7. FINANCIAL APPRAISAL
7. FINANCIAL APPRAISAL

Introduction

In this section we set out the indicative capital costs associated with the proposed reconstruction of the North Range and the development of the Palace as a major visitor attraction, with ancillary facilities. We have included:

• new car and coach parking
• new access bridge to the Palace
• reconstruction of the North Range
• adaptation of some other parts of the Palace required by the overall plan
• upgrading the courtyard including safely dismantling the existing fountain which is rapidly deteriorating and making
• a new replica stone fountain to replace the existing one
• improved service and emergency access
• furniture and fit out
• attraction fit out
• interpretive provision

Repairs, conservation, consolidation and maintenance of the existing structure is not included since it is understood that the general condition of the Palace as it stands is good, and an ongoing budget for this work is in place, irrespective of any development potential.

The provision of adequate car and coach parking on the site of the Low Port School annexe will require that the existing building be demolished and a new one built on site. Both the demolition and new building have been incorporated at this stage. A separate cost for the replacement of this annexe on another site is also included with the figures.

The costs are based on:

• Brooke Millar Peden, Architects drawings
• 1:100 North Range proposal drawings 155/L3-08
• 1:200 plan and perspective of the new ramp/bridge access, drawing 135/L3-09
• 1:500 location plan showing the proposed Low Port Car Park, drawing 135/L3-10
• Ove Arup & Partners Scotland Consulting Engineers drawings:
  • marked up Historic Scotland 1:100 survey drawings to show the proposed structural requirements numbered 20462/SK10 - 21
  • indicative floor details, 50462/SK22 (1-5)
  • indicative steelwork details, X4062/SK23 (1-5)
  • indicative roof details, 50462/SK27

In addition various representatives of Historic Scotland and in particular Neil Hynd, Bob Hibbop, Claire Green and Robin Johanson have assisted with regard to the likely historic architectural details of the Long Gallery and the cost of replacing and repairing defective stonework to the South and North Elevations of the North Range, for which we are very grateful.
Haley Sharpe Associates have provided the estimated costs for the attraction 'fit out', associated software, interpretation, furniture, etc.

The drawn information, upon which the estimates are based, is at an early stage and thus a number of assumptions have been made in conjunction with the Architect and Engineer regarding the extent of the work, detailing, specification and means of construction. All prices are current (August 1996)

### Summary Of Indicative Capital Costs

The following indicative cost summary provides an estimate of costs likely to be incurred with the proposed development as currently envisaged.

<table>
<thead>
<tr>
<th>ELEMENT</th>
<th>COST</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BUILDING WORKS</strong></td>
<td></td>
</tr>
<tr>
<td>New Coach and Car Park at Low Port</td>
<td>450,000</td>
</tr>
<tr>
<td>New Access Ramp &amp; Bridge to the East Gate</td>
<td>250,000</td>
</tr>
<tr>
<td>North Range</td>
<td>3,950,000</td>
</tr>
<tr>
<td>Adaptation of other parts of the Palace</td>
<td>370,000</td>
</tr>
<tr>
<td>Courtyard</td>
<td>130,000</td>
</tr>
<tr>
<td>Fountain</td>
<td>800,000</td>
</tr>
<tr>
<td>7. Emergency and Service Accom at Kirkgate Arch</td>
<td>100,000</td>
</tr>
<tr>
<td>8. New Low Port School Annex</td>
<td>470,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>6,500,000</td>
</tr>
</tbody>
</table>

| **FURNITURE & EQUIPMENT** | |
| Sales and Ticketing | 52,000 |
| Education Resource Room | 40,000 |
| Archive Research/CD Rom Room | 110,000 |
| Cafe, survey counters & prep area fit out | 50,000 |
| Cafe furniture, tables, chairs, cutlery, crockery etc. | 33,000 |
| Long Gallery banqueting tables & chairs | 20,000 |
| Office/Staff Administration Rooms | 25,000 |
| Multi Purpose/Seminar/Education Rooms | 60,000 |
| Reception | 8,000 |
| **TOTAL** | 400,000 |

