

7. FINANCIAL APPRAISAL

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701 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 sundry others 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

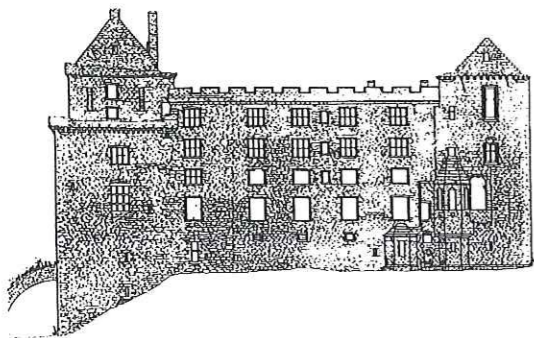
Repairs, conservation, consolidation and maintenance of the existing structure is not included since it is understood that the general condition of the Palace as it stands is good, and an ongoing budget for this work is in place, irrespective of any development potential.

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 135(L)01-08
 - * 1.200 plan and perspective of the new ramp/bridge access, drawing 135(L)09
 - * 1:500 location plan showing the proposed Low Port Car Park, drawing 135(L)10
- * Ove Arup & Partners Scotland Consulting Engineers drawings :
 - * marked up Historic Scotland 1:100 survey drawings to show the proposed structural requirements numbered 50462/SK10 - 21
 - * indicative floor details, 50462/SK22 (1:5)
 - * indicative steelwork details, 50462/SK23 (1:5)
 - * indicative roof details, 50462/SK27

In addition various representatives of Historic Scotland and in particular Neil Hynd, Bob Hislop, Claire Green and Robin Johnston 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)

702 Summary Of Indicative Capital Costs

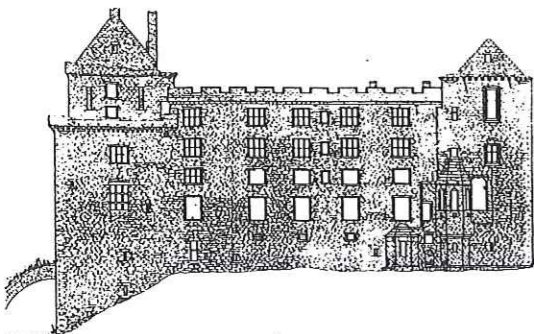
The following indicative cost summary provides an estimate of costs likely to be incurred with the proposed development as currently envisaged.

ELEMENT	COST
BUILDING WORKS	
New Coach and Car Park at Low Port	430,000
New Access Ramp & Bridge to the East Gate	250,000
North Range	3,950,000
Adaptation of other parts of the Palace	370,000
Courtyard	130,000
Fountain	800,000
7. Emergency and Service Access at Kirkgate Arch	100,000
8. New Low Port School Annexe	470,000
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	6,500,000
FURNITURE & EQUIPMENT	
Sales and Ticketing	52,000
Education Resource Room	40,000
Archive Research/CD Rom Room	110,000
Café, servery counters & prep area fit out	50,000
Café furniture, tables, chairs, cutlery, crockery etc.	35,000
Long Gallery banqueting tables & chairs	20,000
Office/Staff Administration Rooms	25,000
Multi Purpose/Seminar/Education Rooms	60,000
Reception	8,000
	<hr/>
	400,000

Summary of Indicative Cost Cont'd

ELEMENT	COST
VISITOR ATTRACTION	
Directional signage	10,000
External interpretation	10,000
Main attraction 'fit out'	
a) reconstruction, mannequins, furniture etc.	500,000
b) animation	430,000
c) lighting	80,000
d) decoration	90,000
Costumes	20,000
AV Hardware and Software	300,000
General fitting out	65,000
Fashion accessories (Kings/Queens)	40,000
Research	20,000
St. Michael's Church interpretation	25,000
Town visitor signage/Management etc.	60,000
	<hr/>
	1,650,000
Building Contract related fees	1,200,000
Tourism and Visitor Attraction related fees	300,000
Archaeological work	200,000
Allowances for other specialist advice	50,000
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	1,750,000
CURRENT ESTIMATED COST AT AUGUST 1996 PRICES	TOTAL
	£10,300,000
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This is broken down in further detail shown in Appendix K.

