INVERNESS CASTLE

FEASIBILITY STUDY AND BUSINESS CASE

Final Report

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<u>CONTENTS</u>

1.0 INTRODUCTION

1.1 Background to Study

High Life Highland on behalf of the Inverness Castle Working Group commissioned a Feasibility Study and Business Case for Inverness Castle. The **aim** of the study was :

"To identify and analyse a viable and economically sustainable high quality alternative use or uses for the Inverness Castle complex in line with the remit of the Working Group following the site being vacated by the Scottish Courts and Tribunals Service, that provides access for locals and visitors and maximises the impact on the economic, social and cultural life of Inverness and the Highlands."

The brief required the following within the **scope** of the study:

- A review of the current and potential future market of visitors and locals to Inverness and local attractions;
- An architectural strategy that takes account of the A-listed status of the buildings and interiors; and
- An assessment of the viability of options that meet the aims of the study.

In addition, the brief wished the study to make consideration of the separate but complementary proposals to develop a viewing platform and associated visitor facilities in the North Tower.

The brief furthermore made the following **specifications for the final report** to include

- All the options explored, with a recommendation on the best way or ways forward, and explanation of the rationale for this;
- A business case;
- An economic impact analysis on Inverness and on the Highlands;
- A 5-year revenue budget plan;
- Capital cost estimates; and
- An outline architectural strategy – including conceptual diagrams as well as sketch plans of potential interior and exterior spaces (both 'as existing' and 'as might be').

Jura Consultants led the team undertaking the study. The team members and their respective contributions were:

- Jura Consultants – Lead Consultant and responsible for the visitor market appraisal and business case
- Hoskins Architects – design team lead and responsible for all architectural outputs
- Campbell & Co – Museum, heritage and design specialists providing interpretation concept development

- Andrew Wright – Conservation Architect providing guidance on the conservation approach to the building
- Gardiner and Theobald – cost consultants
- Mark Kummerer Associates – providing the economic impact assessment

The study took place between February and May 2015. This is the final report for the study. The remainder of this Introduction explains the methodology used in the study, and how the short listed options assessed in this report were developed.

The remainder of the report is structured as follows:

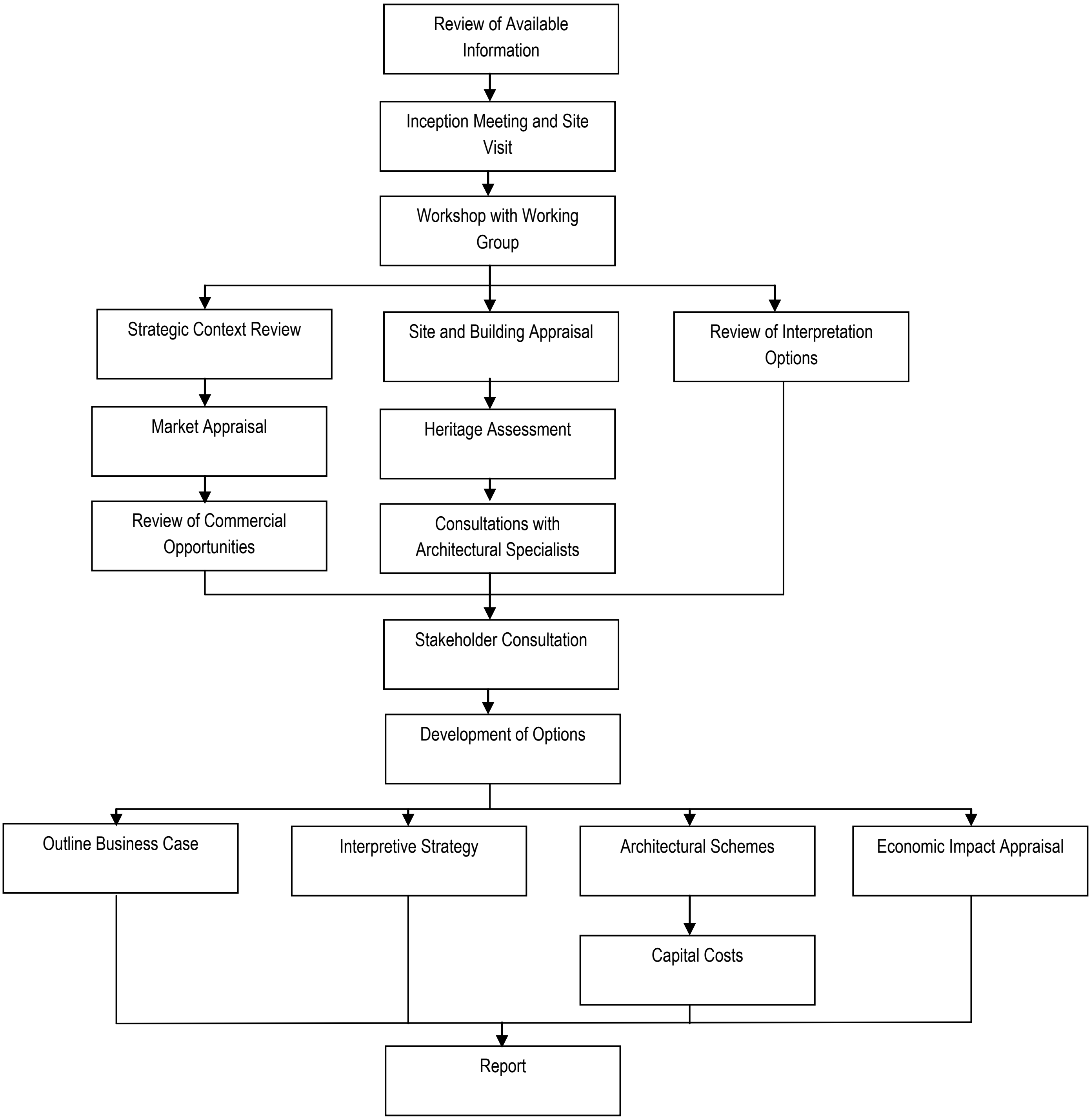
Section 2:	Market Summary
Sections 3 – 7:	Appraisal of Options: 1, 2, 3, and 4.
Section 8:	Recommended Option: 5-year Revenue Budget Plan

Please note that for the sake of brevity, information collated during the study has been moved to the appendices. Only key information has been included in the main body.

Finally, the initial economic impact assessment of emerging options presented in sections 3 – 7 has been based on a standard desk-based approach and has appraised the options presented in the report. As discussed with Highlands and Islands Enterprise, there will be a requirement for a full economic impact assessment of the final recommended option in order to fully ascertain the economic value of the option in order to support future funding and resource allocation. This is outside the scope of this study.

1.2 Methodology

The following diagram provides an overview of the methodology adopted for the study:



The strategic review and discussions with the client group highlighted the need for the study to take account of a current high level vision for a 21st century library, museum and cultural complex in the North Bridge Street/Castle Street area, to potentially include the Town Hall and Castle Street Car Park, and/or a redeveloped North Bridge Street Building, currently housing the VisitScotland Information Centre and Inverness Museum and Art Gallery. Detailed plans have not yet been developed, but use suggestions for the complex include bookable community spaces, learning spaces, café/refreshments area, shop, three art galleries, and museum galleries. In addition, the client highlighted current plans to create a Visitor Outlook in the North Tower. The aspiration is to retain this outlook where possible. Please see Appendix B for further details.

Workshops with the Ministerial Working Group and stakeholders identified by High Life Highland were a central aspect of understanding the aspirations for the project (see Appendix A). This provided the basis for developing appraisal criteria for use options for Inverness Castle as part of the study. The **agreed appraisal criteria** for long listed options were:

- Benefits Inverness' tourism economy
- Provides access for locals
- Economically sustainable
- Adds to Inverness' cultural life
- Creates an authentic experience
- Counteracts seasonality

Deliverability in terms of capital costs and likely funding packages are also used to appraise the shortlisted options presented in this report.

With input from the Ministerial Working Group and subsequent discussions with client team representatives from High Life Highland and the Scottish Government, following issue of an Interim Progress Report and an Interim Statement, the short listed options that were to be taken forward into full appraisal were agreed.

1.3 Short Listed Options

The study brief included the following initial suggestions for options:

- **Themed museum/ interpretive centre:**
    - Clan centre
    - Emigration centre
    - Highland heritage/culture orientation centre
    - Museum

- **Mixed approach, which could include a number of options, such as:**
    - VisitScotland Information Centre
    - Visitor orientation
    - Heritage interpretation
    - Retail
    - Cafés and restaurants
    - Exhibition, venue and events space
    - Conference and business tourism
    - Self-catering/hotel accommodation

These suggestions were used to prepare a long list of options. Mixed-use options are not recommended for long list assessments. Appraisal at this stage of specific use options facilitates identification of strengths and weaknesses associated with an individual element, which may be masked in a mixed-use option appraised. This does not discount the subsequent short listing of mixed-use options but they can be developed in response to and in the knowledge of how the potential elements perform. The following presents **the long list of options** for the castle complex prepared during the study:

- **Option 1: Boutique Hotel (5*)**
  High-end offer with suites, spectacular dining room. Cost estimate: £8.91m excl. VAT.
- **Option 2: Relocating the existing Inverness Museum and Art Gallery (IMAG)**
  This would at a minimum involve a one-storey new built between the Court Building and the North Tower to accommodate a café and high-quality retail area. A two-storey new build would create space for a 200m^2 temporary exhibition gallery. Cost estimate: £8.655m ex VAT/fees, incl. £1.97m exhibition fit out. For added temporary exhibition gallery: £675,000 ex VAT/fees.
- **Option 3: Visitor Centre**
  This would include a café and retail offer, and focus on one of the themes proposed in the initial suggestions and the stakeholder workshop, such as clans, emigration/ancestral tourism, or Highland/Gaelic culture.
- **Option 4: High Quality Retail Destination**
  This option is led by a high quality retail offer, and would include a diverse catering offer of cafés and restaurants also.
- **Option 5: Cultural Centre**
  This would have a focus on the arts and culture, to complement the existing offer at Eden Court and other nearby venues such as Bogbain Farm (but not compete with it). It would include tuition as well as performance/event spaces for the relevant arts and cultural activities. We are mindful of previous developments such as Balnain House – The Home of Highland Music.

These long listed options were appraised against the appraisal criteria set out in section 1.2 above (see Appendix E for the full assessment). From this assessment, and taking account of the initial investment required for creation of a 5* Hotel in the castle complex (estimated at £8.91 million excl. VAT), the 5* Hotel and the Visitor Centre emerged as the two least favourable options.

Following the appraisal, the options on the long list were further refined through discussions with the ministerial working group and members of the client team from High Life Highland and the Scottish Government. From this emerged the **final agreed short list of options** for full appraisal in this report, which is as follows:

- **Option 1:**
  Inverness Museum and Gallery
- **Option 2:**
  Inverness – Capital of the Highlands Visitor Centre, Outlook and Accommodation
- **Option 3:**
  Inverness Visitor Attraction and Accommodation
- **Option 4:**
  Cultural Hub Component – linking to adjacent new museum and gallery developments

2.0 MARKET SUMMARY

2.1 This section presents a consideration of the visitor markets for attractions, self-catering accommodation, retail, restaurant and a function venue.

2.2 Visitor Market Population Sizes

Tourism is a key part of the visitor economy of Inverness, the Highlands and Scotland. The following table summarises the scale in terms of the number of trips and the associated expenditure.

TABLE 2.1
VOLUME AND VALUE OF TOURISM* TO INVERNESS, THE HIGHLANDS AND SCOTLAND (2014)

	Inverness		All of the Highlands		Scotland	
	Trips	**Expenditure (£)**	**Trips**	**Expenditure (£)**	**Trips**	**Expenditure (£)**
GB	348,000	61,000,000	1,890,000	579,000,000	12,519,000	2,871,000,000
Overseas	261,000	n/a	584,000	236,000,000	2,699,000	1,840,000,000
Total	**609,000**	**61,000,000**	**2,474,000**	**815,000,000**	**15,218,000**	**4,711,000,000**

Source: all figures provided directly by VisitScotland

**only overnight tourist visits are included in VisitScotland's survey.*

The above suggests that 25% of all tourist visitors to the Highlands stay in Inverness overnight. 45% of overseas visitors to the Highlands spend at least one night in Inverness. 18% of all GB visitors to the Highlands spend at least one night in Inverness. In total, 11% of tourism visitor expenditure in the Highlands is spent in Inverness. The table shows that regarding overnight tourist visitors, Inverness is dependent on GB visitors in terms of visit volume. In terms of penetration rate, Inverness is more successful with overseas visitors. The length of stay in Inverness is considerably shorter than across the rest of the Highlands.

The potential visitor markets that Inverness and Inverness Castle can address are summarised as follows.

TABLE 2.2 INVERNESS VISTOR MARKET POPULATION	
Market	**Size**
Local Resident Population	77,881
Day Trip Resident Population (90 minutes' drive time)	179,766
Invergordon Cruise Passenger visits to Inverness (55% of total transit passengers)	49,375
Extended Day Trip Market (Rest of the Highlands Population)	59,438
Inverness Tourism Market	609,000
Rest of the Highlands Tourism Market	1,775,228
Remaining Invergordon Cruise Figure	40,397
Sources: http://www.sns.gov.uk/; http://www.cruisescotland.com/; VisitScotland, Tourism in Scotland's Regions 2013	

The visitor market population includes the Highlands Tourism Market, as it is expected that a considerable number of tourist visitors to the Highlands will also visit Inverness, although they might not stay overnight. The Invergordon Transit Passenger figure for 2014 of 89,772 has been deducted from the overall reported tourist figure for the Highlands.

