Historic Scotland

**Proposed Visitor Centre at Prestonpans**

Prepared by

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**1.0 INTRODUCTION**

Devonhall Associates has been appointed by Historic Scotland to undertake an assessment of the Business Plan and supporting relevant documents for the proposed visitor centre adjacent to the site of the Battle of Prestonpans in East Lothian. The assessment is based on a review of the documents provided by the Battle of Prestonpans (1745) Heritage Trust, additional information requested, and discussions with two key Trustees and their adviser Darren Barker.

**1.1 The Applicant**

The aim of the Trust is to interpret the events and associated heritage of this Battle. It delivers a range of projects to develop the physical potential of the Battlefield at Prestonpans, and also seeks to develop resources for learning, arts and other types of community engagement, working closely with other groups within the local community

The Trust has organised many events to highlight the battle itself and the legacy it left on Scottish arts and culture, including the creation of murals in the town, the staging of plays telling the story of the battle, publishing a walker’s guide to the site, and commissioning historical research into the battle and its many legacies. Its major focus annually is a series of re-enactments. In summer 2008 the Trust opened a temporary volunteer run Battlefield Visitor’s Centre. It has also organised and hosted a Battlefield Symposium to address the issues around the legal designation of battlefields. Recently, the Trust commissioned a battle bus to promote the site and this will be used in the near future as a mobile learning initiative for local schools funded in part through the Awards for All scheme. A major current project is the creation of some 80 tapestries telling the story of the Battle and the wider Jacobite campaign along with other communities across Scotland. It is also involved in a Your Heritage funded project which focuses on archaeological investigations and site and battlefield interpretation and it is understood that a further application to HLF will be made for the conservation of the Wagon Way which runs through the Battlefield.

The Trust aims to

 Honour those who fought and died on both sides in the battle

 Engage audiences of all kinds in learning

 Provide an accessible resource for all audiences

The stated objectives of the projects are ambitious and wide. The summary document lists them as follows:

 *Create an environmentally sound green space by re-planting original species of trees and restoring the pattern of agriculture*

 *Interpret significant aspects of the area before and since the battle, including the ancient monument at Birsley Brae, the Tranent/ Cockenzie Waggonway, Bankton House, Preston Tower, Hamilton House, Preston Links Coalfield & Bings and Cockenzie Power Station.*

 *Generate local employment, both directly and through ancillary local facilities, the battle site will play a significant part in the continuing regeneration of Prestonpans which lost its entire industrial base in the 1960s*

 *Use the arts, which are flourishing in Prestonpans, to underpin and strengthen the project by creating poetry, painting, music, drama and literature which has the battle as its theme*

 *Create a location that is a focus in the region for living history*

 *Safeguard the battle site by ensuring it is protected from encroaching development, delineating the lines of battle, and facilitating proper archaeological exploration and preservation of all remaining artefacts*

There are 10 – 12 Trustees of whom 6 are described as very active. They appear to be well organised and focused on their aim to promote and celebrate the Battle and its legacy. The Trust also involves a number of volunteers, many of whom are local, in the regular re-enactments and other activities and events.

**1.2 Project Description**

This is a very ambitious project which has a number of elements. The vision for the centre stated in the summary document is:

*“.. to create a place that speaks to the Scottish people of victory, hope, and ambition – and that uses the internationally significant battle and its legacy to pass on that message to generations of visitors. It also seeks to raise the profile of the battle field itself, and treat it as a place of national significance. The centre will use cutting edge interpretive media to tell the story, and will also be a resource for training, and a centre for education. It will also act as a gateway to the other attractions of the Lothians, and the other significant battlefields of the area such as Pinkie and Dunbar”.*

A development brief has been produced for the visitor centre which incorporates temporary and permanent interpretation and exhibition space, catering and retail facilities, a cinema/exhibition theatre, education room, gallery, library/research room, tourist information facilities and staff accommodation over a gross floor area of 1,500 square metres. Externally, there is car/coach parking for 80 – 100 vehicles, viewing gallery, viewpoint, bridges linking to the battle site and battle site interpretation planned. Estimated costs are in the region of £15 million.

Following an options appraisal, the preferred site for the centre is on the unused coal bing adjacent to and overlooking the site of the battle from across the main east coast railway line.

**1.3 Report Content and Structure**

HS has asked that I review the information provided by the Trust to determine the likely overall viability and feasibility of the proposals. Specifically, it has been asked that I review the following questions:

 Whether the information contained in the reports would meet the immediate needs of grant aiding bodies to consider any application from the Trust;

 Are there any areas where additional information would be of assistance?

 The feasibility study contains details of visitor number projections. Do these projections seem reasonable?