### Summary of Indicative Cost Cont'd

<table>
<thead>
<tr>
<th>ELEMENT</th>
<th>COST</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>VISITOR ATTRACTION</strong></td>
<td></td>
</tr>
<tr>
<td>Directional signage</td>
<td>19,000</td>
</tr>
<tr>
<td>External interpretation</td>
<td>10,000</td>
</tr>
<tr>
<td>Main attraction 'fit out'</td>
<td></td>
</tr>
<tr>
<td>a) reconstruction, mannequins, furniture etc.</td>
<td>500,000</td>
</tr>
<tr>
<td>b) animation</td>
<td>430,000</td>
</tr>
<tr>
<td>c) lighting</td>
<td>80,000</td>
</tr>
<tr>
<td>d) decoration</td>
<td>50,000</td>
</tr>
<tr>
<td>Entrance</td>
<td>20,000</td>
</tr>
<tr>
<td>AV Hardware and Software</td>
<td>300,000</td>
</tr>
<tr>
<td>General fitting out</td>
<td>65,000</td>
</tr>
<tr>
<td>Fashion accessories (Kings/Queens)</td>
<td>40,000</td>
</tr>
<tr>
<td>Research</td>
<td>20,000</td>
</tr>
<tr>
<td>St. Michael's Church interpretation</td>
<td>25,000</td>
</tr>
<tr>
<td>Town visitor signage/Management etc.</td>
<td>60,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,650,000</td>
</tr>
</tbody>
</table>

| ELEMENT | COST |
| Building Contact related fees | 1,200,000 |
| Tourism and Visitor Attraction related fees | 300,000 |
| Archaeological work | 200,000 |
| Allowances for other specialist advice | 50,000 |
| **TOTAL** | 1,750,000 |

### CURRENT ESTIMATED COST AT AUGUST 1996 PRICES

**TOTAL** £10,300,000

This is broken down in fuller detail shown in Appendix K.
New Coach And Car Park At Low Port

1. Site Preparation including demolition of the school annex, breaking up surfaces etc. £45,000
2. Pedestrian footpaths to Low Port Entrance £25,000
3. Re-align access road with associated parking, school parking and traffic calming £60,000
4. Coach and car park £100,000
5. New entrance feature and wall £15,000
6. Stone retaining wall between school and car park £45,000
7. Fencing and gates £20,000
8. Soft landscaping and planting £15,000
9. New bridge and feature to Peel £20,000
10. Lighting £15,000
11. Preliminaries £30,000
12. Contingency and Design Development £40,000

TOTAL £490,000

New Access Ramps And Bridge To East Gate

1. Form new earth mound for paths etc. £27,000
2. Upgrade main path from car park £45,000
3. New footpaths and steps on mound £60,000
4. Curved bridge £65,000
5. Lighting £15,000
6. Preliminaries £17,000
7. Contingency and Design Development £21,000

TOTAL £290,000

North Range

1. SUBSTRUCTURE
   1A Piling and underpinning (allowance) £60,000
   1B Lift pit and hoist foundations £5,000
   1C Ground floor £15,000
   TOTAL £80,000

2. SUPERSTRUCTURE
   2A Strengthening work to spine walls, forming new doorways (2) and chimney repairs £100,000
   2B Upper floors £255,000
   2C Roof £370,000
   2D Stairs and ramps £100,000
   2E Work to existing masonry walls £500,000
   2F Windows and external doors £130,000
   2G New internal walls and partitions £85,000
   2H Internal doors £60,000
   TOTAL £1,600,000

3. INTERNAL FINISHES
   3A Wall finishes £195,000
   3B Floor finishes £70,000
   3C Ceiling finishes £65,000
   3D Painting and decorating £45,000
   3E Long Gallery reconstruction £300,000
   TOTAL £675,000

4. FITTINGS AND FIXTURES
   TOTAL £40,000

5. SERVICES
   5A Sanitary ware £10,000
   5B Plumbing installation £20,000
   5C Electrical installation £200,000
   5D Heating and ventilation £130,000
   5E Lift and hoist £50,000
   5F Catering equipment/Installation £85,000
   5G Builders work £20,000
   TOTAL £575,000
6. EXTERNAL WORKS

6A Site works - included elsewhere where applicable
£ -

6B Drainage
£30,000

6C External services
£15,000

TOTAL £45,000

7. PRELIMINARIES

TOTAL £415,000

8. CONTINGENCY & DESIGN DEVELOPMENT

TOTAL £515,000

£3,945,000

SAY £4,560,000

NB: This assumes only the Long Gallery will be restored. A ceiling similar to the one at Baberton House has been allowed for.