The above table also includes the rest of the Highlands population, as there is strong anecdotal evidence that residents from across the Highland Council area visit Inverness for services (see below), and might at the same time visit an attraction.

2.3 Visitor Research

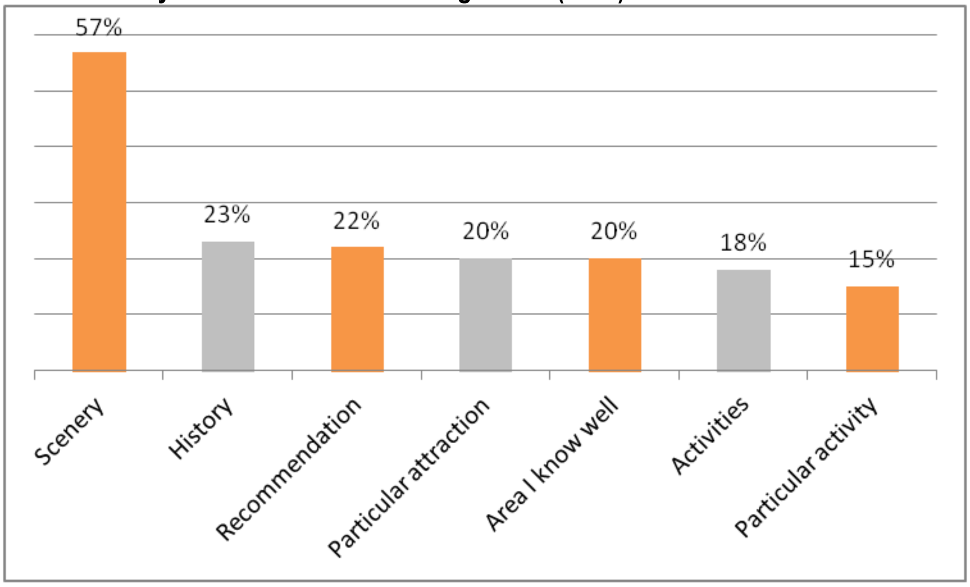
Motivations and activities

VisitScotland's 2011 survey of visitors to regions in Scotland, including the Highlands, shows that 68% were first time visitors. The report states that first time visitors were more likely in the city destinations. No further details are included about the behaviour of repeat visitors, i.e. whether they visit different destinations on subsequent visits.

The two charts below show the motivations and activities undertaken by visitors to the Highlands in 2011/12. Over half of visitors came for the scenery . Less than a third came specifically because of an interest in history (23%). To see particular attractions motivated 20% of visitors, and Loch Ness and the whisky distilleries were mentioned.

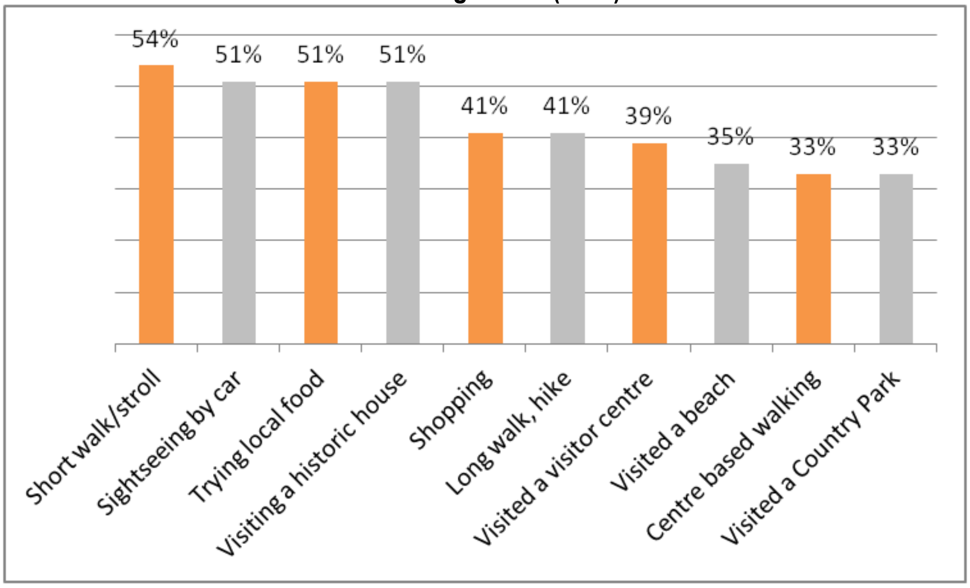
However, sightseeing and visiting historic houses were nevertheless popular with half of visitors. Short walks and sightseeing by car were also popular, as was trying local food.

Chart 2.1 Key motivation to visit the Highlands (2011)



Source: VisitScotland Visitor Survey 2011 and 2012, Summary of 2011 Results

Chart 2.2 Activities undertaken in the Highlands (2011)



Source: VisitScotland Visitor Survey 2011 and 2012, Summary of 2011 Results

Ancestral Tourism

A report prepared for VisitScotland in 2012 reveals the following key insights on the actual volume and potential of ancestral tourism:

- Of the 50 million people worldwide with Scottish ancestry, 10 million indicated an interest in finding out about their ancestry and visiting Scotland. 4.3 million had plans to visit Scotland because of their ancestry in the next 2 years.

- In 2011, 826,000 trips were taken to Scotland by visitors (UK and international) with Scottish ancestry, representing 9% of the total trips to Scotland.
- Of those visitors with Scottish ancestry, 26% (or 213,000 trips) took part in ancestral research.
- Ancestral research includes visiting sites of relevance, rather than solely accessing documents and records.
- 39% of those undertaking ancestral research visited a records office. 38% visited a Genealogy or Family History Centre. 33% visited a library, and 31% visited a museum/art gallery.
- 76% of those doing ancestral research enjoyed the scenery, 71% visited places with ancestral relevance, and 67% tried local food. This means two out of the three most popular activities were non-genealogical.
- June and September are the most popular months for ancestral tourists. There is no correlation with high profile Scottish events.
- 50% of ancestral tourists visit the Highlands, either exclusively or as part of a tour.

The report findings suggest that although Scottish ancestry may be a motivation for people to visit Scotland, undertaking traditional research activities such as reviewing documents in records offices and archives is not a necessary part of a visit. It appears that activities such as visiting the actual sites of relevance to one's ancestors are more important overall, as is immersion in Scotland and Scottish culture.

2.4 Formal Learning Market

The formal learning sector comprises primary and secondary schools, special needs schools, universities, and further education colleges.

The following tables outline the number of institutions and pupils/students in Inverness (table 2.3) and the Highlands (table 2.4).

TABLE 2.3 INVERNESS FORMAL LEARNING MARKET		
Education Sector	**Number of Institutions**	**Number of pupils/students**
Primary	27	5,150
Secondary	4	3,235
Special	2	85
Higher	1	1,700
TOTAL	**34**	**10,170**
		Source: www.gov.scot

In 2014, the current Inverness Museum and Gallery hosted 38 schools with a total of 1,518 pupil visits. Assuming these were all groups from Inverness schools (market size: 10,170) visiting only once, this would represent a penetration rate of 15%.

TABLE 2.4 HIGHLAND FORMAL LEARNING MARKET		
School Type	**Number of Schools**	**Number of pupils**
Primary	150	11,856
Secondary	26	11,173
Special	3	46
Higher	1	6,000
Further	1	33,000
TOTAL	**181**	**62,075**
		Source: www.gov.scot

The combined Formal Learning Market for Inverness and the Highlands has an estimated population of 72,245.

The informal learning market is diverse and variable and as such cannot be quantified. It may include special interest groups such as local history societies, as well as organisations working with young offenders. However, opportunities to work with this sector exist, and to do so is generally considered good practice for institutions with an educational remit, such as museums.

2.5 Local Attractions

There are 24 **visitor attractions** within a 70 mile radius from Inverness Castle, ranging from historic sites to museums and art galleries.

Of these, only two attracted more than 100,000 visitors in 2014:

- Eilean Donan Castle (377,117 visitors)
- Urquhart Castle (Historic Scotland, 330,489)

A further four attractions received more than 50,000 visitors in 2014:

- Culloden Battlefield (National Trust for Scotland, 98,780)
- Cawdor Castle (77,315)
- Dunrobin Castle (67,209)
- Fort George (Historic Scotland, 55,240)

Inverness Museum and Art Gallery (IMAG), which is the closest attraction to Inverness Castle, received 42,369 visitors in 2014 (Source for all the above: VisitScotland)

A review of the local paid visitor attractions gives the following average admission prices per ticket category:

TABLE 2.5 AVERAGE TICKET PRICES OF LOCAL PAID ATTRACTIONS			
Adult	**Children**	**Concession**	**Family**
£7.85	£4.81	£6.65	£22.80
			Source: individual attractions' websites.

The average admission spend per visit in Scotland has increased by 18% from 2013 to 2014 to £5.66. In the Highlands, this average admission spend has slightly decreased in the same period, to £5.44.

TABLE 2.6 AVERAGE ADMISSION SPEND PER VISIT			
Scotland		**Highlands**	
2013	**2014**	**2013**	**2014**
£3.57	£4.40	£5.76	£5.44
			Source: Moffat Centre

For further analysis of competitor and comparator attractions please see the full Market Appraisal in Appendix D.

2.6 Self-catering Accommodation

Table 2.7 below gives an overview of the self-catering accommodation available in Inverness. Based on the range of weekly rental charges, the average price range per night is £97 to £116.

TABLE 2.7 SELF-CATERING ACCOMMODATION, INVERNESS				
Name of Apartment	**Price Short Break**	**Price per Week**	**No. of Bedrooms**	**Walking distance from city centre**
By the Bridge Apartments	£160-£350	£580-£1,000 per week	1	city centre
Innes Street Apartment (1)	£120- £220 per night	£440 - £780	1	2 mins from centre
Innes Street Apartment (2)	£120-£250	£440 -£780 per week	1	2 mins from centre
Braevellie Apartment (1)	£280 -£399	£800 - £1,140 per week	2	2 mins from centre
Braevellie Apartment (2)	£301 - £399	£800-£1140 per week	2	2 mins from centre
The Old Court Apartment	N/A	N/A	1	10 mins from city centre
Crown Apartments	£280 - £420	£850 -£1,200 per week	2	10 mins from city centre
Rossie Lodge Apartment	£208-700	£625- £1,400	2	30 mins from city centre
King Street Apartment	£440 - £875	£440 - £875	1	5 mins from city centre
Fairfield Lane Apartment	N/A	£440 - £650	1	2 mins from centre
River View Apartment	£140 - £250	£440-£765	1	5 mins from city centre
Tomnahurich	£220 - £440	£780 - £1,400	2	2 mins from centre
Inverness City Suites	Approx £310	Approx. £930	1/2/3/4	5 mins from city centre
Ness View Apartment	From £400	From £1,080	2	5 mins from city centre
Wellingtonia Apartment	From £420	From £840	2	5 mins from city centre
				Source: www.invernessaccomodation.net

Table 2.8 below shows that self-catering accommodation enjoys a slightly higher popularity in the Highlands than for Scotland as a whole both for domestic and for overseas tourists. Self-catering is far more popular among domestic than overseas tourists. For the latter group, hotels and guest houses are the preferred choice (60% in the Highlands), while only 8% choose self-catering in the Highlands. In contrast, for domestic tourists, self-catering is the second most popular choice after hotels and guest houses (25% in the Highlands). The principal market for self-catering accommodation is therefore likely to be the domestic tourist market.

TABLE 2.8
POPULARITY OF TYPES OF ACCOMMODATION

	Domestic Tourists				Overseas			
	Scotland		Highlands		Scotland		Highlands	
	Visitors	%	Visitors	%	Visitors	%	Visitors	%
Hotel/ Guest House	12,909,000	30	2,033,000	27	8,386,000	43	1,023,000	60
Friends/ relatives	12,006,000	28	1,168,000	16	7,029,000	36	202,000	12
B&B	1,524,000	4	419,000	6	1,902,000	10	204,000	12
Self-Catering	6,989,000	16	1,917,000	25	811,000	4	139,000	8
Camping/Caravaning	6,919,000	16	1,637,000	22	754,000	4	148,000	9
other	2,259,000	5	306,000	4	479,000	2	2,000	0
Total	**42,725,000**	**100**	**7,521,000**	**99**	**19,361,000**	**100**	**1,718,000**	**100**

Source: VisitScotland 2013 Accommodation Occupancy Survey

The following table shows that in 2012 and 2013 self-catering accommodation performed slightly better in the Highlands than in Scotland as a whole. There has also been a slight increase, although occupancy remained under 50%.

TABLE 2.9
OCCUPANCY RATES FOR SELF-CATERING ACCOMMODATION

	2012	2013	2014
Scotland	44%	44%	46%
Highland	47%	49%	47%

Source: VisitScotland Annual Accommodation Occupancy Surveys; VisitScotland directly

2.7 Retail

Inverness is an important retail destination for residents of the Highlands. In addition to providing key services for the region, Inverness is also the only host to large brand retailers such as Debenhams, Marks & Spencer's and Next in the region. Key retail areas in Inverness city centre are the Eastgate Centre with over 70 shops. There is also the covered Victorian Market with small, independent shops.

In terms of destination shops of particular interest to tourists, defined as offering an added experience to the retail offer, Inverness has the Highland House of Fraser, which offers a small exhibition and the opportunity to see Kiltmakers at work. There are two commercial art galleries in Inverness, the castle Art Gallery and the Jennifer Welch Gallery. Other galleries are also in nearby towns.