 Would any further information on comparative battlefields be appropriate?

 Do the additional aims of the Trust to celebrate the local area add to the attractiveness of a visitor centre?

 The feasibility study also includes financial projections for the first few years of operation. Do these appear reasonable given your experience?

 Do you have any comments on the capital cost summary provided by the Trust?

 Given the geology of the area would a mining engineer’s report be advisable prior to submission of applications?

In order to address the questions, the structure of the remainder of the assessment is as follows.

**Section 2 Project Development and Management**

**Section 3 Financial Need and Viability**

**Section 4 Summary and Recommendations**

**2.0 PROJECT MANAGEMENT AND ORGANISATION**

**2.1 Introduction**

In the section the development of the project and the proposals for the management of the project through detailed development and implementation are considered.

**2.2 Project Development to Date**

A considerable amount of work has already been undertaken to bring the proposals for the visitor centre to its current stage. The Trust has used experienced professionals in various roles to guide and define the scope and detail of the project.

Works to date include the following:

 Conservation statement (Barker Langham)

 Options appraisal (Barker Langham and Pollock Hammond Partnership)

 Funding study (Barker Langham)

 Architecture to RIBA Stage B (Pollock Hammond Partnership)

 Costs (Morgan Munro)

 Brief and outline design

 Engineering and access studies

 Engagement with East Lothian Council (site owners) and Scottish Power

 Archaeological survey works (Glasgow University Archaeological Research Department)

 Feasibility study business case (RGA)

 Interpretive brief (Haley Sharpe Design)

**2.3 Project Development Required**

While a significant amount of work has been undertaken, it is recognised by the Trust and its advisers that much of this is preliminary in nature and that there is a considerable amount of more detailed investigation, research and planning required.

These areas of work can be summarised under the following headings:

 Project Feasibility

o Development issues – access and site conditions

o External issues – site ownership, planning and possible conflicting local developments

 Project Viability

o Business planning

o Design refinement

o Capital costs

o Fundraising

***Project Feasibility***

The “development issues” noted in the project summary are vital to the feasibility and also to the viability of the project. These issues are:

 The need to improve existing local access arrangements

 The proximity of the site to the east coast main railway line

 The “complex industrial past of the area”

 The composition of the ground material

The information in the summary document does not fully cover the development or external issues however these were clarified through discussion with the Trustees and their adviser.

Access to the site will require to be upgraded. For vehicular access there is potentially a problem if the proposed development to the sports facility by East Lothian Council goes ahead in that the current access would not be able to cope with traffic for both the visitor centre and the sports centre. ELC’s plans however appear to be at an early stage and there is no timescale known to the Trustees for a decision to be taken. Should the ELC proposals go ahead, the Trust may benefit from the Council investing in improved infrastructure (although this cannot be guaranteed) and if it does not go ahead, the Trust will require to fund any improvements which are needed to service the visitor centre. Clearly, this will have an impact on costs but it is understood that the costs as currently estimated allow for the access improvements. In terms of pedestrian access, there is at present only one bridge across the railway to allow access to the site for both vehicles and pedestrians. The Trust is seeking to reinstate a disused pedestrian bridge and has contacted Network Rail but has had no response. Should the pedestrian bridge not be re-instated this would result in a traffic management issue. Again, current costs allow for the bridge reinstatement; however should Network Rail not agree to the works, the overall risk to the project is unclear as will require further investigation.

In terms of the ground conditions and the legacy of the previous uses of the site, it is recognised by the Trustees that there will require to be a significant amount of further work undertaken. As it stands, there is a high risk that stabilisation or other works may be required and before this can be ascertained, physical investigations will be needed. When asked if sufficient allowances had been made in the costs, the Trustees noted that they feel that they have “*probably*” made sufficient allowance for the investigations and potential works but that there was still a risk for significant escalation – for example if substantial amounts of grouting were required.

In an ideal world the physical feasibility of the project would be fully explored before proceeding to this stage of development, however the costs involved in the work required in terms of further investigations is prohibitive. This leaves the Trust is a difficult position in that going out to funders with such a high risk to the project costs unresolved puts the project at an immediate disadvantage.

The external issues which require to be resolved are also important to the feasibility of the project although they appear to be less high risk that the development issues.

ELC owns the site where the visitor centre would be located and there have been initial discussions between the Council and the Trust with a view to the Trust taking on a long term lease of the site at a pepper corn rent. While this is at an early stage, the overall position appears positive.

