
Report To:	Environment and Regeneration Committee	Date:	17th June 2014
Report By:	Corporate Director Environment, Regeneration and Resources	Report No:	R336/AF
Contact Officer:	Aubrey Fawcett	Contact No:	01475 749822
Subject:	Opportunity for the Development of a Micro Distillery in Inverclyde		

1.0 PURPOSE

- 1.1 This paper seeks approval to put an Inverclyde proposition to the market for the opportunity to develop a micro distillery in the area, in partnership with Riverside Inverclyde.

2.0 SUMMARY

- 2.1 In November 2013, Inverclyde Council produced a prospectus entitled "Opportunity for the Development of a Micro Distillery in Inverclyde". Within the prospectus, it was stated:
"Inverclyde Council is keen to promote economic activity in the area and wishes to work alongside entrepreneurs who are interested in developing business wealth. With this prospectus the Council considers there is a unique offering subject to planning, no legal restrictions and elected member approval to develop a micro distillery..."
- 2.2 Dialogue was undertaken with the Scotch Whisky Association to determine the level of interest within the sector and we have received a number of entrepreneurs who have expressed an interest in developing a micro distillery in Inverclyde.
- 2.3 The location of any new micro distillery is very important particularly if there is a desire to develop a visitors' centre alongside with possible restaurant/tea room facilities. In this regard the former Garvocks Farm Steading alongside Loch Thom has been identified as the first location to be promoted due to its outstanding location which aligns with the idyllic image of Scottish Whisky distilling.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee :
- Agree the market should now be tested by inviting formal applications for the development of a micro distillery at the former Garvocks Farm Steading alongside Loch Thom as outlined in Section 5.0 of this report;
 - Delegate authority to the Corporate Director Environment, Regeneration and Resources to engage with Riverside Inverclyde in partnership to secure a suitable entrepreneur as part of an integrated business diversity and tourism offering for Inverclyde; and,
 - Note that a further report will be brought back to Committee to formally approve the final arrangements for transferring the land and the overall proposal.

4.0 BACKGROUND

- 4.1 Whisky was last produced in Inverclyde in 1952 at the Ardgowan and Greenock Distilleries in Greenock using water from the Gryffe reservoir and local peat from the hills above Greenock. Resurrecting the idea of attracting investment in a whisky production facility and visitor centre to Inverclyde on land owned by Inverclyde Council could create employment in the production of whisky and in the running of a new visitor attraction with whisky making classes/tasting sessions.
- 4.2 The new facility could provide the area with an important asset as a producer of a quality drink product with the distillery providing up to 10 full time jobs (Kilchoman Distillery employs 16 FTE's in distillery, shop and café) and potentially attract around 10,000 visitors a year. It should be noted that there are a number of micro distilleries currently at various stages between planning and construction in Scotland.
- 4.3 The major producers are also investing heavily. Diageo's Chief Executive Paul Walsh was quoted in The Scotsman of 21 May 2014 "We expect that success to continue, particularly in the high growth markets around the world, which is why we are announcing this major investment in Scotch whisky production, committing over £1billion in the next five years, to seize that opportunity for global growth".
- 4.4 In order to maximise the potential for success, Officers have been considering the ideal/preferred location for a micro distillery development which maximises the opportunity to develop other compatible facilities alongside e.g. visitors' centre and high quality restaurant or tea room. In this regard the former Garvocks Farm Steading alongside Loch Thom has been identified as the first location to be promoted due to its outstanding location which aligns with the idyllic image of Scottish Whisky distilling.
- 4.5 A SWOT analysis has been carried out by Inverclyde Council which identifies the potential for such a venture at this location. This includes:

SWOT Analysis for a Micro Distillery

Strengths

- Nearby water supply
- Nearby barley supply...potentially arable farms in Inverclyde or nearby
- Historical abundance of peat nearby – investigation required
- Accessible for tourists already
- Proximity to Greenock Ocean Terminal with 65,000 cruise passengers
- Proximity to ferry links to Argyll and the Highlands for further whisky trail
- Proximity to Glasgow
- Inverclyde already has a history and tradition with regard to whisky distilling
- Remoteness of the site away from urban areas

Weaknesses

- Loch Thom is grey water and would require the installation of a treatment plant to allow the water to be used for distilling
- The project needs to be able to attract wealthy investors for the idea of a distillery to progress

Opportunities

- Growing number of cruise ship visitors looking to explore whisky
- Growing market for micro distillery products
- Growing interest from investors to develop more micro whisky distilleries
- Potential to resurrect old brands (Ardgowan & Greenock) and become a "producer" of whisky again
- Employment opportunities to distil whisky but also to create a visitor attraction and potentially accommodation in the hills above Greenock
- Government funding available to develop more micro distillers

