin Tennant	Visual Arts Development Officer	Dumfries & Galloway Council
Alan Thompson	Arts & Communities Team Leader	Dumfries & Galloway Arts Association
Cathy Agnew		CatStrand
Matt Baker	Artist	
Robin Wishart	Secretary	Loreburn Community Council
Tony Fitzpatrick	Director Economic Regeneration	Dumfries & Galloway Council
Joan Mitchell	Chairperson	Area Tourism Partnership / DDO
Jo Gallant and Hazel Campbell		Spring Fling Management Committee
Rosie Clark	Manager	Whitehouse Gallery
David Devereux		Dumfries & Galloway Council
Councillors Jack Groom and Colin Smyth		Dumfries & Galloway Council
Focus Group		
John Dowson	Artist	
Robert Thom Rhona Clark	Area Manager Nithsdale Partnership Support Officer Nithsdale	Dumfries & Galloway Council
Ricky Nolan		Dumfries & Galloway College
Ewan Green	Operations Manager Economic Development	Dumfries & Galloway Council
Jane McArthur	Freelance Creative Industries Consultant	
Mark Jardine		People's Project
Vanessa Morris	CREATE Team Leader	Dumfries & Galloway Council
Susan Garnsworthy	Director	Dumfries & Galloway Arts Association
Mark Geddes	Screen Commissioner	Dumfries & Galloway Council



INDICATIVE COSTINGS

BUDGET HEADING	ESTIMATED SET UP COSTS (Year 1)	ESTIMATED ONGOING COSTS (Year 2) (3% uplift)
INCOME		
Workshop Rental (£150 pm x 5)	9000	9270
Partner Contributions	??	??
Grant Funding	??	??
Total Income	9000	9270
EXPENDITURE		
Staff Costs		
Project Management Salary Costs	30000	30900
On Costs (30%)	9000	9270
Recruitment Costs	1500	
Travel Costs	2000	2060
Total	42500	42230
Property Costs		
Rent	1	1
Rates	3000	3090
Heating	2500	2575
Lighting/electricity	5000	5150
Telephone/Internet	1000	1030
Insurance	3000	3090
Total	14501	14936
Administration Costs		
Postage and Carriage	600	618
Stationery	600	618
Total	1200	1236
Promotion & Advertising		
Website	5000	
Leaflets	2000	2060
Promotional Campaign	1500	1545
Advertising Banners	1200	
Total	9700	3605
Fees		
Interest and bank charges payable	0	0
Legal/Professional Fees	1500	1545
Accountancy Fees	1500	1545
Depreciation	??	??
Total	3000	3090
Other Specific Expenses	1000	1000
Programme/Activities	??	??
Total Revenue Costs	71901	66097
Capital Equipment		
PC		
Laptop		
Printers		
Furniture		
Total		