Scottish Power owns the battlefield site and is proposing to convert Cockenzie power station from coal to gas. While the Trust is in favour of this, both ELC and the Community Council have lodged objections. The Trust sees this as an opportunity for improvements to the battlefield itself with contributions from Scottish Power (now owned by Iberdola). The conversion to gas would involve the installation of a pipeline and would presumably lead to some disruption which may impact on the quality of the visitor experience at the visitor centre, however the timescale for the conversion, should it even go ahead, is unclear.

In terms of planning permission being granted, it seems that some preliminary discussions have taken place with the Council and the initial feedback is positive.

***Project Viability***

The Trustees also recognise that there are other areas which require to be developed, not least the business plan and the costs. As it stands, the “feasibility business case” by RGA requires to be significantly developed before the viability of the project can be assessed. When providing additional information which I requested, RGA has noted the following:

*“RGA prepared a Feasibility Study in June 2007 the purpose of which was to test the broad viability of a number of potential components of an unspecified Visitor Attraction as a Battlefield Project to celebrate The Battle and make our recommendations to the Trust.*

*As stated this was done at a “revenue level” and included our recommendations and an action plan suggesting the key stages to develop the project – which included the development of a Business Plan and detailed, concept specific financial projections. Our study should not be used as a substitute for such planning – nor construed as representing that.”*

It is clear from this statement that the information provided in the feasibility business case should not be taken as being sufficiently detailed or project specific to allow any funders to take a considered judgement on the financial viability of the project. Public sector funding agencies, Trusts and high net worth individuals would all require such information. Discussions with the Trustees, however, suggest that in fact the figures which were generated in the report are based on what is being proposed. The Trustees feel that they are sufficiently focused at this stage to be taken as indicative, although they recognise that as the project moves on to the next level a considerably more detailed business plan would be required. While I accept the views of the Trustees, I am uneasy with the forecasts which have been generated (discussed in detail in section 3) and would urge that these are revisited and updated at least to an extent before they are presented to funders are proof of the project’s financial viability.

The costs which have been used at this stage have been prepared by a firm of Quantity Surveyors, Morgan Munro, based on drawings, specification sheets, engineering report documents and meetings. They were then worked up through the QS’s use of a mix of standard published indices, published costs for comparable projects and the QS’s own experience. Clearly at best the costs produced can only be taken as indicative and as stated in a response to my question on the source of the costs, “*It is obviously hard to identify even approximate budget costs at such an early stage of any project but we believe that we produced enough guidance to allow a reasonable estimate to be made, accepting the limitations”.*

Some degree of costs uncertainty is inevitable at this stage of any project, however, the lack of information on the basis for the allowances made and assumed contingencies allowed makes this a high risk area and one which would require further development prior to any fundraisers taking a decision. This level of risk is further exacerbated by the lack of certainty over the ground conditions, access and other infrastructure requirements.

At the meeting with the Trustees I asked what was the actual contingency allowance but at time of writing this has not been provided.

**2.4 Project Management: Detailed Development, Implementation & Operation**

There is limited information in the summary document about how the project would be managed through the detailed development and implementation stages. What has been provided is a list of some 14 Trustees and the following explanation

*“The project will be delivered by the Trust, and run by the Project Team, consisting of 4 Trustees. This team has considerable experience in fundraising, architecture, business planning and strategy, cultural service management and project advocacy – as well as being passionate about delivering the project. This Trustee group would be supported by external agencies and a Project Manager. All project development activities will take place in the short term through this group and its advisers. Once open the centre will be managed and run by a staff team of 2 people with senior management reporting directly to the managing Trustees”.*

This is an area which will require to be developed in detail in order to allow any funding agencies to assess the potential feasibility of the proposals. The project which is being proposed is complex both in terms of the physical delivery of the centre and its environs but also in terms of the activities and proposals for the centre once open.

Through discussion with the Trustees confirmed that the project team consists of the four Trustees who have been specifically involved in building and other relevant projects. complex project.

The procurement route used to appoint the current professional advisers and the proposals for future procurement are also important and should be explicitly stated.

**3.0 FINANCIAL NEED AND VIABILITY**

**3.1 Introduction**

 In this section the financial need and viability of the project is considered. In assessing the viability it is important to review the market assessment provided by the applicant to determine if the income assumptions used are realistic and achievable.

**3.2 Project Costs**

 The project costs, discussed briefly in the preceding section, were prepared by prepared by Morgan Munro. At this point, the costs can only be taken to be broadly indicative and there seems to be a significant risk that they will increase, particularly in relation to the preparatory works will be required due to the probable ground conditions.