The table below shows the average retail spend per visit over the last five years. Free and paid visit spend figures relate to Scotland as a whole, as do averages per type of attraction. Crafts and Retail attractions show the greatest fluctuation over the five year period. Between 2010 and 2012 most attractions have seen a slight decrease in average spend, and an increase between 2013 and 2014. The Highlands average retail spend overall fluctuated slightly between 2010 and 2013, but saw a near doubling from 2013 to 2014. Table 2.11 shows the average total retail revenue for reference.

TABLE 2.10
AVERAGE RETAIL SPEND PER VISIT (£)

	2010	2011	2012	2013	2014
Free	1.20	0.89	0.85	0.80	1.19
Paid	2.72	2.73	2.63	2.32	4.16
Highlands	2.61	2.42	2.87	2.47	4.81
By Type of Attraction					
Castles/Forts	2.73	2.32	1.12	0.91	2.19
Heritage Centres	3.10	2.93	2.19	3.32	3.23
Historic Houses/Palaces	2.70	2.86	2.72	3.05	3.07
Museums/Art Galleries	1.15	0.68	0.75	0.77	0.83
Other Historic Properties	1.38	1.20	1.36	1.19	1.45
Crafts/Retail Attractions	2.27	7.59	6.00	1.83	9.17

TABLE 2.11
AVERAGE TOTAL RETAIL REVENUE (£)

	2010	2011	2012	2013	2014
Free	108,483	84,947	84,461	87,288	132,187
Paid	120,459	125,987	103,963	104,431	179,086
Highlands	150,553	131,201	112,741	146,244	184,733
Type of Attraction					
Castles/Forts	179,898	168,190	67,316	65,941	100,425
Heritage Centres	49,742	53,830	124,630	75,453	28,800
Historic Houses/Palaces	172,494	210,171	89,700	213,407	231,620
Museums/Art Galleries	65,970	35,640	41,125	45,611	49,752
Other Historic Properties	32,570	28,543	28,780	28,104	81,039
Crafts/Retail Attractions	191,593	639,181	717,547	155,305	910,023

2.8 Catering

The following table lists the fine dining restaurants in Inverness. Fine dining is widely defined as restaurants with a more formal atmosphere, high-quality decor, and highly-trained waiting staff. In many cases, fine dining restaurants will also have a dress code. Menus tend to offer refined dishes using high-quality food, generally locally sourced.

Only the Rocpool Reserve has accreditation. This is via the Taste Our Best accreditation scheme by VisitScotland, which is not specific to fine dining experiences, but rather indicates ingredients of Scottish provenance and seasonal produce.

TABLE 2.12 FINE DINING RESTAURANTS		
Name	**Location**	**Description**
Café 1	City Centre	Scottish cooking alongside an eclectic and modern menu that spans most continents.
Abstract	Ness Bank	Named a Rising Star in the latest edition of the Michelin Guide. Modern Outlook on classical British dishes.
Contrast Brasserie	Ness Bank	Contrast is Abstract's sister restaurant, offering views over the River Ness with alfresco dining during summer months for lunch and dinner. French and Scottish cuisine.
The Mustard Seed	City Centre	European menu with Highland influences, using Scottish ingredients only. Housed in a converted church building.
Rocpool Reserve	Ness Bank	A luxury 5 star boutique hotel with upmarket restaurant owned by French chef. French and Scottish cuisine.
The Kitchen	Huntly St	Frequently changing choice of seafood, game, vegetarian and Scottish beef dishes reflecting the best of the season.
		Source: various, incl. Visitscotland.com, viamichelin.co.uk

The following table shows the average catering spend per visit and the average total catering spend per attraction for free and paid attractions in Scotland as a whole, as well as for attractions in the Highlands. There was a decrease in catering spend of 35.5% from 2013 to 2014 for paid and free attractions in the Highlands. Individual attraction types across Scotland as a whole showed some increase, and here particularly historic houses and palaces.

TABLE 2.13 VISITOR ATTRACTION CATERING SPEND 2013 AND 2014				
	Average Spend Per Visit (£)		**Average Total Spend Per Attraction (£)**	
	2013	**2014**	**2013**	**2014**
Free (Scotland)	0.60	0.61	133,736	125,519
Paid (Scotland)	2.67	2.26	155,380	143,401
Highlands	2.53	2.07	242,334	156,240
Type of Attraction (Scotland)				
Castles/Forts	1.51	1.62	81,329	74,084
Heritage Centres	3.95	4.14	92,613	73,659
Historic Houses/Palaces	2.35	3.26	215,731	270,993
Museums/Art Galleries	0.91	1	93,367	103,333
Other Historic Properties	1.33	1.11	87,759	71,122
Crafts/Retail Attractions	1.06		89,865	

TABLE 2.13 VISITOR ATTRACTION CATERING SPEND 2013 AND 2014				
	Average Spend Per Visit (£)		Average Total Spend Per Attraction (£)	
	2013	2014	2013	2014
				Source: Moffat Centre

2.9 Wedding Venues

The following table gives an overview of up-market wedding venues in Inverness and within a 30 minute drive time. Most venues include catering in their package offers. All but two venues are hotels.

TABLE 2.14
UPMARKET WEDDING VENUES

Venue	Location	Experience	Size	Price
Bunchrew House	Inverness	17th Century House on the shores of the Beauly Firth, with 16 rooms	50 people	£5750 (£115per person) - All inclusive rate for all bedrooms, ceremony, wedding breakfast and evening buffet (50 people)
Loch Ness Country House Hotel	Inverness	Independent hotel near Loch Ness with splendid Georgian features	100 Daytime, 150 evening (marquee option adds capacity for 100 more guests)	
Inverness Botanic Gardens (Organised by Loch Ness Country Hotel)	Inverness	Botanic Gardens available for ceremonies or photographs	30 (photos) 40 (ceremonies)	£250 Ceremony £75 photographs
New Drumossie Hotel	Inverness	Art deco hotel set in 9 acres of parkland	500 (conference format)	£52-£65per person
Royal Highland Hotel	Inverness	City Centre Victorian Hotel	180 or 50 seat rooms	
Urquhart Castle	Loch Ness	Ruined Fort on the banks of Loch Ness`	4 60 person areas	
Kingsmills Hotel	Inverness	Hotel in Inverness Centre	up to 300	£67.5 per person plus ceremony cost up to £300
Glenmoriston Town House Hotel	Inverness	Hotel in Inverness Centre	up to 100	From £75 per person (Sunday)
Mercure Inverness	Inverness		up to 240	£34-£44 per person does not include catering (£6-£11)

Source: individual venues' websites and personal contact.

2.10 Summary

Inverness has small local and day trip populations. The visitor markets are expanded considerably with the presence of the overseas and domestic tourism markets. The reported statistics potentially underestimate the impact of tourism on Inverness as a proportion of the tourist visitors who visit Inverness will stay elsewhere in the Highlands and are not recorded as Inverness visitors as they do not stay overnight.

The scale of the tourism activity inevitably introduces a high degree of seasonality for visitor services, especially attractions and accommodation providers.

3.0 OPTION 1: INVERNESS MUSEUM AND GALLERY

3.1 Introduction

This option would relocate and expand on the existing Inverness Museum and Gallery (IMAG). It would retain the Visitor Outlook in the North Tower currently planned by the Highland Council, but use remaining spaces in the Tower for IMAG. The Court Building would also be used for displays. A new two-storey link building would be created between the Court Building and the North Tower. The new building would support visitor flow and coherence of the visitor experience, while respecting and enhancing the castle's historic appearance. The new build would provide space for a high quality museum shop and catering facility, which also gives access to the terrace overlooking the River Ness. The second floor of this new building would create a high quality flexible exhibition space that can accommodate touring exhibitions from leading collections and exhibitions curated in-house. The complex would provide improved office accommodation for museum services staff. If desired, it could also accommodate on-site museum storage. With its catering and retail offer, as well as the visitor attraction of the museum and Visitor Outlook, this option is also likely to add value to customers walking the Great Glen Way, which starts/ends at Inverness Castle, as well as the new North Coast 500 driving route. Materials and memorabilia for both routes could be sold in the shop, or provided at the museum reception.

3.2 Facilities

This option would include the following key facilities:

- Permanent exhibition galleries
- Dedicated, 250m² temporary exhibition space
- High Quality Museums Shop
- Café
- Visitor Outlook
- Staff Facilities

Beside works to the Court Building and North Tower, this option would create a new two-storey link building between the two existing buildings.

3.3 Key Markets

The key markets for this option would be as follows:

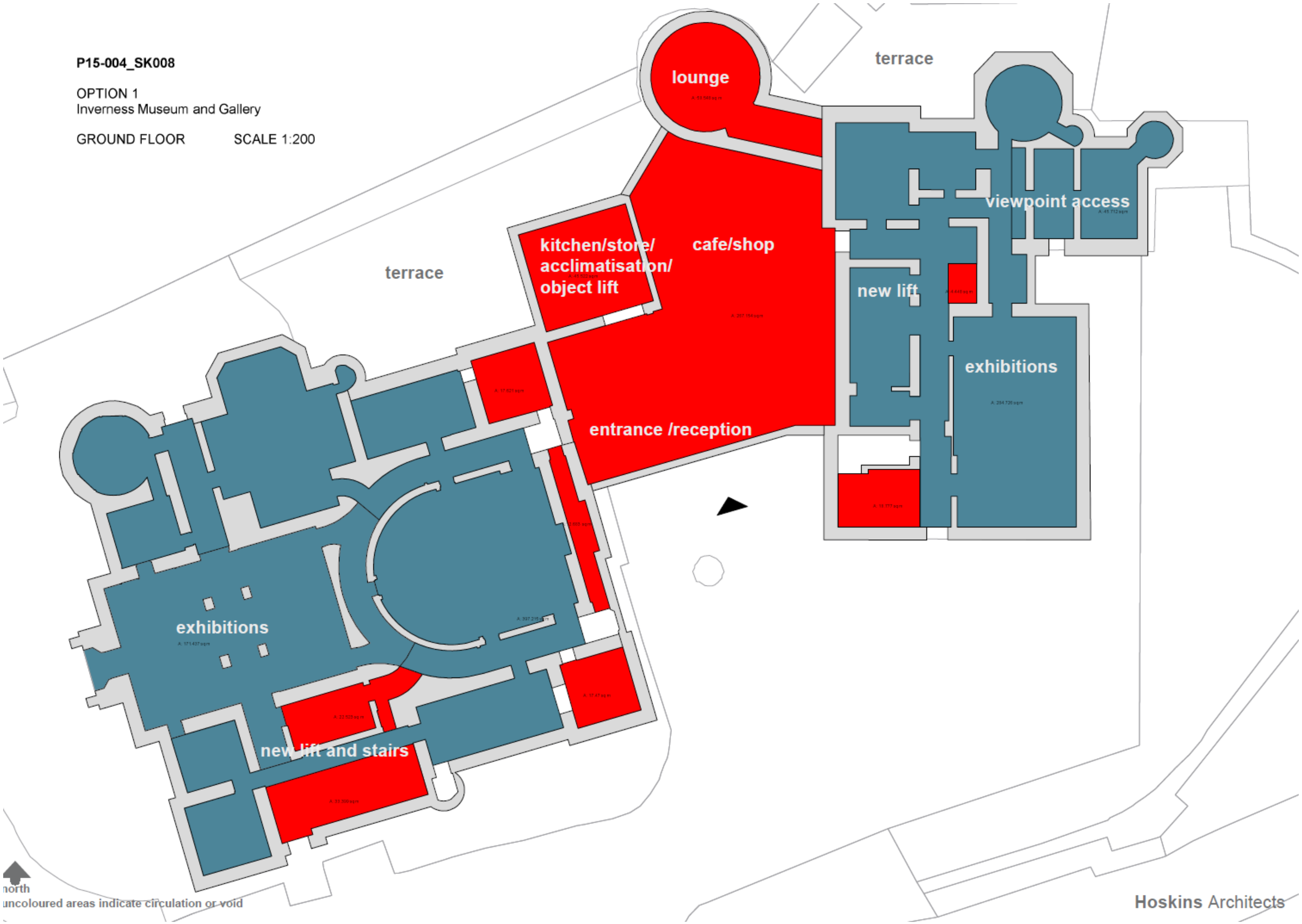
- Local Residents
- Domestic Day Visitors
- Tourist Day Visitors
- Tourists Staying Overnight
- Learning Groups

3.4 Architectural Proposals

Hoskins Architects working with Andrew Wright have considered the condition, current layout and adaptability of the Court Building and the North Tower to accommodate a relocated Inverness Museum and Gallery. The following diagrams assess the flexibility of the site and buildings to accommodate IMAG.

The first diagram shows the complex in its setting. Outdoor spaces are available for development, for example for a garden or display of sculptures, particularly to the north and northwest of the North Tower, and the southern approach to the Court Building.