Threats

- Competitorsbut no micro distilleries locally in Inverclyde or Renfrewshire
- Possible opposition from residents of Inverclyde
- The negative press potential from Greenock's reputation for alcohol abuse

5.0 PROPOSAL

- 5.1 It has been identified that Inverclyde has the potential to be a location for a micro distillery, and this is supported by different entrepreneurs separately approaching ri and Inverclyde Council expressing their interest in developing a micro distillery in the area. Accordingly the following proposals arise:
- a) That Inverclyde Council, supported by ri, seeks requisite approvals to offer the market land identified as suitable for a micro distillery (following due diligence and receiving approvals from Members, Planning, Legal, and a satisfactory report from the District Valuer and at the earliest opportunity thereafter); and
 - b) That Riverside Inverclyde contributes resource and expertise to the securing of an appropriate investor.
- 5.2 A copy of the prospectus prepared for the micro distillery offer is outlined in Appendix A to this report. It is intended that marketing material will be prepared to reflect the nature of bids being invited which will encourage not only offers for the land but also other economic benefits being promoted by the prospective purchasers e.g:
- number of jobs
 - ancillary activities being proposed such as visitors' centre, restaurant/tea room
 - shared equity based upon return over the period of the venture
 - grant applications being promoted
 - sustainable business plan
- 5.3 Members should be aware that it is intended to advise a guide price for the land purchase through the marketing materials which will assist entrepreneurs to consider and take a view on this important element in their business plan projections.

6.0 IMPLICATIONS

Finance

- 6.1 There will be costs associated with the marketing of the proposal, the assessment of the responses and any associated legal/sale costs. These will be the subject of the follow up report.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
tbc					To be clarified in the follow up report

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
tbc					

Legal

- 6.2 Garvocks Steading is within the ownership of the Council and can be transferred for any suitable use except for direct agricultural provision.

Human Resources

- 6.3 Narrative to be provided here depending on the content of the report.

Equalities

- 6.4 Has an Equality Impact Assessment been carried out?

☐

YES (see attached appendix)

☒

NO - This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

Repopulation

- 6.5 The proposals will contribute to making Inverclyde a more attractive place to visit, work and live.

7.0 CONSULTATIONS

- 7.1 Scotch Whisky Association and interested parties.

8.0 CONCLUSIONS

- 8.1 The proposals outlined above provide an opportunity to develop one of the Council's redundant assets to bring forward economic activity and generate jobs, whilst providing a local tourist attraction. Members are therefore asked to support the proposals as outlined and seek offers from interested parties.

9.0 LIST OF BACKGROUND PAPERS

- 9.1 n/a

Opportunity for the Development of a Micro Distillery in Inverclyde

Inverclyde has the potential to be a location for a micro distillery



Inverclyde Council is keen to promote economic activity in the area and wishes to work alongside entrepreneurs who are interested in developing business wealth. With this prospectus the Council considers there is a unique offering subject to planning, no legal restrictions and elected member approval to develop a micro distillery in the idyllic surroundings of Loch Thom. This prospectus allows interested partners to explore this opportunity further.

Whisky was last produced in Inverclyde in 1952 at the Ardgowan and Greenock Distilleries in Greenock using water from the Gryffe reservoir and local peat from the hills above Greenock. Resurrecting the idea of attracting investment in a whisky production facility and visitor centre to Inverclyde at Garvocks Farm beside Loch Thom above Inverkip (on land owned by Inverclyde Council), could create employment in the production of whisky and in the running of a new visitor attraction with whisky making classes/tasting sessions. The abundant supply of water from Loch Thom (currently grey water which would require treatment) and the availability of Scottish produced barley together with Inverclyde's proximity to the Highlands and Islands, could allow a whisky distillery at this location to become part of a whisky trail in the west of Scotland. Loch Thom Whisky could become a major player in the micro distillery market capable of producing its own distinctive and unique Lowland Malt if investors could be attracted to invest in the new distillery. This has already been seen at Bachilton Farm near Methven where the smallest and newest distillery in Scotland is about to launch. Universities such as Heriot Watt University's International Centre for Brewing and Distilling could potentially also get involved with the Inverclyde project to provide real learning experiences for students and advice at the set up and early stages of the business.



The new facility could provide the area with an important asset as a producer of a quality drink product with the distillery providing up to 10 full time jobs (Kilchoman Distillery employs 16 FTE's in distillery, shop and café) and potentially attract around 10,000 visitors a year.