The table below shows the costs as currently estimated.

|  |  |
| --- | --- |
| **Cost Category** | **£** |
| Capping existing mine shaft entrances | 20,000 |
| Clearing site for car parking | 40,000 |
| Demolition of Council depot etc | 180,000 |
| Surface preparation of bing inc. Planting | 220,000 |
| **Total General Site Preparation** | **460,000** |
| New car park facility, planting & lighting | 530,000 |
| Landscaping car park to visitor centre | 55,000 |
| Walkway car park, visitor centre & battlefield | 370,000 |
| Footbridge | 150,000 |
| Ramped access car park to new viewing feature | 152,000 |
| Stone walling visitor centre to playing fields etc | 672,000 |
| Footbridges linking stone wall over road and rail line | 240,000 |
| Piling and ground consolidation for new visitor centre (allowance) | 750,000 |
| Construction of visitor centre, terraces etc | 4,850,000 |
| Ramped access visitor centre to viewing feature | 50,000 |
| Construction of viewpoint feature | 150,000 |
| **Total New Construction** | **7,969,000** |
| Construction of new Council depot | 510,000 |
| Provision of interpretation works | 2,500,000 |
| **Total General Items** | **3,010,000** |
| Professional fees | 1,143,900 |
| VAT | 2,202,008 |
| **Total Project Cost** | **14,784,908** |

Contingencies are included within the figures but the amounts are not stated. Given the uncertainties over ground conditions etc it is important that the allowances are specified. Similarly there appears to be no allowance for inflation. Although in the current market this may be irrelevant nonetheless the approach should be specified. There is also no apparent allowance for fit out or fixtures and fittings. It is possible that these are included within the cost of the visitor centre construction but the allowances made should be shown separately.

**3.3 Funding**

The initial information provided was based on a review of funding options undertaken by Barker Langham. The information contained in the summary document has had to be revised in light of changes in funding policy and budgetary pressures and the revised figures were provided in an e-mail from Barker Langham on 3rd September. The indicative funding set out in the summary report is shown in the first two columns of the table below and the revisions are shown in the comment/update column.

|  |  |  |
| --- | --- | --- |
| **Funding Source** | **Indicative Amount** | **Comment/Update** |
| Scottish Government | 4,000,000 | E-mail update indicates that while there is pressure on funds the project “could” draw funds from this source. It is highly unlikely that SG would be able to commit the significant amount indicated in the summary and there is no revised figure provided. |
| HLF | 3,000,000 | E-mail update indicates there may be a small contribution from HLF. Given that HLF cannot support new visitor centres the Trust should identify what element of the project they anticipate being supported by HLF. |
| HS | To be discussed | HS does not have funds to support battlefields. |
| East Lothian Council | 700,000 | E-mail update indicates that this would be a contribution in kind and would only be limited to the improvements to the Meadowmill area. |
| Gifts | 1,000,000 | Donations from individuals and companies – this is an ambitious target in the current giving environment. |
| Main Sponsor (Iberdola) | 1,500,000 | This appears to be related to the options being explored for Cockenzie power station by Iberdola but there is no indication of how this significant figure was arrived at. |
| Foundations | 1,500,000 | Donations from Trusts and Charities – this is an ambitious target in the current giving environment. |
| European Union | 150,000 | E-mail update indicates that while EU funding is limited due to a policy change “there could be scope for some lobbying depending on the success of the overall fundraising effort” |
| Arts Council | 150,000 | No explanation has been provided of this funding. The basis for this assumption is unclear. |
| National Campaign | 1,000,000 | Presumably a small gift campaign – this is an ambitious target in the current giving environment. |
| VAT reclaim | 2,200,000 | The Trust’s ability to reclaim VAT on the project should be confirmed by HM Revenue and Customs. |
| Shortfall | 500,000 | No indication has been provided of how this shortfall will be met. |
| **Total** | **14,800,000** |  |

I would comment that the initial indicative amounts which were attached to the sources above were optimistic and in some cases unrealistic. For example – HLF does not fund new visitor centres and HS has no remit on battlefields.

 At my meeting with the Trustees and Darren Barker, it became clear that there are no public funding agencies to which grant applications are currently scheduled to be made. The Scottish Government appears to be the agency through which the Trust considers there is most opportunity for funding but in reality the government does not typically fund such projects (although there are some notable exceptions). Further, pressure on budgets at present and for the foreseeable future is such that a significant contribution is extremely unlikely. This leaves the Trust in a very difficult position. The direction which was proposed at the meeting was that there will be a public campaign to seek funds. There are plans to develop some material for this purpose through a graphic designer but the nature of the campaign and its timing appear rather vague at present. Darren appears quite confident that such a campaign would be the best way forward and that along with approaches to wealthy individuals and interested groups/organisations in the UK and overseas funding could be generated. He does recognise however that the amounts raised may well be insufficient to deliver the Trust’s current vision and takes a pragmatic approach to revisiting that vision based on whatever level of funding can be achieved.