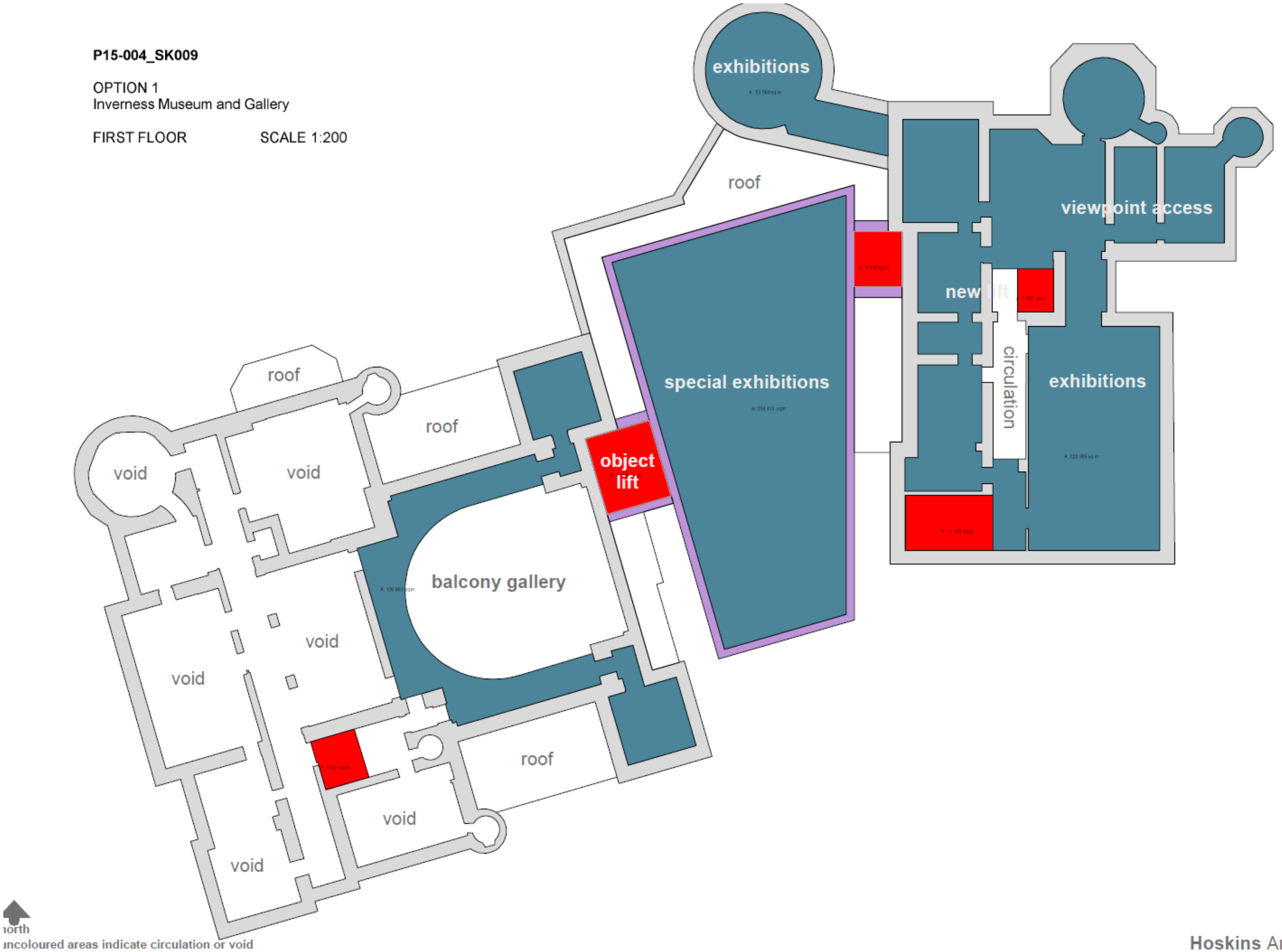

Option 1: Inverness Museum and Gallery
viewing tower
pedestrian approach from town
visitor support & special exhibition space
entrance /reception
Inverness Museum & Gallery
out of hours servicing
drop off/parking
Hoskins Architects


P15-004_SK008
OPTION 1
Inverness Museum and Gallery
GROUND FLOOR
SCALE 1:200
lounge
terrace
kitchen/store/
acclimatisation/
object lift
cafe/shop
terrace
viewpoint access
new lift
exhibitions
entrance /reception
exhibitions
new lift and stairs
north
uncoloured areas indicate circulation or void
Hoskins Architects

P15-004_SK009

OPTION 1
Inverness Museum and Gallery

FIRST FLOOR SCALE 1:200

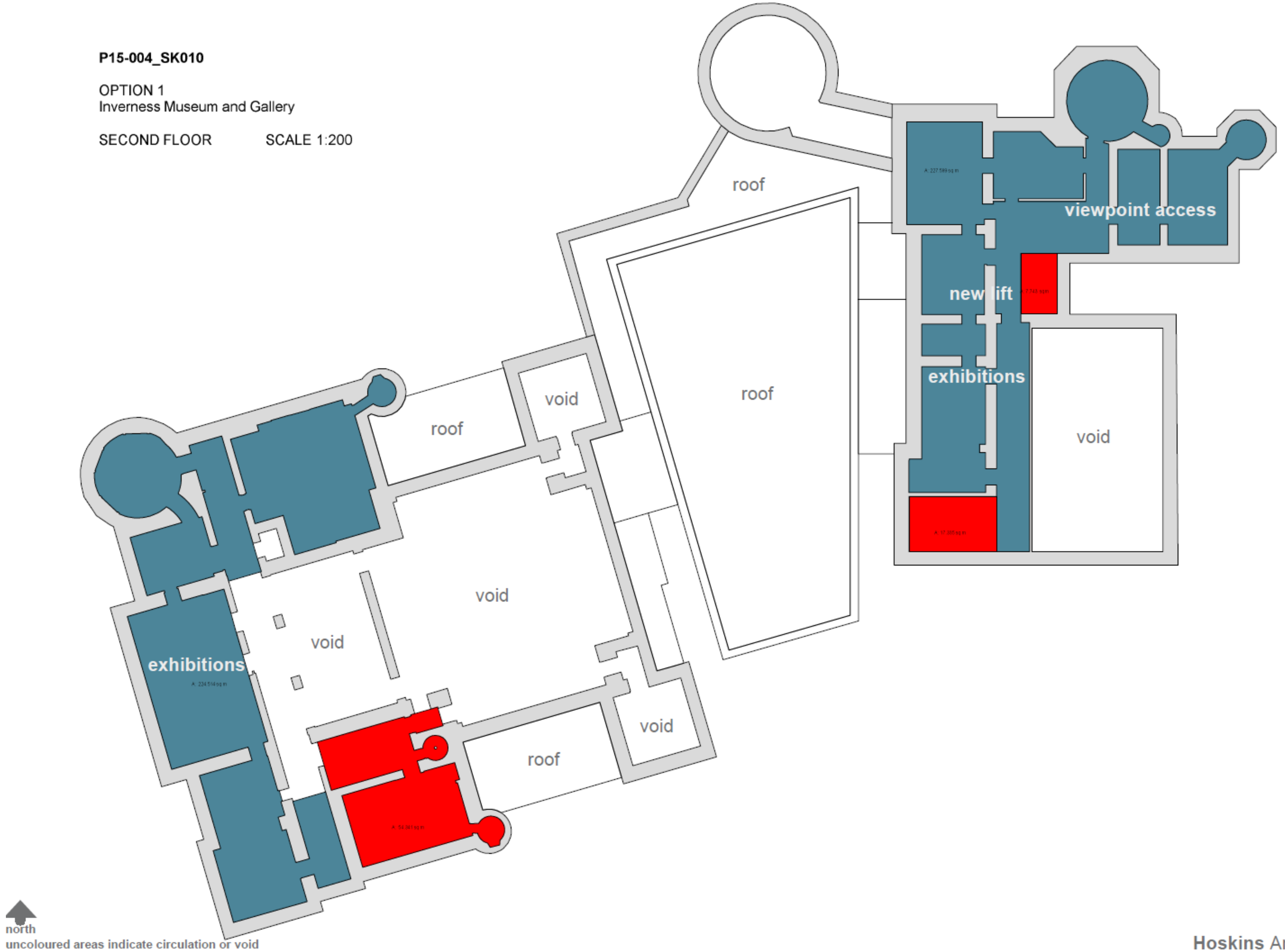


Hoskins Architects

P15-004_SK010

OPTION 1
Inverness Museum and Gallery

SECOND FLOOR SCALE 1:200



Hoskins Architects

3.5 Interpretive Strategy

Most cities in Europe with castles have put them to some form of cultural heritage use. Visitors to Scotland understand this and visitors to Inverness who walk up to the castle are disappointed to find that the buildings house the Sheriff and Justice of the Peace Court.

The relocation of Inverness Museum to include new first class Art Galleries in Inverness Castle will give one of the most important and prominent buildings in Inverness a level of cultural status commensurate with its significance to the city and provide a welcome and highly visible addition to tourist amenities in Inverness.

The cellular arrangement of the castle interiors, with large, medium and small spaces offers an exciting opportunity to create a variety of different experiences from double height spaces in which major interactive and immersive exhibits can be located to small intimate rooms that might contain only one or two objects. It is also possible to create a visitor route between and through the buildings without detriment to the architectural fabric of the building.

The proposal to use both the Court Building and the North Tower with a new link building facilitates a logical visitor flow and allows the collection to be arranged and displayed in two distinct themes –

The North Tower
'Bringing the World to Inverness'

The collection would be arranged through the main spaces of the North Tower based on the 'Inverness Museum Collections and Stories document and extracting from each theme specific stories to interpret the development of Inverness from early peoples, original settlement and chronicling the city's heritage through the medieval period to the present day. The proposed Outlook Tower is a natural component part of the Inverness Story and would largely be retained, with minor adjustments to ensure interpretive continuity with new exhibits.

The Main Court
The Great Highlands of Scotland

The main court building will be used to tell a fully comprehensive story of the Scottish Highlands. This is not done anywhere else in Scotland and Inverness, as the Capital of the Highlands, is the natural place to interpret the world class significance of the natural and cultural heritage of the Highlands. The courtroom is a large volume and has the space to accommodate a 360 degree show using multimedia AV to create a fully immersive tour of the Highland landscape. The interpretation will again be based on the 'Inverness Museum Collections and Stories' document, but will be expanded to explore the History of the Scottish Clan System without the museum becoming a promotional centre for individual clan associations. Likewise the development of

Scottish tartan will be explored in the context of the importance of home weaving to the Highland rural economy and linking this to clan tartans, estate clothes and the contemporary weaving industry. The reception hall is an appropriate space to show the museum's limited but interesting fine art collection in a cohesive manner but also enhancing the visitor journey between galleries.

The Art Gallery and Link Building

The new link building has a substantial art gallery on the first floor, the design of which will meet the criteria of national and international galleries lending policies so should be able to host first class exhibitions. With the main visitor reception, café and shop below, this arrangement not only provides an excellent method of visitor management for arrival and dispersal around and between the museum's galleries but also, because it can be closed down, the modern building element can be used as a separate amenity for a wide variety of evening activities, including temporary exhibitions, hired for private functions, events and activities.

The new Reception building will have a Tourist Information/Orientation function that will link the interpretation in the museum galleries with places to visit and things to do and see in Inverness and the Highlands. The visitor information function will be split between self-operated touch screen systems and counter assistance, but will not be a full TIC type service.

3.6 Market Penetration and Visitor Numbers

The following assumes a semi-permanent exhibition with regularly updated elements, and a regularly changing temporary exhibition programme that includes at least one high profile touring exhibition per year, which would be charged at £5 per ticket. It also assumes a lively events programme aimed at the key markets outlined above.

TABLE 3.1
OPTION 1 MARKET PENETRATION

		Market Penetration Rate (%)			Visits (Nos.)		
Market	**Market Size**	**Low**	**Medium**	**High**	**Low**	**Medium**	**High**
Local	77,881	4	4.5	5	3,115	3,505	3,894
Domestic Day Visitors	239,204	4	4.5	5	9,568	10,764	11,960
Inverness Tourists Overnight	609,000	4	4.5	5	24,360	27,405	30,450
Highland Tourists Overnight	1,775,228	2	2.5	3	35,505	44,381	53,257
Invergordon Transit Passengers	89,772	3.5	4	4.5	3,142	3,591	4,040
TOTAL (excl. Learning Groups):					**75,690**	**89,645**	**103,601**
Learning Groups	71,491	2.5	3	3.5	1,787	2,145	2,502

Co-existing with the relocated IMAG would be the Visitor Outlook. It would be a charged element of the visitor experience and that in comparison to the largely free offer provided by IMAG would impact on the total visitor numbers for the Outlook.

TABLE 3.2 OPTION 1 VISITOR OUTLOOK PROPORTION			
Visits to Visitor Outlook (paid)			
	Low	**Medium**	**High**
% of total	3	7	10
Visits	2,271	6,275	10,360

3.7 Capital Cost

The estimated capital cost would be approximately £9.47 million, excluding fees, VAT and inflation. This includes a museum and gallery fit out allowance of £1.5 million, which equates to approximately £900 per sqm. This option assumes a total of 1,692 sqm of permanent gallery space and a special exhibition gallery (250 sqm) plus a café and shop (290 sqm). This compares with the 900 sqm offered at the current IMAG.

This project would be eligible for funding from the Heritage Lottery Fund. In our opinion this could compete at National level for funding of up to £5.0 million. We do not think the outcomes provided by the project would allow it to compete effectively for a grant above £5.0 million. We have therefore assumed a grant of £4.5 million from the HLF.

Additional funding could be provided by the Highland Council, Scottish Government and Historic Environment Scotland. Depending on the vehicle used to deliver the project there would be some potential to introduce fundraising from Trusts and Foundations, Corporates, High Net Worth Individuals and a public funding campaign.