Inverclyde already offers an increasing number of existing points of interest for visitors together with the development of activity and stay packages and a Loch Thom Distillery could significantly add to the portfolio of visitor attractions by providing a quality landmark attraction and a real asset for the area.

Issues for Consideration

Land/Water Ownership

With regard to lands surrounding Loch Thom, from discussions with Legal Services, Garvocks Farm Steading is retained by Inverclyde Council but all other land surrounding Loch Thom on the east side is owned by Council and leased to a farming tenant. Land to the west of Loch Thom (including the ground occupied by the Greenock Cut Visitor Centre) is owned by Ardgowan Estates. Any proposed development of a distillery could be developed at the vacant Garvocks Farm Steading, adjacent to Loch Thom.

Loch Thom is a reservoir which, since 1827, has provided a water supply to the town of Greenock. In 1872, another reservoir was created immediately to the east of Loch Thom at Gryffe Reservoir. Together with a network of 13 smaller reservoirs nearby they provide storage for almost 650,000,000 cubic feet (18,000,000 m³) of water. Today, as well as providing a water supply, the loch is used for sport fishing and forms part of the Clyde Muirshiel Regional Park. Loch Thom water is designated as “grey” water and not suitable to be used without treatment. Ownership of the water in Loch Thom would appear to be with Scottish Water and further discussions would need to take place with regard to the suitability of the water for whisky distilling and also whether Scottish Water will allow Loch Thom water to be used for this purpose. All water would require treatment and this would need to be factored into any costings for the establishment of a micro distillery.



SWOT Analysis for a Micro Distillery at Garvocks Farm Steading

Strengths

- Nearby water supply
- Nearby barley supply...potentially arable farms in Inverclyde or nearby
- Historical abundance of peat nearby – investigation required.
- Accessible for tourists already as 2 roads in place to Greenock Cut Visitor Centre which attracts 44,000 visitors per year
- Proximity to Greenock Ocean Terminal with 65,000 cruise passengers
- Proximity to ferry links to Argyll and the Highlands for further whisky trail
- Proximity to Glasgow
- Inverclyde already has a history and tradition with regard to whisky distilling
- Remoteness of the site away from urban areas

Weaknesses

- Loch Thom is grey water and would require the installation of a treatment plant to allow the water to be used for distilling
- The project needs to be able to attract wealthy investors for the idea of a distillery to progress