 I have reservations about the approach being proposed. Public campaigns generally are used once fundraising has been underway for some time and as a tool to raise relatively minor amounts towards the end total. I recognise that the project is facing severe difficulties given the lack of potential public sector grants and is left with few options however, I do not believe that the public campaign at this point would be a success. The current economic conditions also suggest that any public giving would be limited.

 In terms of approaching wealthy individuals and charitable trusts, the recession has very severely curtailed their giving patterns. Donations are most often funded through income from endowments or investments and with low interest rates and falls in the values of stocks and shares some Trusts are simply unable to continue to make new commitments. On top of the economic conditions, there are a number of high profile heritage and cultural projects in Scotland which are also seeking funding – Rosslyn Chapel, the Robert Burns Birthplace Museum and the Scottish National Portrait Gallery to name but a few. Competition for severely limited funds is intense and even organisations which benefit from established and dedicated fundraising departments and established donors are finding the task of raising funds extremely challenging. With no major “anchor” funder from the public sector many such Trusts would be reticent to commit their money to the project as they would view it as extremely high risk.

 The final group of potential donors identified is UK and overseas organisations or groups with an interest in battlefields and/or the Jacobites. I would note that while these groups may well wish to donate, typically the level of donation could only be expected to be small. This is therefore likely to be a minor contribution to the overall funding target.

 This is clearly a major problem area for the Trust but I would strongly suggest that they rethink the idea of a public campaign which would be expensive and probably not very successful at this stage of the project’s development. Before the project is taken further, the Trust requires to develop a realistic and deliverable fundraising strategy.

**3.4 Market Assessment**

The feasibility study which has been undertaken by RGA considers the market for a wide range of visitor attractions across Scotland as well as the market for leisure retail, leisure catering, leisure learning and a range of other facilities which could **potentially** be included in a visitor centre at Prestonpans. The result is a report which is fairly generic in content and which can only be taken as broadly indicative of what **may** happen under a certain set of circumstances. As has already been noted, RGA has stated that the feasibility study which they undertook was to “*test the broad viability of a number of potential components of an unspecified visitor attraction”*. Given that the summary document has now defined the facilities which are part of the development brief, the market assessment and the resulting forecasts should be revisited to reflect the current proposals. I feel that this is a weakness in the information which is currently provided. It should be noted that the Trustees take the view that the detail in the RGA study is sufficiently focused on what the project will actually provide.

 In terms of defining the size of the total potential markets for the visitor centre it is technically sound and uses robust statistical sources. There are, however, a number of problems in estimating the likely levels of demand for the facilities from the total markets which have been defined.

 ***Community/Wider Learning***

 It is noted that initial consultations have been held with two potential groups on the model for delivering community learning opportunities through the centre. The discussions with Queen Margaret University were held more than two years ago and it is unclear if the institution still has interest in the facilities at Prestonpans. The form of the consultation with Youth Link Scotland is not specified and reading the report it seems that this may have simply been a desk based review of what this group does and how it operates (although I may be mistaken on this). As such it does not represent any interest which they may have in the project. As the RGA report correctly states, these activities are not likely to be financially viable on their own and (by inference) will require to be cross subsidised by other elements of the project. Community benefit therefore has to be demonstrated. This requires to be revisited and updated.

 Discussion with the Trustees indicated that they consider that there are opportunities for training in heritage related activities at the centre. These could include customer service training for volunteers or training in gathering oral histories etc. The Trustees have a number of exciting and relevant ideas in this area and recognise that these will require to be further developed as the project progresses.

 ***Community Arts Based Activities***

The review in the RGA report looks at the demand for artist workspace in Edinburgh and Lothian. It does not fully cover local crafts people or the demand for local community arts facilities. Clearly this would have to be investigated to justify the inclusion of such space within the visitor centre should this be included. This is recognised by the Trustees and their advisers who are aware of the many community groups active locally. I would suggest that they should also consider any displacement impact which the provision of space at the visitor centre would have on existing local venues which include the town hall, community centre, library and other smaller venues. It may be that there is already sufficient space available for the level of local demand. The RGA report does note that while it is unlikely that this sort of activity would generate significant additional income, its inclusion would open the door to additional funding sources. This will need significantly more development.