3.8 Income and Expenditure

The following assumptions have been made in the income/expenditure calculations:

- Museum – related staff costs remain the same as for current IMAG
- 8PT Catering Staff are required, totalling £99,840 incl. on-costs.
- Free admission to main galleries and most temporary exhibitions
- School visits income £1 per pupil per visit
- Visitor Outlook tickets £3/pp (as proposed in ICWG6)
- Visitor Outlook penetration rate: Low = 3% of total visitors, Medium – 7% of total visitors, High – 10% of total visitors (see below)
- Average Retail Spend per visitor: £0.9 (based on average for free attractions and museums/galleries in Scotland)
- Average Catering Spend per visitor: £0.8 (based on average for free attractions and museums/galleries in Scotland)
- Plus allowance for passing trade 15% of visitors spending £4.5 per person (reflected in catering income)

- Event Income: £3.50/pp with 4% of all visitors attending an event (based on current IMAG charges for most events)
- Temporary Exhibition income (one per year): £5 with 15% of all visitors attending
- All income excl. of VAT
- Cost of retail: 40%
- Cost of catering: 45%
- Lifecycle cost £29/m^2
- Reactive Maintenance cost £17.5/m^2
- Security, Waste, Cleaning cost £18.5/m^2
- Utilities cost £23/m^2
- High Life Highland is expected to receive charity relief on business rates.

TABLE 3.3 OPTION 1 INCOME AND EXPENDITURE			
Baseline Figures	**Low**	**Medium**	**High**
Visits (total)	*75,690*	*89,645*	*103,601*
Visits (Outlook, paid)	*2,271*	*6,275*	*10,360*
INCOME PROJECTIONS	**Low (£)**	**Medium (£)**	**High (£)**
Visitor Outlook	5,677	15,688	25,900
Retail	68,121	80,681	93,241
Catering	111,643	132,227	152,811
Events	10,597	12,550	14,504
Temporary Exhibition (charged)	56,767	67,234	77,701
Formal School programmes	1,787	2,145	2,502
Unearned Income (Sponsorship and Grants)	30,000	30,000	30,000
TOTAL INCOME:	**284,592**	**340,525**	**396,659**
EXPENDITURE PROJECTIONS			
Cost of sales - shop	27,248	32,272	37,296
Cost of sales - catering	50,239	59,502	68,765
Staff	243,540	243,540	243,540
Additional Staff	99,840	99,840	99,840
Event expenses	20,000	20,000	20,000
Office Costs	15,000	15,000	15,000
Advertising and marketing	40,000	40,000	40,000

TABLE 3.3 OPTION 1 INCOME AND EXPENDITURE			
Lifecycle	100,978	100,978	100,978
Reactive Maintenance	60,935	60,935	60,935
Security, Waste, Cleaning	64,417	64,417	64,417
Utiliites	80,086	80,086	80,086
Insurance	25,000	25,000	25,000
Rates	10,000	10,000	10,000
Exhibition renewals and maintenance	20,000	20,000	20,000
Costs - Temporary Exhibitions	100,000	100,000	100,000
Sundry expenses	5,000	5,000	5,000
TOTAL EXPENDITURE:	**962,284**	**976,570**	**990,857**
Surplus/Deficit	**-677,692**	**-636,046**	**-594,198**

It must be noted that in many cases, museum budgets do not include Lifecycle costs for buildings, which are often treated reactively as and when major investments are required. The above includes over £100K to cover lifecycle costs, however, which avoids substantial unplanned costs.

It is expected that with the free offer of the museum and the café overlooking the River Ness, interest in the paid Visitor Outlook will be restricted.

The current IMAG receives an annual subsidy of ca £329,539. Assuming that this subsidy would continue for this Option, the annual deficit would reduce to £350,098 for the low estimate, £310,312 for the medium estimate, and £270,414 for the high estimate.

3.9 Economic Impact Assessment

3.9.1 Construction

The amount of construction employment provided by the proposed Development has been estimated using 'man years of employment' (MYE) derived from the average turnover per employee in the construction industry in the Highlands. This is a method whereby the number of people on-Site over the whole construction period (whether full-time/part-time, permanent, temporary or seasonal) can be estimated as MYEs. The number of Full Time Equivalent jobs (FTEs) that the project will create is then calculated assuming that 10 MYEs is the equivalent of one FTE.

The Scottish Government compiles regional estimates for turnover per construction employee within the Scottish Annual Business Survey (SABS) and the current (2012) Highland Council figure identified within this assessment is £122,439. In order to calculate the GVA impact of new construction related posts the GVA per construction employee for the Highlands is utilised, in this case £47,712. This figure is also drawn from the SABS.

A detailed breakdown of construction costs has been provided, and the likely costs associated with the proposed Option One are estimated to be £9,472,969 and it is this figure that has been used for the purposes of this assessment.

Using the pro-rated output per construction employee figure of £122,439 this employment co-efficient identifies that 77 man years of construction employment will be created by the Development.

Based on Scottish Enterprise Project Appraisal Guidance, we have assumed that 67% of construction jobs will be taken by people in the regional area (The Highland Council), this equates to 52 man years of construction employment at the regional level, or 5.2 FTE jobs.

Based on a GVA per construction employee of £47,712 per annum, it is estimated that the Development will generate an additional £2.48 million for the regional economy.

3.9.2 Operation

Direct on-Site employment will be generated through the proposed museum and gallery development of around 3,135 sqm Gross Internal Area (GIA). Operational employment density can be calculated by estimating the number of employees working on-site at full capacity, expressed as Full Time Equivalents (FTEs). For the purpose of economic development related projects at this initial appraisal stage, the number of FTEs can be based upon the amount of floor space per employee using the Homes and Communities Agency's (HCA) 'Employment Densities, a Full Guide'. However, the actual level of staffing has been calculated as part of the feasibility exercise and this assumes the transfer from IMAG of ten staff, and therefore this figure has been used in this appraisal.

Importantly, the impact assessment has to consider the expenditure of visitors to the proposed Inverness Museum and Gallery. The scale of the proposal suggests visitors will be attracted to Inverness to visit the museum, staying longer and spending more money in Inverness. The feasibility assumes a central estimate of around 88,070 unique visits. The GB Day Visitor Survey estimates that the average spend of day trips to the Highlands is around £39 per person, which equates to a total expenditure of £3,434,730. When taking account of the direct onsite expenditure (£335,107) the offsite expenditure is estimated to be £3,099,623.

Adopting VisitBritain's standard spend:employment assumptions, where 1 tourism related job is safeguarded for every £54,000 of visitor spend, the proposed development has the ability to support 57 off site jobs.

GVA is the key economic indicator used for measuring the performance of an area or sector. GVA is the value of goods and services produced by an area, sector or producer minus the cost of the raw materials and other inputs used to produce them. For the purposes of this assessment GVA has been established by applying the average GVA per employee in the Highlands (£38,666) to the net employment figure at the regional level.

Displacement is an important concept when appraising new commercial developments. There is always a concern that large developments will have a detrimental effect on other attractions and commercial activities (retail /food and drink). Although displacement in cultural attractions is generally higher than other types of commercial developments it is largely dependent on local circumstances. Due to the scale of proposed development we have assumed that the displacement effect will be low, or around 25% (as outlined in HIE/SE Economic Impact Guidance Note).

Multiplier effects associated with additional income and supplier purchases also have to be calculated in economic impact assessments. This should be seen as a conservative estimate as it does not include spend by participants and officials. The expenditure on staging the event will also have had two types of wider impact on the economy:

- Supplier effect: an increase in sales in a business will require it to purchase more supplies than it would have otherwise. A proportion of this 'knock-on' effect will benefit suppliers in the local economy; and
- Income effect: an increase in sales in a business will usually lead to either an increase in employment or an increase in incomes for those already employed.

The Scottish Tourism Multiplier Study (STMS) provides standard supplier and income multipliers for the tourism sector. This estimates that the combined supplier and income multiplier for a rural location for day trips is 1.65 at the local level.

The table below outlines that the IMAG has the potential to support almost 83 tourism jobs, and contribute £3.2 million in GVA to the regional economy on an annual basis.

TABLE 3.4 OPTION 1: ECONOMIC IMPACT								
	Gross Jobs	**Displacement Factor**	**Displaced Jobs**	**Non-Displaced Jobs**	**Multiplier**	**Net Jobs**	**GVA Per Head**	**Net GVA**
Direct Onsite Staff	10	25%	2.5	7.5	1.65	12.4	£38,666	£479,458
Offsite Staff	57	25%	14.3	42.7	1.65	70.5	£38,666	£2,725,953
Total						**82.9**		**£3,205,411**

3.10 Dependencies

This option would depend on the following:

- Relocation of the existing IMAG from its current location on Castle Wynd.
- The Scottish Courts and Tribunals Service vacating the Court Building and rooms currently occupied in the North Tower
- Highland Council and other occupiers vacating the North Tower

The option would also require improvements to the existing approach to the castle, as well as the surrounding environs.

3.11 Constraints

Retaining the Visitor Outlook currently planned by the Highland Council in the North Tower limits the opportunities offered by the building as part of a flexible and innovative exhibition of IMAG's collections.

3.12 Risks

The following risks may impact on the deliverability of this option:

- Listed Building Consent for a two storey link building.
- Conservation constraints for a two storey link building; further investigation would be required to assess the physical arrangements of the principal elevations where the impact would occur.

Although not a risk to the option itself, it should be noted that there is a risk that the supporting exhibition for the Visitor Outlook currently being developed covers some of the content envisaged for this option.

3.13 Option Summary

TABLE 3.5
OPTION 1: ASSESSMENT AGAINST ORIGINAL APPRAISAL CRITERIA

Criteria	Assessment
Benefits Inverness' tourism economy	Through improving IMAG and offering at least one high profile touring exhibition.
Provides access for locals	Provides access to all areas of the castle.
Economically sustainable	This option will require public subsidy.
Adds to Inverness' Cultural Life	Through an improved programme of temporary exhibitions and an increase in activities, e.g. events, programmes.
Creates an authentic experience	Through providing access to an iconic, historic building and showcasing the historical and artistic collections that represent Inverness and the Highlands.
Counteracts seasonality	Through programming events and exhibitions during the low season, aimed at the local and Day trip markets. Limited impact on tourist market.

TABLE 3.6 OPTION 1 SUMMARY			
	Low	**Medium**	**High**
Visits	75,690	89,645	103,601
Income	284,592	340,525	396,659
Expenditure	962,284	976,570	990,857
Surplus/Deficit	- 677,692	- 636,046	- 594,198

As noted above, application of the existing public subsidy for IMAG would reduce the above deficits by £329,539. All three projections would still produce deficits in the range of -£270,414 to -£350,098.

The costs are estimated to be £9.47 million excluding fees, VAT and inflation.

While this option meets many of the criteria set out for a development of Inverness Castle, it would require on-going subsidy.

4.0 OPTION 2: INVERNESS – CAPITAL OF THE HIGHLANDS VISITOR CENTRE, OUTLOOK AND ACCOMMODATION

4.1 Introduction

This option would create a visitor centre in the Court Building that provides orientation to visitors through presenting key sites and buildings in Inverness as well as key locations in the Highlands. It would also highlight the Great Glen Way Hiking Route and the new North Coast 500 driving route, both of which start and/or end at the castle. The centre would be free to access. The North Tower would retain the Visitor Outlook that is currently planned by Highland Council, while remaining spaces would be converted into eight self-catering units. A single-storey new built link would be created between the Court Building and the North Tower, to house visitor retail and catering. This building would also provide access to the terrace overlooking the River Ness.

4.2 Facilities

This option would include the following key facilities:

- Visitor Reception
- Visitor Orientation
- Visitor Outlook
- High-quality retail outlet
- Café
- Self-catering accommodation

Beside work to the Court Building and the North Tower, this option would also create a new single storey extension to the Court Building. The original front door of the Court Building would be reinstated.

4.3 Key Markets

The key markets for this option would be as follows:

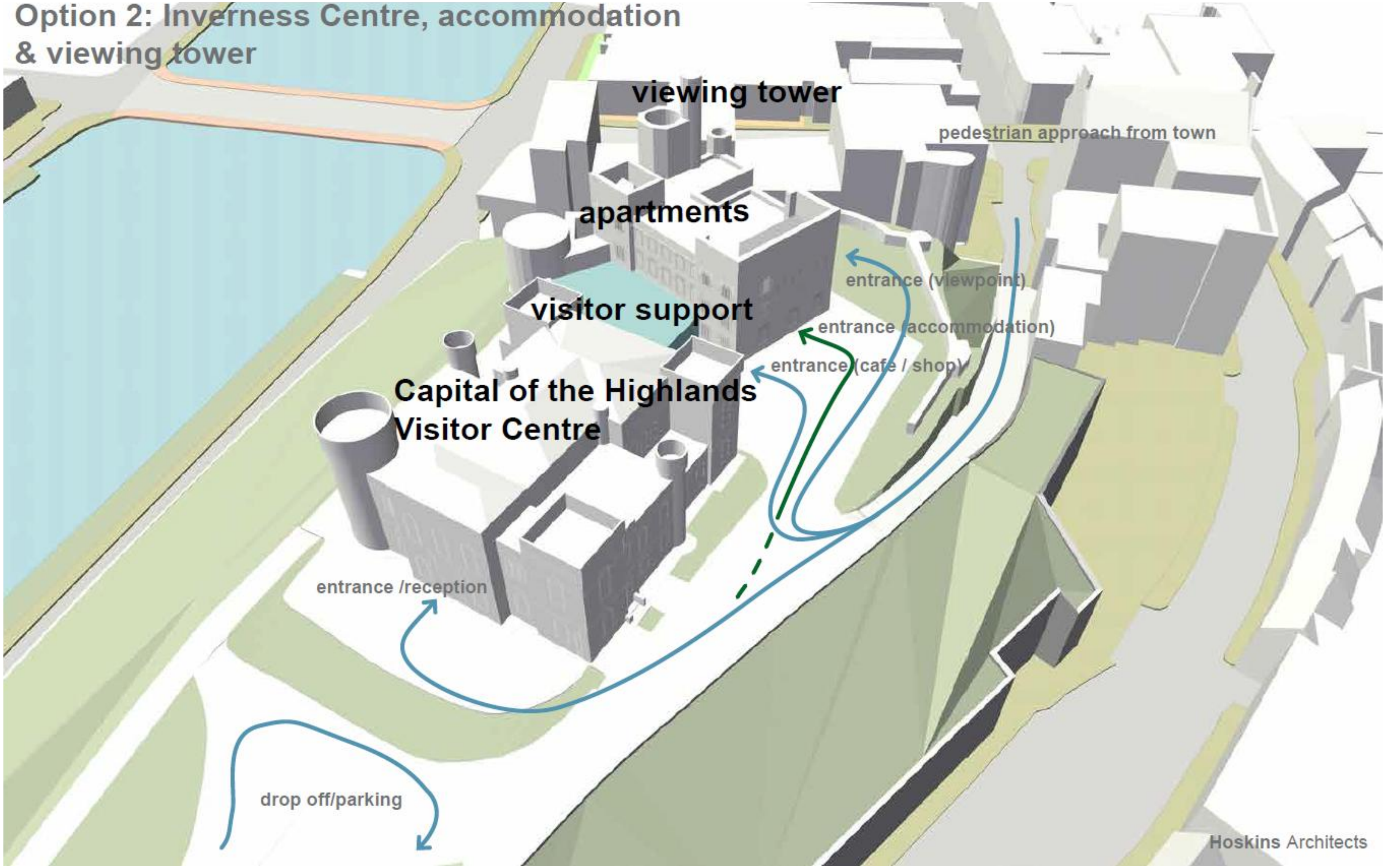
- Domestic Day Visitors
- Tourist Day Visitors
- Tourist Overnight Visitors