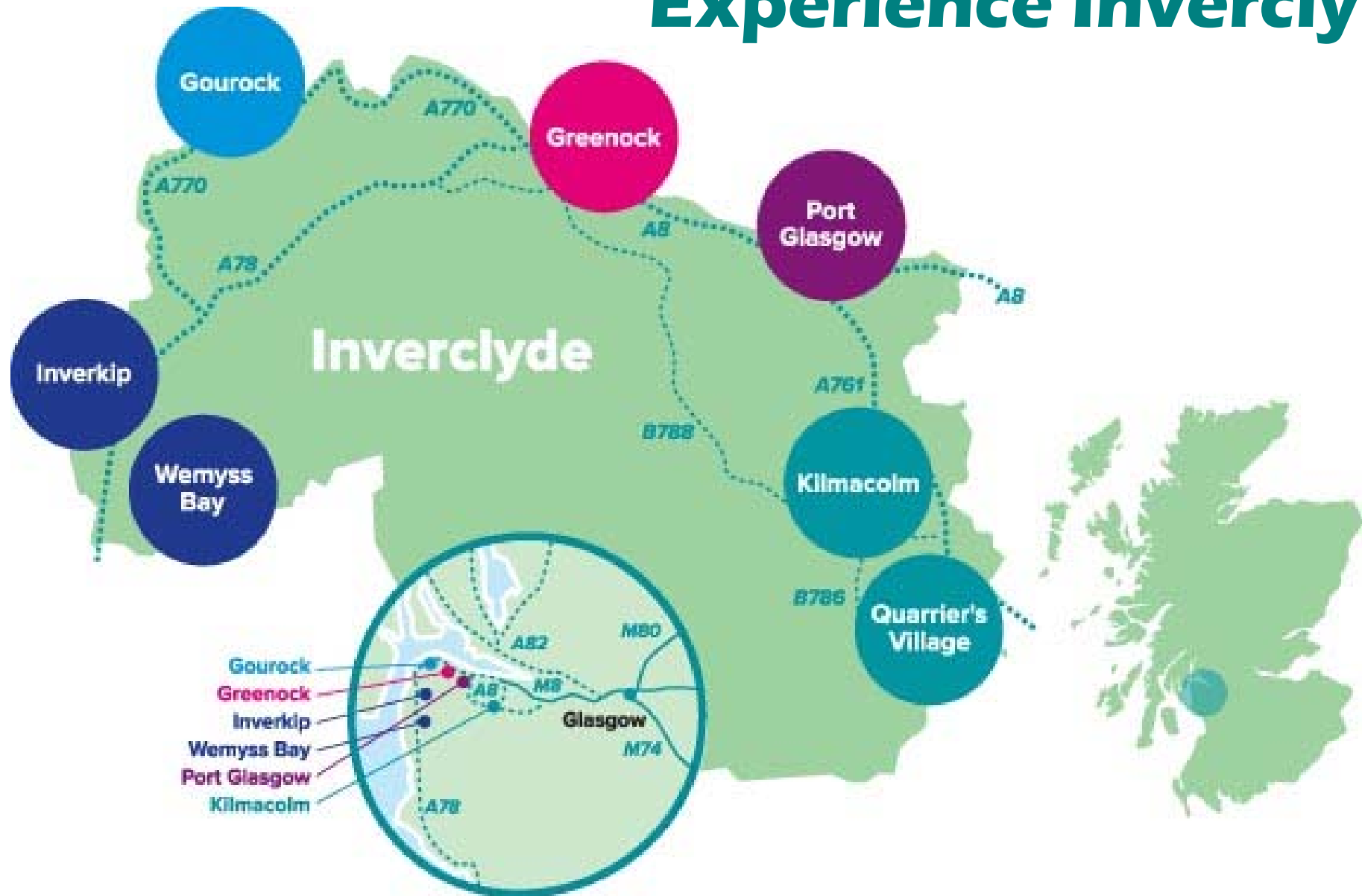
Opportunities

- Growing number of cruise ship visitors looking to explore whisky
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- Potential to resurrect old brands (Ardgowan & Greenock) and become a “producer” of whisky again
- Employment opportunities to distil whisky but also to create a visitor attraction and potentially accommodation in the hills above Greenock
- Government funding available to develop more micro distillers

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Experience Inverclyde



Inverclyde – an overview

Inverclyde is an area of unrivalled beauty, situated along the broad coastal reaches of the River Clyde with breathtaking views to the Argyll Hills and Scottish Highlands. Shipbuilding, manufacturing and trading brought prosperity to Inverclyde in the 19th and 20th centuries, spawning such illustrious sons as James Watt, the engineer, whose famous inventions paved the way for the industrial revolution.

Many of Inverclyde's historical attractions celebrate Inverclyde's influential maritime history and industrial past. There's enjoyment for all the family - our sports, leisure and entertainment facilities are among the best in Scotland. The picturesque villages of **Inverkip** and **Wemyss Bay** have a distinct charm of their own. Their sailing waters and facilities provide an extensive range of water-based sports and activities. Inland, nestling in the Gryffe Valley, take time to explore **Quarrier's Village** - a conservation village, formerly the famous Victorian orphan community built by William Quarrier - and the historic village of **Kilmacolm** whose ecclesiastical roots date back to St. Columba.

Inverclyde's spectacular moorlands, hills and lochs lie mainly within **Clyde Muirshiel Regional Park**, a haven for the rarest species of Scottish wildlife and centre for numerous outdoor pursuits and activities. Inverclyde is one of Scotland's smallest council areas, with spectacular views and scenery, fabulous sporting and leisure opportunities and excellent transport links to Glasgow and the rest of Scotland. We are fortunate in being one of the most attractive places in Scotland to live and work, with 61 square miles stretching along the south bank of the magnificent estuary of the River Clyde. Further along, the river opens up into the Firth of Clyde, the gateway to the Scottish Highlands.

Inverclyde's main towns: **Greenock**, **Port Glasgow** and **Gourock** sit on the coastal strip. Our heritage, steeped in centuries of maritime and industrial history sits comfortably with a revitalised, modern economy of tourism/hospitality, service industries including customer contact and fulfillment services. The transformation has been remarkable by any standards. Inverclyde boasts not only major improvements to the physical environment but an enviable track record in attracting new industries and development

One of Inverclyde's major assets is its location, which gives it easy access to the whole of Scotland and much further afield. The centre of Greenock is only 25 miles west of Glasgow and the M8 motorway runs straight to our doorstep. Glasgow International Airport is only 15 minutes away which gives direct access to major European and American markets. Prestwick Airport has been increasing its freight and passenger services recently and is only an hour from Inverclyde. Rail services run from both Wemyss Bay and Gourock to Glasgow, where they link with services to other parts of Scotland and the rest of the United Kingdom. Car and passenger ferry services connect with Helensburgh, Bute and the Cowal peninsula, and on to the Mull of Kintyre.