 ***Leisure Venue Catering & Retail***

Overall UK market conditions for both these markets are reviewed as are the local market competitor sets and the ACORN profile for the area. The conclusion reached is that on catering an offer is developed which does not compete directly with Prestoungrange Gothenburg as this would result in displacement. The conclusion on retail is that the retail offer should be defined “*based on final visitor centre positioning and content”.*

 I asked for additional information on the planned catering and retail offer and the response received from Barker Langham was that the catering would be “*good quality, and is equivalent of that of the NT/S in offer.”* Without wishing to be pedantic, the NTS offer varies widely from property to property and so this answer is not overly helpful. The retail offer would be *“based heavily on resources that explain the battle and its stories, characters and wider history. The retail offer would also look at the wider East Lothian history and also include a strong element of local crafts which is thriving in Prestonpans.”*

 The Barker Langham response also notes that the cafe would be available for hires including conference, meetings and gatherings and so would generate additional income for the Trust. The demand for such facilities in the area does not appear to have been explicitly considered in the RGA study.

 ***Visitor Attraction***

 While, as is noted above, the total market sizes are robustly defined, I have a query over the calculation of penetration ratios which takes the total market size and calculates the potential number of visitors for the centre. It starts by looking at the 2005 Visitor Attraction Monitor’s visitor numbers for Castle and Forts. There were 63 such attractions with the top performer (Edinburgh Castle) achieving 1.2 million visitors in 2005 and the “median” performer (Blackness Castle) achieving 11,732. From this it is calculated that a top performer can achieve 10 times the average. This is done to set the penetration rates in “context”. The methodology then seems to vary between the market segments using different data sources and in some cases fairly heroic assumptions. I would also question that the correct category of visitor attraction has been used given that the Trust’s proposals are for a visitor/heritage centre rather than a castle or fort.

 The local resident penetration rate is set at 5% which is justified as “*achievable given the emerging existing connections between the BPHT (Gothenburg and Arts Festival) and the local community and the aspirations of the development to instil a sense of pride in local residents*”. This does not appear to be a robust justification for the high penetration level of 5% assumed.

 The methodology adopted is to apply to the total market size for the two day visitor groups (0 – 30 minutes and 30 – 90 minutes) is based on the ACORN (or Mintel) profile of the residents in each area’s propensity to visit castles or places of historical interest. The total number of such attractions within each of the areas is then estimated and the propensity to visit is then applied to this figure to generate a “*fair share*” penetration rate. Based on the assumptions outlined earlier in this section the consultants have taken a view on the likely uplift which a quality attraction at Prestonpans could achieve – generally a factor of 4 or 5 depending on the market segment. This is an unusual approach and one which is very subjective.

 The education markets (primary and secondary) are calculated on a slightly different basis to generate the “fair share” and it is assumed that the presence of an education officer would boost this by a factor of 5 for primary schools. Again, I would question the reliability of this methodology.

 For UK tourists VisitScotland data for visits to historic monuments or castles is used as the basis for the estimate of fair share then is boosted by a factor of 5. For overseas tourist the basis is shown to be VisitScotland’s data for historic monuments and museums – I assume that this is an error, however it would be useful if this could be confirmed as a museum would not be an appropriate comparator.

 The table below shows the forecast visitor numbers generated by the consultants based on the methodology above. They have assumed that the calculations generated will represent a steady state year and have added an uplift of 15% for the first year to reflect higher levels of interest when the centre first opens.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Year 1** | **Year 2** | **Year 3** |
| Local resident | 5,527 | 4,960 | 5,096 |
| Day visit (0 -30 mins) | 2,352 | 2,053 | 2,061 |
| Day visit (30 – 90 mins) | 7,466 | 6,511 | 6,618 |
| Education primary | 1,088 | 934 | 921 |
| Education secondary | 1,088 | 934 | 921 |
| UK tourist | 40,436 | 36,101 | 37,064 |
| Overseas tourist | 24,720 | 21,996 | 22,509 |
| **Total visitors** | **81,760** | **72,701** | **74,315** |

 It is important to contrast the figures generated with comparable attractions across the country and competing local attractions. The consultants have done this to an extent, looking at paid attractions in a 90 minute market area, however the analysis of comparable attractions is limited. Culloden and Bannockburn are both considered. They are almost certainly the main comparators in Scotland although both battles may be seen to have a higher profile that Prestonpans and both have been operating as visitor attractions for a long time – in recent years under the management of NTS. NTS has a significant pool of members which undoubtedly brings a benefit in terms of visitor numbers although not in the generation of admissions income. A further possible comparator in Scotland is Glencoe, although the focus of the visitor centre there is much wider than the battle there.