Adaptation Of Other Parts Of The Palace

1. New East Gate entrance
£8,000

2. Guard Room for display
£2,000

3. Bar/Shop}
£45,000

4. Bar/Shop
£35,000

5. Stock Room
£14,000

6. Service Access Corridor
£1,000

7. Monument Store
£2,000

8. Bakery
£1,000

9. Mews Room
£1,000

10. South Exit
£10,000

11. Female Changing (previous shop)
£14,000

12. Male Changing
£24,000

13. WC
£1,000

14. Education Room
£10,000

15. Pre Cellar Area
£12,000

16. Wine Cellar
£3,000

17. Brewhouse Walkway etc.
£12,000

18. West Range High Level Walkway
£65,000

19. Security System
£25,000

19. Preliminaries
£35,000

20. Contingency & Design Development
£50,000

£370,000
### Courtyard
1. Re-surface courtyard £100,000
2. Preliminaries £15,000
3. Contingency & Design Development £15,000
   **Total:** £130,000

### Fountain
1. Existing fountain to be carefully dismantled, packaged, and stored (includes an allowance for conservation work) £50,000
2. New replica fountain in sandstone (allowance) £750,000
   **Total:** £800,000

### Emergency and Service Access At Palace Gateway
1. Site preparation and downstairings £4,000
2. Rebuild/realign stone wall £20,000
3. New fence and gate to manse garden £2,000
4. New re-aligned path £10,000
5. New road access £28,000
6. Drainage £6,000
7. Sundries including relocating lamp post, soft landscaping and barrier/gate £12,000
8. Preliminaries £8,000
9. Contingency & Design Development £10,000
   **Total:** £100,000

### New Low Port School Annex
1. New school assuming a gross internal floor area of 500m² at £750/m² £375,000
2. Furniture for school (allow) £50,000
3. Site Works £45,000
   **Total:** £470,000

**NB:**
(a) The cost of demolishing the existing school is included in the New Coach & Car Park at Low Port section.
(b) The costs do not include for the site acquisition, if applicable.

### Exclusions
The following items are not included within the costs and should be allowed for separately:

#### General
1. VAT
2. Any land acquisition or leasing and associated fees
3. Insurance
4. Funding costs
5. Moving costs

#### Specific Construction/Builder Work
1. Ongoing repairs, conservation and maintenance of the Palace
2. Work in connection with the Low Port Centre
3. Renovation of Historic Scottish stonework on the Riggs
4. Alterations or new storage on the Riggs owned by West Lothian Council
5. Any work to St. Michael’s Church
6. Main road realignment and traffic calming, at Low Port Entrance
7. Any new remote school car park and access
Depreciation

The Business Plan has allowed for the following depreciation cost assumptions:

* VISITOR ATTRACTION COSTS - £1,650,000
  10 year depreciation

* FURNITURE EQUIPMENT COSTS - £400,000
  10 year depreciation

Pre-Opening Costs Need to be Taken into Account

During the important pre-opening period, there are a number of significant costs that will be incurred and for which specific budgeting is required. It will be necessary to have key members of staff in place and we would recommend that the appointment of the Director and Business Development Manager be made 12 months in advance of the scheduled opening date. The Education Officer and Marketing Assistant should be appointed 6 months in advance with all other staff in place 1 month before opening. Based on the staffing establishment this represents a pre-opening staffing budget of £2,608 including NIC costs. It will also be necessary to budget for pre-opening marketing, literature, merchandising and other more general running costs e.g. telephone, energy etc.

The following list summarises the forecast of operational costs that are associated within the pre-opening period and which should be budgeted for:

- Staffing and recruitment: £83,000
- Graphics and associated design works: £10,000
- Promotional material, advertising and marketing: £150,000
- Purchase of merchandising stock: £40,000
- Printing and stationery/telephone etc.: £5,000
- Staff clothing: £5,000
- Cleaning equipment: £8,000
- Energy costs: £6,000
- Travel and subsistence: £2,500
- Insurances: £2,500

**TOTAL: £312,000**

These pre-opening costs are not included in the Business Plan set out in Section 8 and it would be sensible to include them in the capital cost applications made for funding.
Potential Sources of Funding

We highlight below the possible main funding sources. At this stage we can only comment generally on their potential and the key issues in terms of approach and timing to the making of grant applications.

Heritage Lottery Fund

The Heritage Lottery Fund is administered by the National Heritage Memorial Fund (NHMP) which helps purchase and maintain land, buildings, objects and collections of interest to the national heritage. The primary aim of the Heritage Lottery Fund is to provide financial assistance for capital projects "to secure, conserve and improve assets of importance to the national heritage, whether land, buildings or objects and to enhance public access to and the enjoyment of such assets."

Applications can be made at any time although bigger applications are now being accepted in batches. They normally take 6-8 months to process. The project is likely to be treated as priority (in view of agencies involved and the key personal connections that can be made) particularly if presented as a plural funding : partnership approach with a number of key agencies involved.

Both the building and interpretive elements of the project are likely to be eligible for a grant. Applications can be made for up to 75% of the costs although average contributions are showing around 40% of the costs involved. This is, without doubt, a prime candidate for grant support. It will be necessary to show land ownership, planning approval, confirmed funding and local support as part of the bid.