What's on offer for visitors to Inverclyde



Things to See and Do in Inverclyde



Visitor Attractions

- Mclean Museum and Watt Library
- Waterfront Leisure Centre
- Clyde Muirshiel Regional Park (Lunderston Bay and Greenock Cut Visitors Centre)
- Gourrock Outdoor Pool
- The Waterfront Leisure Complex
- The Beacon Arts Centre
- Scottish Fire & Rescue Museum
- Newark Castle
- Finlaystone Country Estate
- Marinas at James Watt Dock and Kip
- Cardwell Garden Centre
- Custom House Quay where the Waverley calls
- Cruise ships and visiting Tall Ships
- Independent shopping experience in Gourrock
- Funworld
- The Greenock Town Trail

Outdoor Pursuits Available

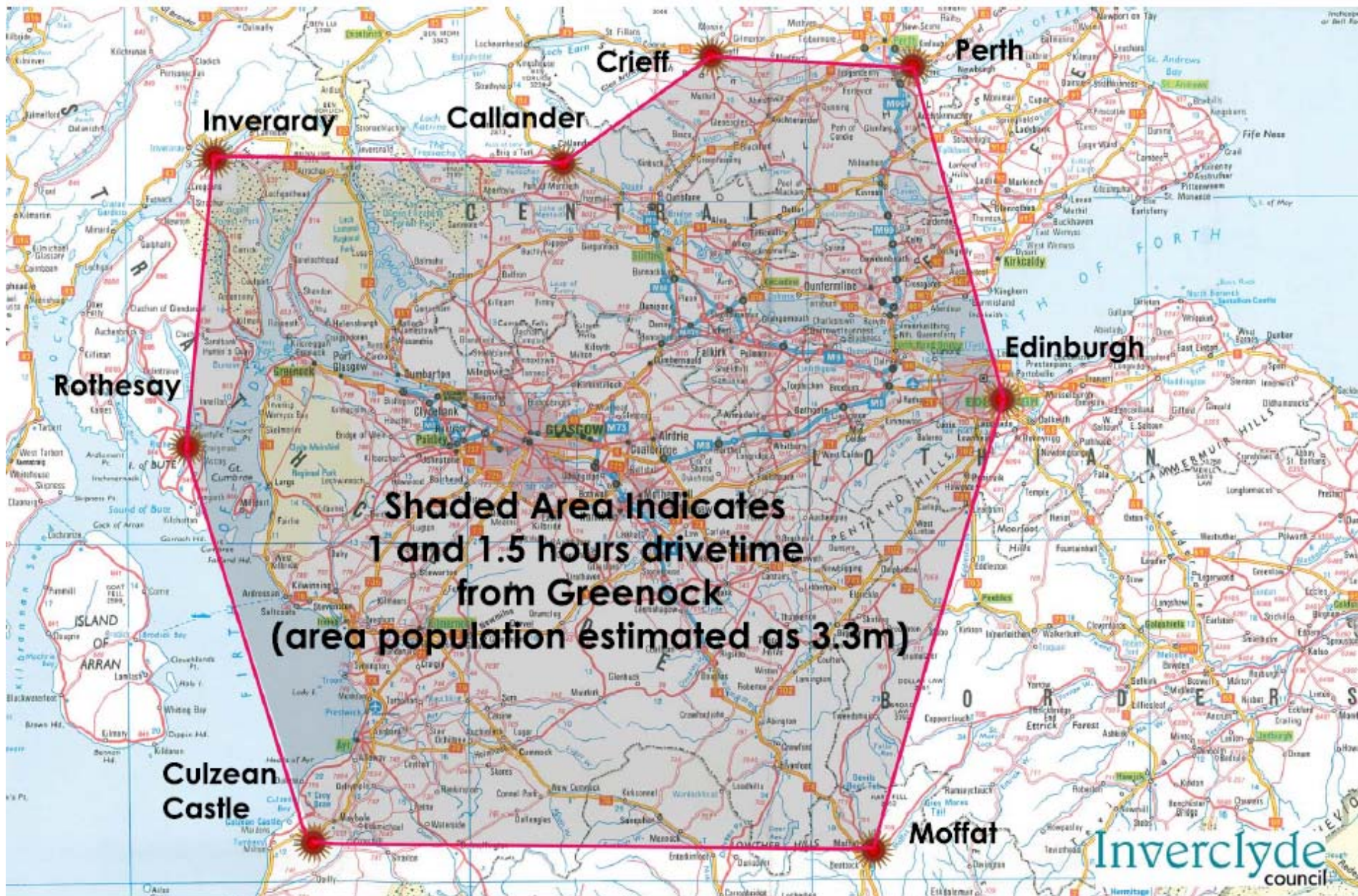
- Golf
- Sailing
- Marine and land based experiences
- Walking
- Mountain biking
- Horseriding
- Rowing
- Canoeing
- Diving