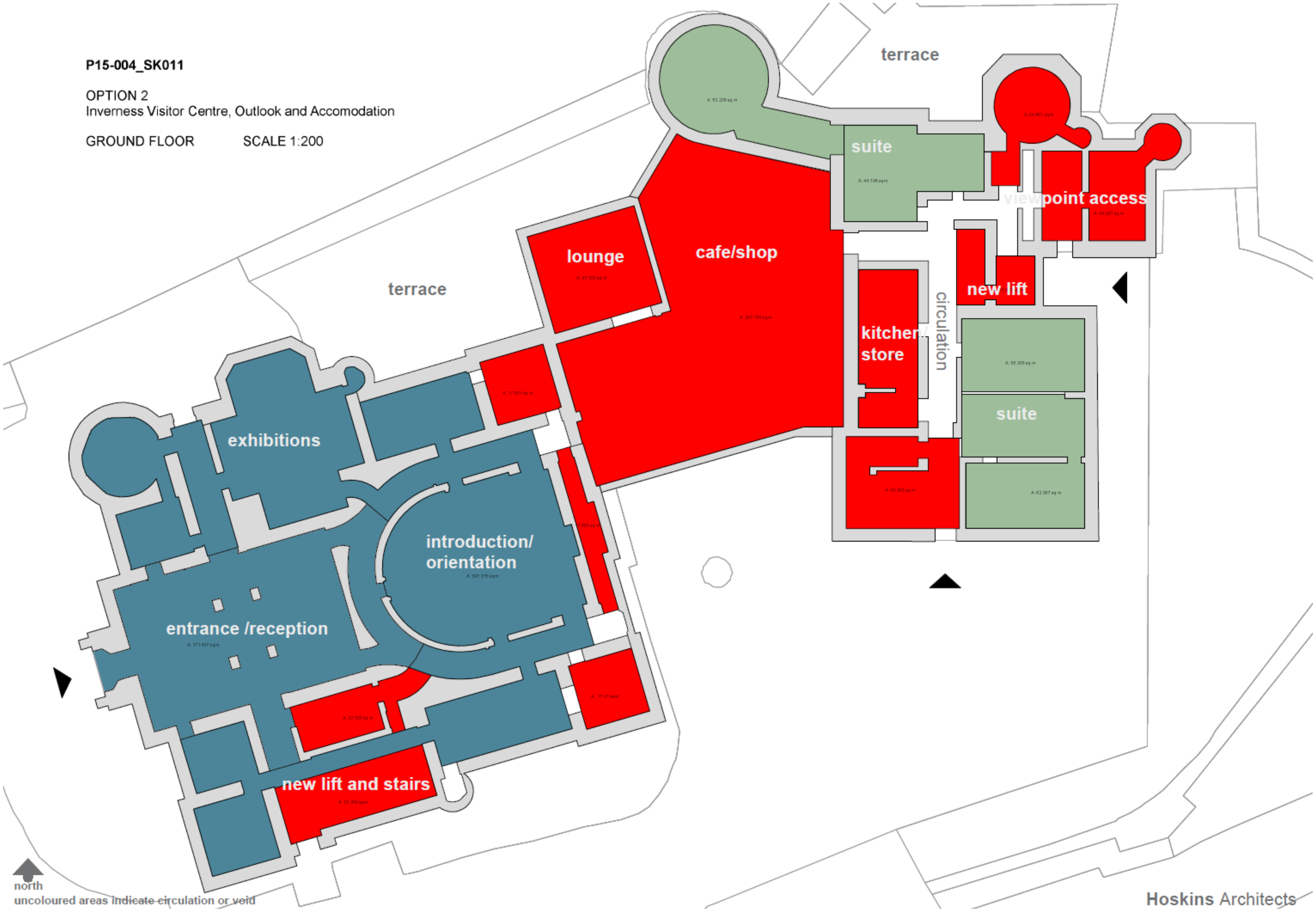
It is expected that this option will only have limited appeal to local residents.

4.4 Architectural Proposals

Hoskins Architects working with Andrew Wright have considered the condition, current layout and adaptability of the Court Building and the North Tower to accommodate a capitals of the highlands visitor centre, outlook and accommodation. The following diagrams assess the flexibility of the site and buildings to accommodate these facilities.

The first diagram shows the complex in its setting. Outdoor spaces are available for development, for example for a garden or display of sculptures, particularly on the southern approach to the Court Building. There is some scope for development to the north of the North Tower, for example for a garden, although access to the Visitor Outlook limits the scope.

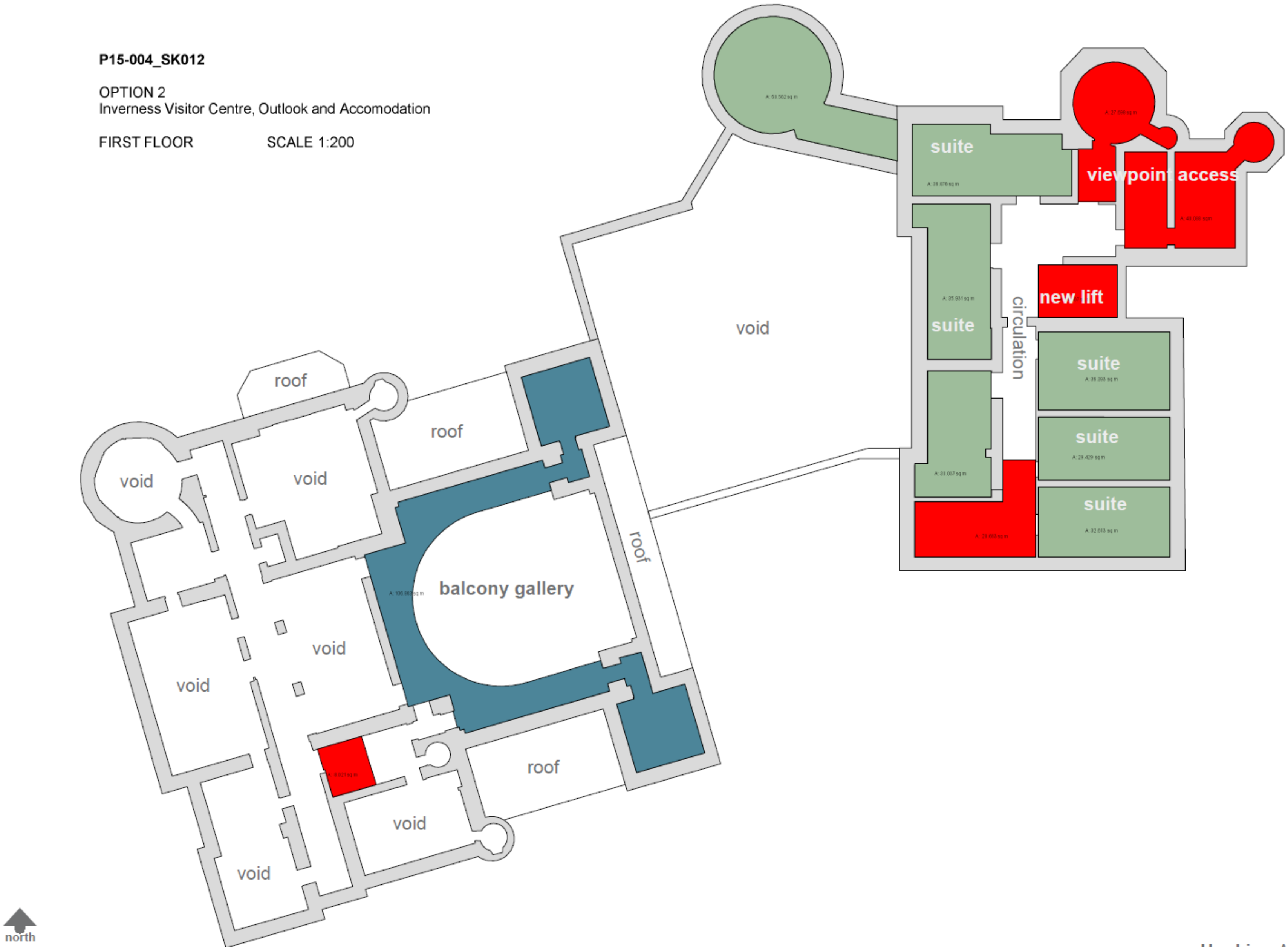

Option 2: Inverness Centre, accommodation
& viewing tower
viewing tower
apartments
visitor support
Capital of the Highlands
Visitor Centre
pedestrian approach from town
entrance (viewpoint)
entrance (accommodation)
entrance (cafe / shop)
entrance /reception
drop off/parking
Hoskins Architects


P15-004_SK011
OPTION 2
Inverness Visitor Centre, Outlook and Accomodation
GROUND FLOOR
SCALE 1:200
terrace
terrace
suite
viewpoint access
lounge
cafe/shop
new lift
kitchen/
store
circulation
suite
exhibitions
introduction/
orientation
entrance /reception
new lift and stairs
north
uncoloured areas indicate circulation or void
Hoskins Architects

P15-004_SK012

OPTION 2
Inverness Visitor Centre, Outlook and Accomodation

FIRST FLOOR SCALE 1:200



uncoloured areas indicate circulation or void

Hoskins Architects

P15-004_SK013

OPTION 2
Inverness Visitor Centre, Outlook and Accomodation

SECOND FLOOR SCALE 1:200

Hoskins Architects

4.5 Interpretive Strategy

The Main Court building provides exceptional space to develop a large-scale and state-of -the arts Orientation Centre. Such a facility would fully embrace technology to create a series of cinematic and immersive experiences showcasing Inverness and the Highlands. These 'shows' would be guided by interpretive theming and require to be developed in consultation with Inverness Museums to ensure that there was continuity with the museum's interpretive plan and strong links between the museum's activity planning and events programming. The building would become a significant provider of tourist information in the area and would benefit from partnership working with VisitScotland.

As part of the visitor experience there should be a range of retail activities to promote Highland industry, particularly in food and drink, textiles and crafts. This can be linked to the interpretive themes.

Catering will be important to this type of operation, but it must relate to the interpretive stories and promotional information. It should be good quality and reflect the best of the Highlands. There is scope to develop a bistro café/ restaurant using local produce and foods that reflect Highland culture.

The key to success is getting the right components working in synchronisation with each other. This demands very good organisation and management. It also requires the development of a coherent marketing strategy to make sure that the offer is legible and clearly understood by the public.

A degree of caution is advised in this approach, should any component part drop out, the whole is diminished and there is an inherent danger in inadvertently creating a second-rate shopping mall. Although the Court building provides excellent space to create such a facility, it does not require all of the available space and additional functions should be included to ensure sustainability.

4.6 Market Penetration and Visitor Numbers

The following assumes an orientation centre for Inverness and the Highlands in the complex.

TABLE 4.1 OPTION 2 MARKET PENETRATION							
		Market Penetration Rate (%)			Visits (Nos.)		
Market	**Market Size**	**Low**	**Medium**	**High**	**Low**	**Medium**	**High**
Local	77,881	1	1.5	2	779	1,168	1,558
Domestic Day Visitors	239,204	2	2.5	3	4,784	5,980	7,176
Inverness Tourists overnight	609,000	3.5	4	4.5	21,315	24,360	27,405
Highland Tourists Overnight	1,775,228	1.5	2	2.5	26,628	35,505	44,381
Invergordon Transit Passengers	89,772	2.5	3	3.4	2,244	2,693	3,052
TOTAL:					55,751	69,706	83,572

TABLE 4.2 OPTION 2 VISITOR OUTLOOK PROPORTION			
Visits to Visitor Outlook (paid)			
	Low	**Medium**	**High**
% of total	5	10	15
Visits	2,788	6,971	12,536

Occupancy rates for the self-catering accommodation are included in Section 4.9 below.