 The table below shows the most recently available visitor numbers for these three comparable attractions.

|  |  |  |
| --- | --- | --- |
|  | **Actual 2008** | **Actual 2007** |
| Culloden | 129,327 | 81,647 |
| Bannockburn | 40,925 | 61,410 |
| Glencoe | 35,654 | 39,878 |
| **Forecast Prestonpans (Year 2)** | **72,701** |  |

 The estimates for Prestonpans put it considerably above the numbers most recently achieved at Bannockburn and Glencoe. The new visitor centre at Culloden has clearly had a significant impact on the visitor numbers in 2008 with a year on year increase of some 60%. The visitor base was strong before the considerable investment undertaken by NTS in the new centre and it must be acknowledged that this is an iconic battle with greater populist awareness than Prestonpans (albeit the latter could be argued to be more significant in some respects). The visitor centre at Prestonpans will be starting for an effective position of few established visitors and it will require very significant effort to achieve the levels of visitation being forecast from such a standing start. There is an allowance made for marketing in the expenditure forecasts which is discussed later in this section but which appears to be fairly light and not front loaded to the extent which would be likely to be required to achieve so many visitors in year one. It would be extremely useful for the Trust to consider producing an outline marketing plan explaining how they propose to attract visitors to the site and I would also suggest that they review their expenditure patterns to ensure that there is sufficient upfront marketing effort.

 On balance, as it stands, the numbers forecast for visitors to Prestonpans require to be further justified. They appear to be fairly generous. I would suggest that the level of public awareness of and interest in the battle should be more fully demonstrated at local, national and international level. There would be a real benefit for the business plan to examine more closely the visitor numbers achieved by a wider range of comparable attractions across the UK and in particular those at battlefield sites which have a similar profile to that of Prestonpans in terms of public awareness.

**3.5 Income and Expenditure**

 The information provided in the feasibility study on income and expenditure needs significant further development based on the reaction of the consultants to questions on assumptions used and their justification for these. RGA states in a letter dated 25th August

 “*RGA prepared a Feasibility Study in June 2007 the purpose of which was to test the broad viability of a number of potential components of an unspecified Visitor Attraction..........As stated this was done as a “revenue level” and included our recommendations and an action plan suggesting the key stages to develop the project – which included the development of a Business Plan and detailed, concept specific financial projections. Our study should not be used as a substitute for such planning – nor construed as presenting that”.*

On this basis it would not be productive to consider the income and expenditure forecasts in any detail. The summary report states that there is a full business model with sensitivity analysis available and this is misleading. Clearly now that the project has been more fully defined and robust income and expenditure forecasts should be generated and justified with all assumptions explained. This is the level of detail which will be required for potential funders. Given the health warning imposed on the current forecasts by the consultants who produced them, the information which is currently available is only a broad indication.

 The broad figures which are available suggest income from admissions, catering and retail of £871k per year with associated costs of £842k generating an annual surplus of £47k. Until a more thorough analysis is provided of the business case it is not possible to determine if this figure is realistic or not.

 In terms of the assumptions which are presented, retail costs of sales is set at 53% which is an acceptable level and catering cost of sales at 27% which may be slightly low but which will ultimately depend on the operational model which is selected for catering –in house or franchised to a professional company. The structure of admission charges appears to be at the higher end of the scale. Adult admissions are assumed to be £8 per head compared to a stated pricing average of £5.38 for charging admissions within a 90 minute drive time. Children’s admissions are slightly lower than the equivalent value at £3 compared to £3.08. Part of the discrepancy in the adult charges may be taken up by the timescale in which this project is planned, however the scale of difference is significant and may deter visitors unless a truly world class attraction is provided.

 As noted above, the spend per head figures for retail and catering were generated before the respective offers were defined and as such cannot be taken as anything more than broad estimates requiring justification.

The figure allowed for marketing equates to roughly 5% of projected turnover. This seems to be relatively low with a figure of closer to 10% being generally accepted as ideal. Given that the project proposed effectively is for a new attraction, there will require to be a significant marketing effort in the early years in particular but this has not been reflected in the indicative expenditure figures and I would recommend that both the overall amount and the spend pattern should be reconsidered.

**4.0 SUMMARY AND CONCLUSIONS**

This is an ambitious and complex project. There has been a considerable amount of preparatory work undertaken however more focused and detailed work is required in a number of areas to allow the project to be taken forward. This is recognised by the Trustees. Some of the work will inevitably be necessary before the Trust is able to take the project forward to key funding agencies that will be looking for greater detail to allow then to undertake a full assessment of the case for support. Given the current funding issues, the Trust may be reticent to commit further funds to undertake such detailed work.

HS has asked that I address specific questions relating to the information provided thus far.

**Is the information contained in the reports would meet the immediate needs of grant aiding bodies to consider any application from the Trust/ Are there any areas where additional information would be of assistance?/ Given the geology of the area would a mining engineer’s report be advisable prior to submission of applications?**

At present there are fairly significant issues which could impact on whether the project could proceed or not. These relate to the design and development issues identified in the summary document and are fundamental to the project’s success. At present, these are less developed than would be expected at this stage of the project’s promotion to funders.