Forthcoming Tourist Attraction Activities

Work has begun on the creation of The Heritage Inverclyde Coastal Trail from Wemyss Bay to Langbank and will be complete by Autumn 2014.

Key Facts and Statistics





Key Facts & Statistics

Population of Inverclyde at 2011 Census:	81,500
Population within a 1 & ½ hrs drive of Inverclyde:	3,317,200

Overview of Main Areas of Economic Activity and Performance

- Maximising community benefits through procurement, specifically targeting construction projects that include schools, new housing and waterfront regeneration. Recently community benefits have been incorporated in contracts for Port Glasgow Shared Campus, the refurbishment of St Columba's and RI contracts for both Custom House and Riverside Business Park. Since its inception in 2008, the Community Benefits programme has created 570 jobs for local residents including 43 new apprenticeships. Ensuring community benefits follow from investment in schools, housing and area renewal;
- Maintaining the positive momentum on Business Start Ups, despite an economic down turn.
- Fulfilling the contract obligations on the highly successful Future Jobs Fund programme and continuing to deliver an additional 120 FJF posts directly through Inverclyde Council employability funding. An additional 23 full year posts will be delivered over the next three years provided by the Inverclyde Integrated Employability Programme targeted at unemployed and to reduce number of people claiming key benefits;
- Training and employability support to young people through national programmes;;
- Delivering a co-ordinated approach to employer engagement via a single point of contact;
- Support and advice to those wishing to start a new business;
- Promote sustainability and growth of new and existing businesses by supporting capital investment and improving workforce skills;
- Tourism development – year on year growth in visitor numbers; improve internal/external perception of Inverclyde; redevelop Ocean Terminal to meet needs of tourism sector;
- Scottish Tourism Economic Activity Monitor (STEAM) statistics show an increase of 19 on total revenue for 2011 compared with 2010 ie 51.74 (£'s millions) RI survey of cruise ship passengers shows an overall improvement in town centre perceptions;
- Attract external funding to deliver economic activities
- Development of Heritage Inverclyde coastal trail project (Coastal Communities Fund and Heritage Lottery bids submitted)/ DI Greenock Town Trail (Community Facilities Fund) walking trail
- Additional new "visitor attractions facilities in 2012 - Scottish Fire & Rescue Museum, The Beacon, Wemyss Bay Station, Dutch Gable House
- Attraction of Inverclyde as a location for creative industries such as film and arts development eg Shed Media relocation to Inverclyde in 2012 and building of The Beacon Arts Centre
- A variety of listed buildings potentially available for tourism/arts development including The Custom House, The Sugar Sheds, The Glebe Building and The Tobacco Warehouse
- £20m investment by Inverclyde Council in Roads infrastructure over the next 3 years
- Inverclyde is regarded as being one of the best providers of education in Scotland. Schools in Inverclyde are nationally renowned for performing way beyond schools in comparator authorities.