4.7 Capital Cost

The estimated capital cost would be £8.64 million excluding fees, VAT and inflation. This includes a fit out allowance of £1.2 million to the visitor orientation centre for a total of 1,143 sqm of display and visitor space, including 390sqm for a café and shop. This equates to £1,650 per sqm for exhibition fit out.

This project may be eligible for funding from the Heritage Lottery Fund under the Heritage Enterprise Programme. In our opinion this may compete at a national level for funding of up to £5.0 million. We do not think the outcomes provided by the project would allow it to compete effectively for a grant above £5.0 million. We have therefore assumed a grant of £3.5 million from the HLF.

Additional funding could be provided by the Highland Council, the Scottish Government and Historic Environment Scotland.

4.8 Staffing Requirements

The following is based on the assumption that the visitor centre would be open seven days a week, 9am to 6pm. At any one time, there would be two retail and three catering staff on duty.

TABLE 4.3 OPTION 2 STAFF COSTS							
Role	**No of posts**	**Hrs/week**	**Hrs/year**	**Hourly Rate (£)**	**Total Wage (£)**	**Oncosts (20%)**	**Total (£)**
Cleaner	1	30	1560	8	12,480	2,496	14,976
Retail Staff	6	20	1040	8	49,920	9,984	59,904
Catering Staff	8	25	1300	8	83,200	16,640	99,840
Visitor Services Staff	8	25	1300	8	83,200	16,640	99,840
Administrator	1	20	1040	9	9,360	1,872	11,232
Weekend Duty Manager	1	18	936	10	9,360	1,872	11,232
Manager	1	38	1976		28,000	5,600	33,600
TOTAL:							**330,624**

4.9 Income and Expenditure

The following assumptions have been made in the income/expenditure calculations:

- Free access to the visitor centre
- Visitor Outlook tickets £3/pp (as proposed in ICWG6)
- Visitor Outlook penetration rate: Low = 5% of total visitors, Medium – 10% of total visitors, High – 15% of total visitors (see note below)
- Average Retail Spend per visitor: £2.15 (based on average for free attractions and heritage centres in Scotland)
- Average Catering Spend per visitor: £2.35 (based on average for free attractions and heritage centres in Scotland)
- All income excl. of VAT
- Cost of Retail sales: 40%
- Cost of Catering: 45%
- Average income per night from self-catering apartments: £83 (price incl. VAT: £100, based on Inverness average price range of £97-£116, see Market Appraisal, Section 2.5 above)
- Plus allowance for passing trade 15% of visitors spending £4.50 per person (reflected in catering income)
- Occupancy rates for self-catering apartments: Low – 35%, Medium – 50%, High – 65% (Highlands Occupancy for 2013: 49%)
- Lifecycle cost £29/m^2
- Reactive Maintenance cost £17.5/m^2
- Security, Waste, Cleaning cost £18.5/m^2
- Utilities cost £23/m^2
- It is expected that High Life Highland will receive charity relief on business rates.

TABLE 4.4 OPTION 2 INCOME AND EXPENDITURE			
Baseline Figures	**Low**	**Medium**	**High**
Visits (total)	*55,751*	*69,706*	*83,572*
Visits (Outlook)	*2,788*	*6,971*	*12,536*
Self-catering bednights/year	*1,022*	*1,460*	*1,898*
INCOME PROJECTIONS	**Low (£)**	**Medium (£)**	**High (£)**
Visitor Outlook	6,969	17,427	31,339
Retail	119,864	149,868	179,679
Catering	168,646	210,861	252,804
Self-catering Appartments	85,167	121,667	158,167
TOTAL INCOME:	**380,645**	**499,822**	**621,990**
EXPENDITURE PROJECTIONS			
Cost of sales - shop	47,946	59,947	71,872
Cost of sales - catering	75,891	94,887	113,762
Staff	330,624	330,624	330,624
Office Costs	15,000	15,000	15,000
Advertising and marketing	40,000	40,000	40,000
Lifecycle	93,728	93,728	93,728
Reactive Maintenance	56,560	56,560	56,560
Security, Waste, Cleaning	59,792	59,792	59,792
Utiliites	74,336	74,336	74,336
Insurance	15,000	15,000	15,000
Rates	15,000	15,000	15,000
Sundry expenses	5,000	5,000	5,000
TOTAL EXPENDITURE:	**828,876**	**859,875**	**890,674**
Surplus/Deficit	**- 448,231**	**- 360,053**	**- 268,684**

It is expected that given the limited experience offer of this option, slightly more visitors will be interested in the paid Visitor Outlook. However, the café overlooking the River Ness and the free access to other areas of the complex will limit the overall appeal of the paid Visitor Outlook element.

4.10 Economic Impact Assessment

4.10.1 Construction

The amount of construction employment provided by the proposed visitor attraction and accommodation development has been estimated using ‘man years of employment’ (MYE) derived from the average turnover per employee in the construction industry in the Highlands. This is a method whereby the number of people on-Site over the whole construction period (whether full-time/part-time, permanent, temporary or seasonal) can be estimated as MYEs. The number of Full Time Equivalent jobs (FTEs) that the project will create is then calculated assuming that 10 MYEs is the equivalent of one FTE.

The Scottish Government compiles regional estimates for turnover per construction employee within the Scottish Annual Business Survey (SABS) and the current (2012) Highland Council figure identified within this assessment is £122,439. In order to calculate the Gross Value Added (GVA) impact of new construction related posts the GVA per construction employee for the Highlands is utilised, in this case £47,712. This figure is also drawn from the SABS.

A detailed breakdown of construction costs has been provided, and the likely costs associated with the proposed Option Two are estimated to be £8,636,298 and it is this figure that has been used for the purposes of this assessment.

Using the pro-rated output per construction employee figure of £122,439 this employment co-efficient identifies that 71 man years of construction employment will be created by the Development.

Based on Scottish Enterprise Project Appraisal Guidance, we have assumed that 67% of construction jobs will be taken by people in the regional area (The Highland Council), this equates to 48 man years of construction employment at the regional level, or 4.8 FTE jobs. Based on a GVA per construction employee of £47,712 per annum, it is estimated that the Development will generate an additional £2.29 million for the regional economy.

4.10.2 Operation

Direct on-Site employment will be generated through the proposed visitor centre and accommodation development of around 2,891 sqm Gross Internal Area (GIA). Operational employment density can be calculated by estimating the number of employees working on-site at full capacity, expressed as Full Time Equivalents (FTEs). For the purpose of economic development related projects at this initial appraisal stage, the number of FTEs can be based upon the amount of floor space per employee using the Homes and Communities Agency’s (HCA) ‘Employment Densities, a Full Guide’. However, the creation of around 14 FTE jobs has been assumed, and therefore this figure has been used in this appraisal.

Importantly, the impact assessment has to consider the expenditure of visitors to the proposed visitor centre. The scale of the proposal suggests visitors will be attracted to Inverness to visit the museum, staying longer and spending more money in Inverness. The feasibility assumes a central estimate of around 68,866 unique visits. The GB Day Visitor Survey estimates that the average spend of day trips to the Highlands is around £39 per person, which equates to a total expenditure of £2,685,774. When taking account of the direct onsite expenditure (£495,265) the offsite expenditure is estimated to be £2,190,509.

Adopting VisitBritain's standard spend:employment assumptions, where 1 tourism related job is safeguarded for every £54,000 of visitor spend, the proposed development has the ability to support 40.5 off site jobs.

Additionally, the assessment needs to appraise the offsite spend associated with the visitors staying in the self-catering suites (nine in total). An offsite economic impact model (Appendix F) outlines that that the visitor accommodation will support five offsite jobs.

GVA is the key economic indicator used for measuring the performance of an area or sector. GVA is the value of goods and services produced by an area, sector or producer minus the cost of the raw materials and other inputs used to produce them. For the purposes of this assessment GVA has been established by applying the average GVA per employee in the Highlands (£38,666) to the net employment figure at the regional level.
Displacement is an important concept when appraising new commercial developments. There is always a concern that large developments will have a detrimental effect on other attractions and commercial activities (retail /food and drink). Although displacement in cultural attractions is generally higher than other types of commercial developments it is largely dependent on local circumstances. Due to the scale of proposed development we have assumed that the displacement effect will be low, or around 25% (as outlined in HIE/SE Economic Impact Guidance Note).

Multiplier effects associated with additional income and supplier purchases also have to be calculated in economic impact assessments. This should be seen as a conservative estimate as it does not include spend by participants and officials. The expenditure on staging the event will also have had two types of wider impact on the economy:

- Supplier effect: an increase in sales in a business will require it to purchase more supplies than it would have otherwise. A proportion of this 'knock-on' effect will benefit suppliers in the local economy; and
- Income effect: an increase in sales in a business will usually lead to either an increase in employment or an increase in incomes for those already employed.

The Scottish Tourism Multiplier Study (STMS) provides standard supplier and income multipliers for the tourism sector. This estimates that the combined supplier and income multiplier for a rural location for day trips is 1.65 and 1.57 for overnight trips at the local level.

The table below outlines that the proposed visitor centre and accommodation has the potential to support almost 73 tourism jobs, and contribute £2.8 million in GVA to the regional economy on an annual basis.

TABLE 4.5
OPTION 2: ECONOMIC IMPACT

	Gross Jobs	Displacement Factor	Displaced Jobs	Non-Displaced Jobs	Multiplier	Net Jobs	GVA Per Head	Net GVA
Direct Onsite Staff	14	25%	3.5	10.5	1.65	17.3	£38,666	£668,922
Offsite Staff (Day)	40.5	25%	10.1	30.4	1.65	50.2	£38,666	£1,941,033
Offsite Staff (Evening)						5	£38,666	£193,330
Total						**72.5**		**£2,803,285**

4.11 Dependencies

This option would depend on the following:

- The Scottish Courts and Tribunals Service vacating the Court Building and rooms currently occupied in the North Tower
- Highland Council and other occupiers vacating the North Tower

The option would also require improvements to the existing approach to the castle, as well as the surrounding environs.

4.12 Constraints

- Retaining the Visitor Outlook currently planned by the Highland Council in the North Tower limits the number of self-catering apartments that can be created. Access to the Visitor Outlook also requires an alternative access route to the private apartments.
- Vehicle access for staying visitors.

4.13 Risks

The following risks may impact on the deliverability of this option:

- Listed Building Consent for a one storey link building.
- Self-catering offer has limited appeal due to shared public access with the Visitor Outlook.

4.14 Option Summary

TABLE 4.6 OPTION 2: ASSESSMENT AGAINST ORIGINAL APPRAISAL CRITERIA	
Criteria	**Assessment**
Benefits Inverness' tourism economy	Low impact through provision of orientation to tourists. Medium impact through creation of self-catering accommodation in the North Tower.
Provides access for locals	Provides access to the Court Building and to the Visitor Outlook areas of the North Tower. Limited attraction for local to visit.
Economically sustainable	This option does not cover its costs.
Adds to Inverness' Cultural Life	This option does not add to Inverness' cultural life.
Creates an authentic experience	This option does not create an authentic experience beyond access to the castle Building.
Counteracts seasonality	This option would not add to Inverness' offer during the low season.

TABLE 4.7 OPTION 2 SUMMARY			
	Low	**Medium**	**High**
Visits	55,751	69,706	83,572
Income	380,645	499,822	621,990
Expenditure	828,876	859,875	890,674
Surplus/Deficit	448,231	360,053	268,684

The estimated capital cost would be £8.64 million excluding fees, VAT and inflation.

This option only has limited impact with regard to the desired outcomes for a development of Inverness Castle. Due to running costs and the limited income potential, this option is not economically sustainable.

5.0 OPTION 3: INVERNESS VISITOR ATTRACTION AND ACCOMMODATION

5.1 Introduction

This option would create a major visitor attraction in the Court Building. It would provide a mix of free access and a paid visitor experience element. Visitors would be able to visit free of charge a high quality café with access to the terrace overlooking the River Ness, as well as a high quality gift shop, including work by local artists and craft people. There would also be a Visitor Information Point, providing information about the visitor offer in Inverness and the wider Highlands. This would include information about the Great Glen Way hiking trail and the North Coast 500 driving route, both of which start and/or end at the castle. The paid element would be an immersive experience on a history and heritage topic relevant to the Highlands. The example used in this appraisal is the theme of 'Wild and Wonderful', centred on the natural and cultural heritage of Great Scottish Highlands, although further research may identify alternative themes. The North Tower would be converted into 16 exclusive self-catering apartments. No further public access would be provided to the North Tower. This enables use of all spaces for economically productive accommodation units, while adding to the attraction of the offer as private use, and ensuring the security for the private accommodation guests. Providing public access would introduce risks both with regard to guests' security as well as their perception of the value and attractiveness of the accommodation.