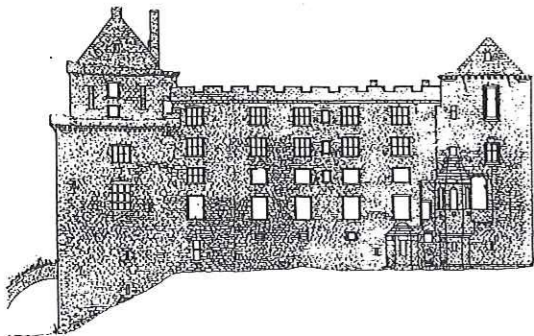


New Coach And Car Park At Low Port

1. Site Preparation including demolition of the school annexe, 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		£430,000 =====

New Access Ramp 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		£250,000 =====

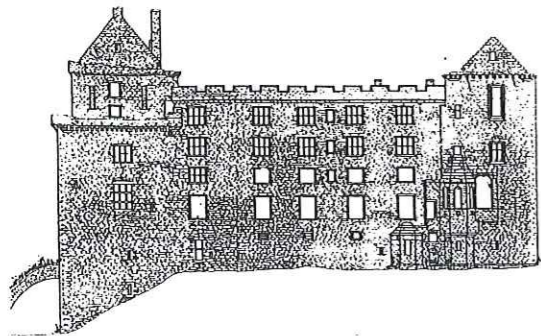


North Range

1. SUBSTRUCTURE			
1A	Piling and underpinning (allowance)	£60,000	
1B	Lift pit and hoist foundations	£5,000	
1C	Ground floor	<u>£15,000</u>	
	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	<u>£60,000</u>	
	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	<u>£300,000</u>	
	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	£150,000	
5E	Lift and hoist	£90,000	
5F	Catering equipment/installation	£85,000	
5G	Builders work	<u>£20,000</u>	
	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	£3,950,000	

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.	Barrier/Ticketing Hall	£45,000
4.	Retail Unit and Ticket Sales	£35,000
5.	Stock Room	£14,000
6.	Service Access Corridor	£1,000
7.	Monument Store	£2,000
8.	Bakery	£1,000
9.	Mess 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

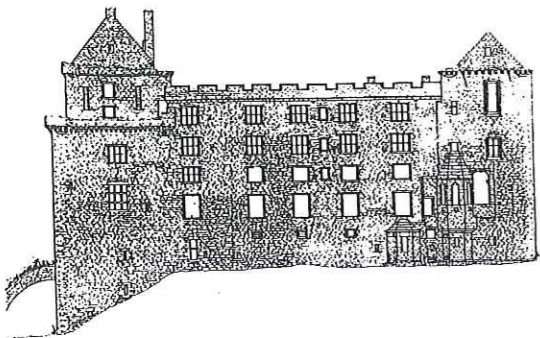
1. Re-surface courtyard	£100,000
2. Preliminaries	£15,000
3. Contingency & Design Development	£15,000
	<u>£130,000</u>
	=====

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
	<u>£800,000</u>
	=====

Emergency and Service Access At Palace Gatehouse

1. Site preparation and duntakings	£4,000
2. Rebuild/re-align 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
	<u>£100,000</u>
	=====



New Low Port School Annexe

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
	<u>£470,000</u>
	=====

- 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. Rationalisation of Historic Scotland sheds on the Rigs
4. Alterations or new storage on the Rigs owned by West Lothian Council
5. Any work to St. Michael's Church
6. Main road re-alignment and traffic calming at Low Port Entrance
7. Any new remote school car park and access

703 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		

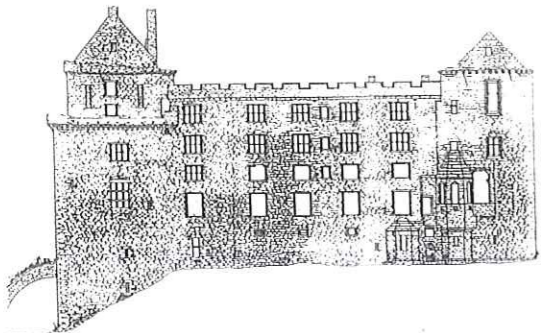
704 Pre-Opening Costs Need to be Taken into Account

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 £82,608 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.



705 **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 (NHMF) 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 contractually committed 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 SPD (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

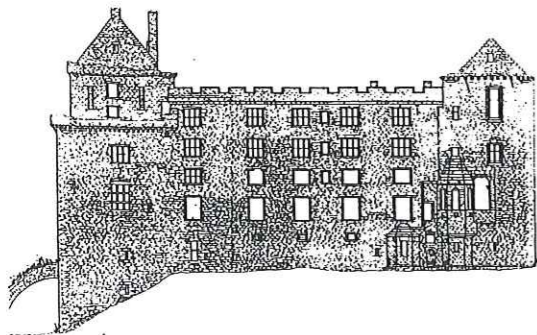
Applications are likely to be invited in the middle of 1997 and grants would be available at 45%.

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 gearing'. 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 Motorola 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, financial 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.

706 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 summarised as follows:

ACTIVITY	TIMING
receive report	Summer 1996
seek approvals}	
commission archaeological research}	
design development}	2 years
storyline research}	
scheme design}	
tendering etc.}	
i.e. start of site	Easter/Summer 1998
building contract}	
interpretive fit out}	18 - 24 months
general fit out}	
completion	minimum 48 months