**Table 2: Census day usually resident population by council area, 2001 and 2011;
council area, 2001 to 2011**

percentage change in population by age group and

Council area	Population 2001 ¹	Population 2011 ¹	% change 2001 to 2011 ²	% change 2001 to 2011 ² in population:		
				aged under 15	aged 15 to 64	aged 65 and over
SCOTLAND	5,062,000	5,295,400	4.6	-5.8	6.0	10.6
Argyll & Bute	91,300	88,200	-3.4	-16.6	-5.2	15.0
Clackmannanshire	48,100	51,400	7.0	-6.7	8.5	18.5
East Ayrshire	120,200	122,700	2.1	-9.9	3.5	10.1
East Dunbartonshire	108,200	105,000	-3.0	-16.3	-5.0	21.8
East Renfrewshire	89,300	90,600	1.4	-6.9	0.4	16.3
Falkirk	145,200	156,000	7.4	0.1	8.2	13.0
Fife	349,400	365,200	4.5	-6.0	5.4	12.9
Glasgow City	577,900	593,200	2.7	-10.0	8.7	-9.4
Inverclyde	84,200	81,500	-3.2	-16.1	-1.9	5.6
Midlothian	80,900	83,200	2.8	-8.1	3.3	14.6
North Ayrshire	135,800	138,200	1.7	-10.5	1.1	18.5
North Lanarkshire	321,100	337,800	5.2	-1.0	5.3	13.3
Perth & Kinross	134,900	146,700	8.7	-2.3	9.0	18.1
Renfrewshire	172,900	174,900	1.2	-8.6	1.5	11.2
South Ayrshire	112,100	112,800	0.6	-9.5	-0.5	13.2
South Lanarkshire	302,200	313,800	3.8	-6.9	4.2	15.5
Stirling	86,200	90,200	4.7	-4.5	4.5	16.0
West Dunbartonshire	93,400	90,700	-2.8	-13.9	-0.6	1.1
West Lothian	158,700	175,100	10.3	1.3	9.6	30.9
Totals		3,317,200				

Footnotes

1) Population data are rounded to the nearest hundred.

2) Percentages are calculated from unrounded data.

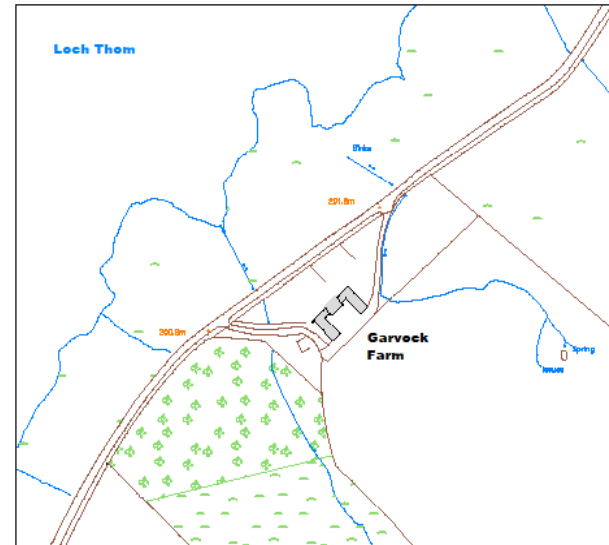
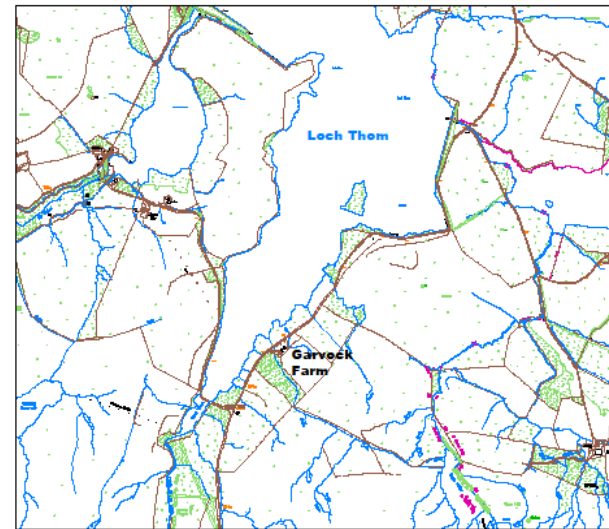
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Source: National Records of Scotland