As a general point much of the information provided is at least two years old and should be updated to reflect current conditions. These could have both positive and negative impacts on the information and forecasts – for example the recession has resulted in more people holidaying at home but has also lead to a reduction in the disposable income of many people who might have otherwise taken leisure learning courses etc.

Further, the information which has been provided is not sufficiently **detailed** to provide grant aiding bodies with enough on which to base funding decisions. In particular there is a great deal of uncertainty over ground conditions and hence the capital costs as they stand are only broadly indicative and there must be a serious risk of cost escalation. The overall financial viability of the project and its funding are also lacking in detail.

In terms of what would be useful for the Trust to provide or undertake **prior** to approaching funding bodies, the following would be advisable:

 Further detailed work on the site’s ground conditions and the provision of a mining engineer’s report with subsequent revisions to the capital cost estimates based on the findings.

 Detailed discussions with the local Council, site owners and other key stakeholders such as Iberdola to determine if the various design and development issues are resolvable.

 An outline business plan which focuses on what will be provided by the project. A detailed business plan would not be required at this stage but as a minimum more focussed income and expenditure forecasts should be provided with full assumptions provided and justified. This will also rely on visitor numbers being revisited based on the project as it is now defined.

 A detailed fundraising strategy is required. The funding presented in the summary document has changed significantly and it is not at all clear how and from what sources the Trust will be able to raise the large sums required to fund the project.

 An outline marketing plan and revision of the current marketing budget and spend pattern is required to explain how the relatively high level of visitors will be achieved from an effective standing start.

**The feasibility study contains details of visitor number projections. Do these projections seem reasonable/ Would any further information on comparative battlefields be appropriate?**

I have some concerns over the visitor number projections. As is noted in Section 3 above, the calculation of penetration rates and hence visitor numbers is unusual. The numbers also rely to a large extent on the Battle of Prestonpans being as well known and recognised by the public as the likes of Culloden and Bannockburn but there is nothing to justify that this is the case.

Further information on comparable battlefield centres across the UK would be useful, looking at the facilities provided, pricing structures, opening hours and visitor numbers and profiles. If this could be provided as part of the outline business plan it would be assist in justifying any income and expenditure forecasts.

Demand for other aspects of the offer at Prestonpans also requires to be updated and further investigated on the basis of the project’s final definition. In particular this relates to the community engagement and activity, artists workspace and the demand for spaces for hire.

**Do the additional aims of the Trust to celebrate the local area add to the attractiveness of a visitor centre?**

The Trust is keen to ensure that the facilities are of wide a benefit to the local community as possible and this is to be commended. The level of detail on how this will be achieved in the information which I have been able to review is not sufficient for an accurate assessment to be made of the potential impact which it will have on the attractiveness of the visitor centre. The Trustees recognise this and would undertake to develop this part of the offer as part of the detailed business plan.

Where there could potentially be a positive impact is on the project in that it may be open to a wider range of funding sources to which approaches may be made. On the negative side locally, more consideration will be required of the displacement effects, not just through catering but most notable in competing venues for local activities.

**The feasibility study also includes financial projections for the first few years of operation. Do these appear reasonable given your experience?**

The financial projections which have been provided are not to be taken as anything more than broadly indicative and are not considered by the consultants who provided them as being “project specific”. Until project specific projections are provided there is no value in looking at the projections in depth. These should be provided as part of the outline business plan referred to above.

**Do you have any comments on the capital cost summary provided by the Trust?**

The capital costs at this stage can only be taken as indicative and the Trust recognises that a significant amount of additional work must be undertaken before the costs can be firmed up. I would note the following points:

 The level of contingency being assumed is not stated. Given the uncertainties over the ground conditions and the recognised requirement for additional works, it would be useful to know what the assumed level is.

 The allowance of £20k to cap existing mine shaft entrances seems low and it would be useful to know the basis for this estimate with comparable examples.

**Conclusions**

Currently without the prospect of a major public agency committing a significant amount to the £15 million required for the project, the Trust is in a very difficult position. It does not seem likely that the proposed public campaign would be effective in generating significant sums. It may however provide the Trust with an indication of the level of public interest in and popular support for the project. I have reservations about this approach which may be costly for the Trust.

Setting aside the funding problem, there are a number of fundamental issues which require to be established before the feasibility of the proposals can be proven. These relate to access and the various proposals of ELC and Scottish Power as well as to the questions over ground conditions and stability. It may be prudent for the Trust to proceed with their discussions with the other key stakeholders – ELC, Scottish Power/Iberdola and Network Rail as a next step.