European Regional Development Fund

The proposals fit the criteria of the current Eastern Scotland Objective 2 programme (1994-1996). As funding under the programme has to be contracted out by 31 December 1996 it is too late to take advantage of it. However, it is likely that a subsequent purpose will be established and the client team would be eligible to apply under the Eastern Scotland Objective 2 SFD (1997 - 1999) under its P3 tourism section (see Appendix I):

- (M1) support for tourism businesses
- (M2) support for key tourist attractions and developments
- (M3) support for environmental improvements to key tourist locations

Applications are likely to be invited in the middle of 1997 and grants would be available at 45%.

Historic Scotland

The development costs of both the restoration of the building and the interpretive components meet the full criteria for Historic Scotland’s funding policy. Priority for expenditure will be increased by opportunities of 'enhanced greening'. Subject to budget availability and meeting H.M. Treasury guidelines, it would be appropriate to put down a marker at the earliest opportunity although we anticipate that substantial funding will not be available for 2/3 years.

West Lothian Council

The importance of the Palace in tourism development and economic terms suggests that the council could provide a source of funding towards specific aspects of the project which relate to their normal services e.g. car and coach parking, traffic management, replacement of the educational provision.

Lothian and Edinburgh Enterprise Limited

The Enterprise Company has a remit to support economic and business development initiatives which bring wider prosperity to the area. They have already financially supported various initiatives in the town and a contribution towards specific aspects of the project including tourism signage, interpretation, marketing initiatives and specific staffing may well be appropriate.

Charitable Funding Sources

If the philosophy of becoming a charitable company limited by guarantee is agreed then there are a wide range of charities operating on a UK and Scottish level which may well be prepared to support specific aspects of the project. Detailed applications need to be made after initial research and consultation to understand the objects of the trust and their particular interests.

Commercial Sponsorship

The prestigious nature of the project suggest that some of the larger and more successful companies within West Lothian - for instance Motersta or Sun Micro - may be prepared to support their local community by sponsoring aspects of the development which must benefit Linlithgow residents e.g. education suite, meeting rooms, Gallery Guide system etc. Further there are Scottish financial institutions who may be attracted by the opportunity to commemorate the millennium by supporting Linlithgow Palace. Again, formal applications need to be made after ascertaining their particular interest and focus.

Millennium Commission

They are looking for landmark projects that can be completed by the year 2000. The third phase of their consideration projects is completed in November 1996. At this stage it is unclear whether any further applications will be invited. However, should they be this landmark project would seem to be appropriate. It would be necessary to prove the project is technically feasible, financially viable, has all its approvals and a measure of local support.

Conclusion

This £10m project has a range of sources for funding and the challenge is to package the opportunities to achieve maximum matching funding - linking European sources with Heritage Lottery, commercial and charitable sources. The first step is to take soundings with the key agencies and to develop a strategic approach to making applications. It will be important to generate sufficient resources from the partners to enable this fund raising to be undertaken.
### Timescales

We have estimated it will take a minimum of 4 years to implement the project assuming an immediate start and a dynamic and charismatic project champion. There is crucial archaeological work to be undertaken to confirm the structural condition and to understand the ground conditions. This will lead to detailed design work including painstaking discussion regarding detailing of the built fabric. We anticipate it would be a minimum of 2 years before tenders could be let. The actual physical building works will also be a sensitive exercise in relation to the construction of the roof and floors. We have estimated that this will take around 21 months with the subsequent fit out of the spaces taking at least 3 months. A target of mid summer in the year 2000 is possible but will require a very targeted approach if it is to be achieved.

This can be summarized as follows:

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>TIMING</th>
</tr>
</thead>
<tbody>
<tr>
<td>receive report</td>
<td>Summer 1996</td>
</tr>
<tr>
<td>seek approvals</td>
<td></td>
</tr>
<tr>
<td>commission archaeological research</td>
<td></td>
</tr>
<tr>
<td>design development</td>
<td>2 years</td>
</tr>
<tr>
<td>statutory research</td>
<td></td>
</tr>
<tr>
<td>schema design</td>
<td></td>
</tr>
<tr>
<td>tendering etc.</td>
<td></td>
</tr>
<tr>
<td>i.e. start of site</td>
<td>Easter/Summer 1998</td>
</tr>
<tr>
<td>building contract</td>
<td>18 - 24 months</td>
</tr>
<tr>
<td>interpretive fit out</td>
<td></td>
</tr>
<tr>
<td>general fit out</td>
<td></td>
</tr>
<tr>
<td>completion</td>
<td>minimum 48 months</td>
</tr>
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</table>