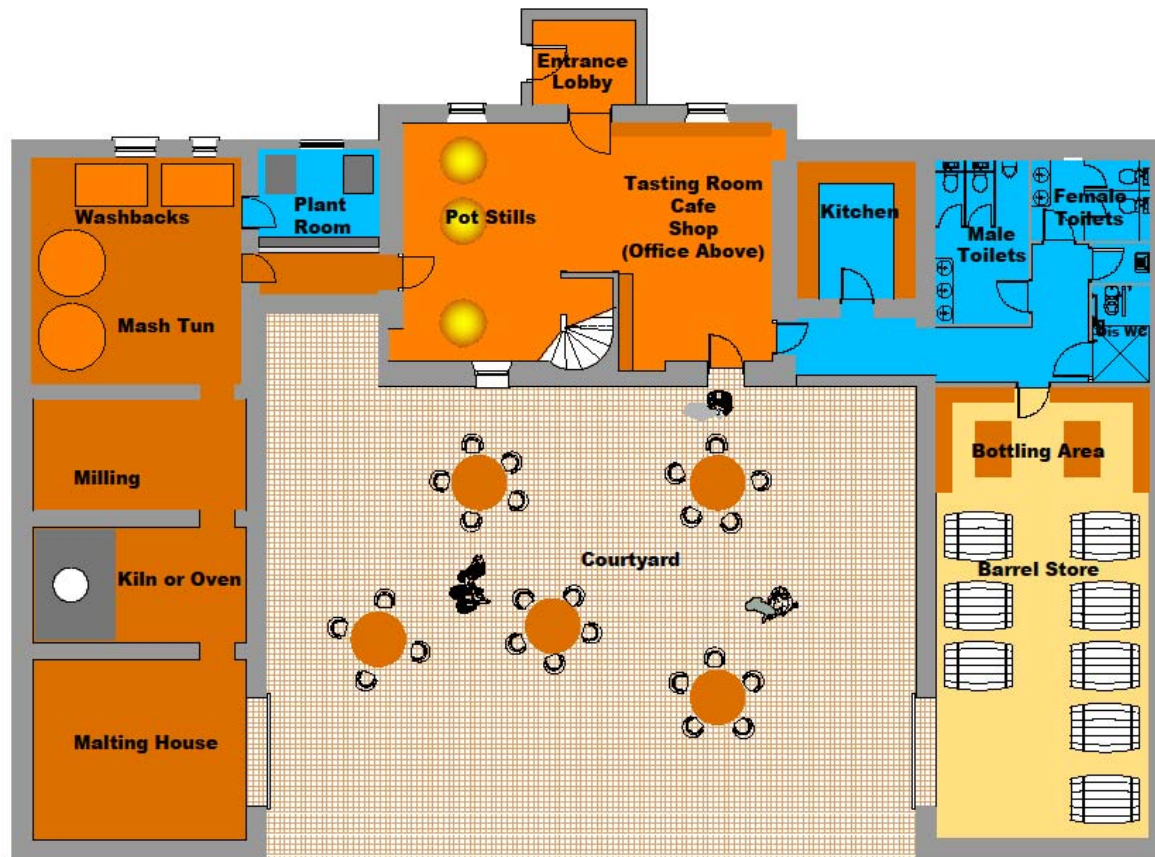
Table 14: Projected percentage of households by local authority and by age group, 2010 and 2035

Local authority	2010						2035					
	16-29	30-44	45-59	60-74	75+	Total	16-29	30-44	45-59	60-74	75+	Total
Scotland	12%	26%	28%	21%	12%	100%	12%	24%	24%	21%	18%	100%
Argyll & Bute	8%	20%	29%	27%	16%	100%	7%	21%	19%	25%	28%	100%
Clackmannanshire	13%	26%	28%	23%	11%	100%	14%	23%	21%	23%	19%	100%
East Ayrshire	10%	25%	28%	24%	13%	100%	10%	22%	22%	24%	22%	100%
East Dunbartonshire	6%	22%	32%	25%	16%	100%	5%	21%	22%	24%	28%	100%
East Renfrewshire	6%	22%	33%	23%	16%	100%	5%	23%	23%	23%	26%	100%
Falkirk	11%	28%	27%	21%	12%	100%	12%	24%	22%	22%	19%	100%
Fife	12%	25%	27%	23%	13%	100%	13%	23%	23%	22%	20%	100%
Glasgow City	18%	31%	26%	16%	10%	100%	15%	28%	29%	17%	10%	100%
Inverclyde	11%	24%	30%	23%	13%	100%	10%	21%	23%	25%	21%	100%
Midlothian	9%	25%	29%	24%	13%	100%	10%	25%	21%	23%	21%	100%
North Ayrshire	10%	24%	28%	25%	13%	100%	10%	22%	20%	25%	23%	100%
North Lanarkshire	11%	28%	29%	21%	11%	100%	11%	25%	23%	23%	17%	100%
Perth & Kinross	11%	22%	28%	24%	15%	100%	11%	25%	24%	20%	19%	100%
Renfrewshire	12%	26%	29%	21%	12%	100%	12%	25%	24%	22%	18%	100%
South Ayrshire	9%	21%	29%	25%	16%	100%	9%	22%	21%	23%	25%	100%
South Lanarkshire	10%	26%	29%	22%	12%	100%	10%	24%	23%	23%	19%	100%
Stirling	12%	23%	28%	23%	13%	100%	14%	26%	20%	20%	19%	100%
West Dunbartonshire	12%	26%	29%	22%	12%	100%	12%	24%	23%	24%	18%	100%
West Lothian	11%	30%	29%	21%	9%	100%	12%	26%	21%	23%	18%	100%

Images and Plans of Garvocks Farm Steading



Suggested Layout of Garvocks Farm Steading



Garvock Farm Micro Distillery