5.2 Facilities

This option would include the following key facilities:

- Visitor Information Point
- Immersive Visitor Experience/Exhibition (paid)
- Café
- High Quality Gift Shop
- Self-catering accommodation

5.3 Key Markets

The key markets for this option would be as follows:

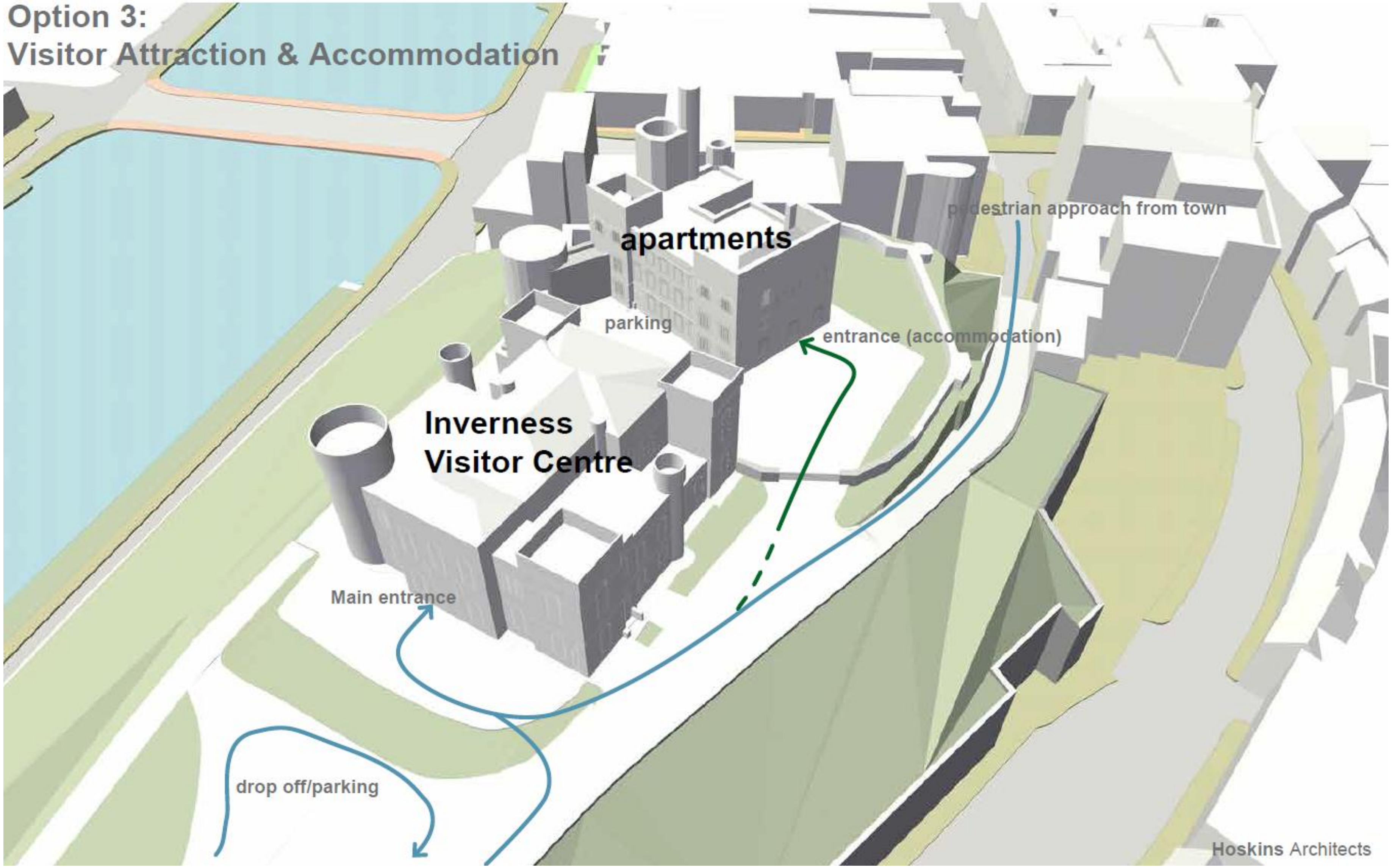
- Domestic Day Visitors
- Tourist Day Visitors
- Tourists Staying

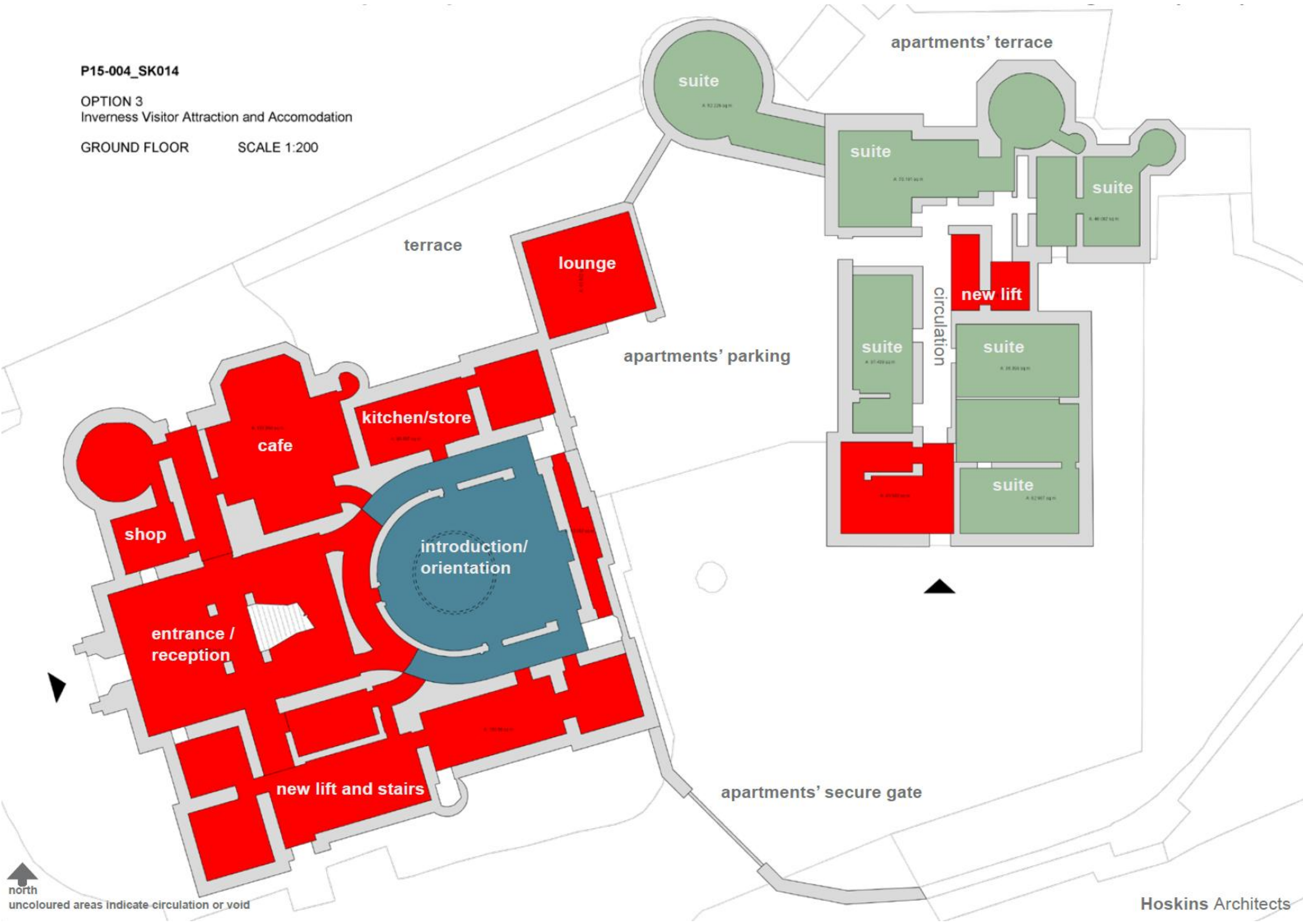
It is expected that the paid visitor element will also be of some interest to the local population.

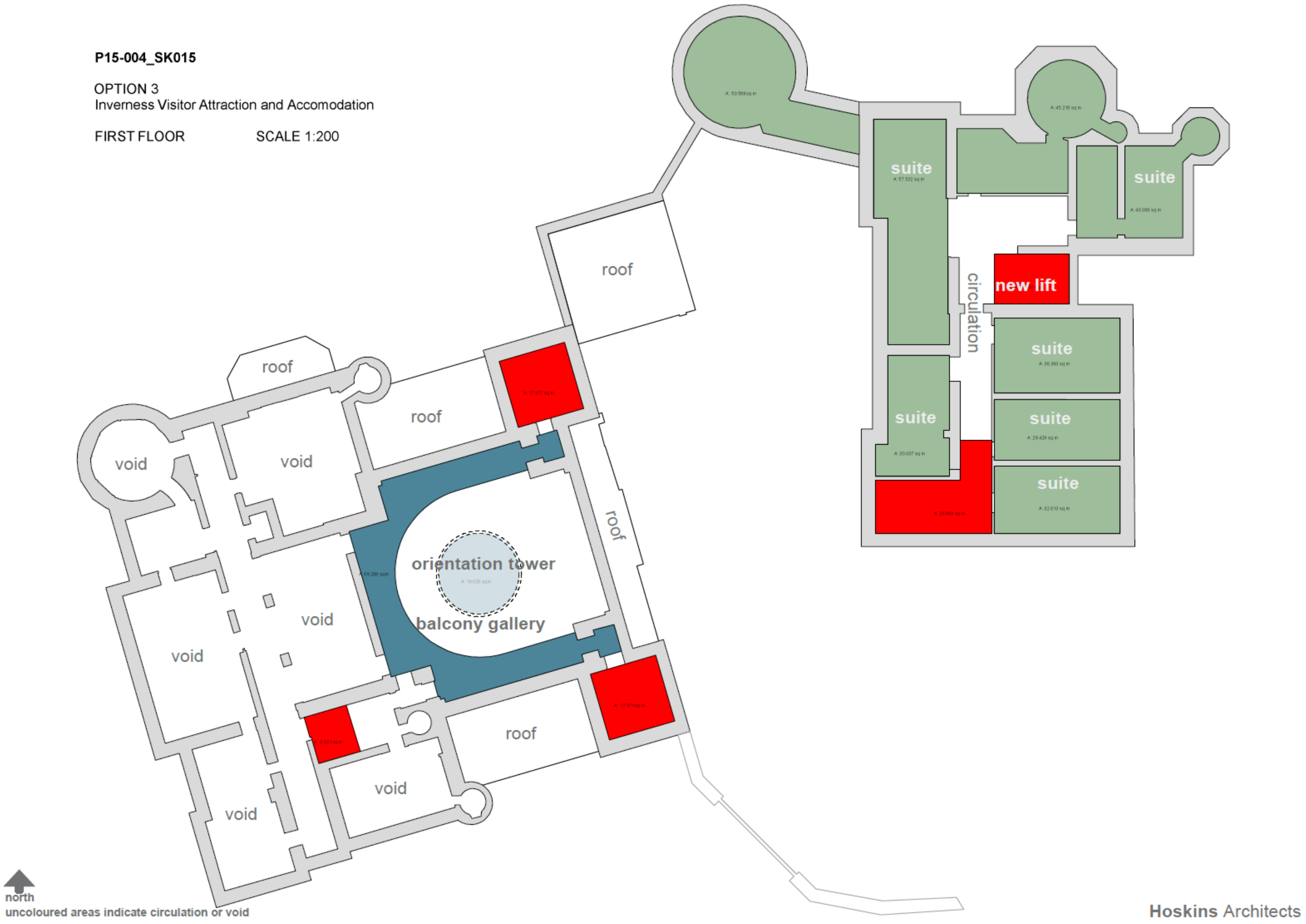
5.4 Architectural Proposals

Hoskins Architects working with Andrew Wright have considered the condition, current layout and adaptability of the Court Building and the North Tower to accommodate a visitor attraction and accommodation. The following diagrams assess the flexibility of the site and buildings to accommodate these facilities.

The first diagram shows the complex in its setting. Outdoor spaces are available for development, for example for a garden or display of sculptures, particularly to the north and northwest of the North Tower, and the southern approach to the Court Building. It will be preferable to keep any garden development beside the North Tower for the private use of accommodation guests.


Option 3:
Visitor Attraction & Accommodation
apartments
parking
pedestrian approach from town
entrance (accommodation)
Inverness
Visitor Centre
Main entrance
drop off/parking
Hoskins Architects


P15-004_SK014
OPTION 3
Inverness Visitor Attraction and Accomodation
GROUND FLOOR
SCALE 1:200
apartments' terrace
suite
suite
suite
terrace
lounge
new lift
circulation
apartments' parking
suite
suite
kitchen/store
cafe
suite
shop
introduction/
orientation
entrance /
reception
new lift and stairs
apartments' secure gate
north
uncoloured areas indicate circulation or void
Hoskins Architects


P15-004_SK015
OPTION 3
Inverness Visitor Attraction and Accomodation
FIRST FLOOR
SCALE 1:200
roof
roof
roof
roof
roof
void
void
void
void
void
void
orientation tower
balcony gallery
suite
suite
suite
suite
suite
suite
new lift
circulation
north
uncoloured areas indicate circulation or void
Hoskins Architects

P15-004_SK016

OPTION 3
Inverness Visitor Attraction and Accomodation

SECOND FLOOR SCALE 1:200

north
uncoloured areas indicate circulation or void

Hoskins Architects


Guests' terrace at the North Tower apartments
Hoskins

5.5 Interpretive Strategy

As an example, we propose a main theme such as 'Wild and Wonderful' (working title only) for this option, to focus on the cultural and natural heritage of the Great Scottish Highlands. As outlined above, further research particularly with potential audiences may identify other themes.

The image of Scotland that is clearly understood throughout the world is of landscape, mountains and lochs, castles and ancient history. The heritage and culture of the Scottish Highlands goes deeper and further than the great outdoors and architecture, but these powerful images of the country's natural heritage are not difficult to grasp and remember. Included in this visual language are the populist images of warrior clansmen swathed in tartan. The landscapes of Scotland are indisputable, but the curiosity of the first Highland tourists after Culloden and the interest in tartan propagated by Sir Walter Scott after George IV's visit to Edinburgh in 1822 has resulted in an often reductionist shortbread tin image of Scotland's culture. Despite the mythology and romantic inaccuracy around the Highland clans, however, there is an interesting story to be told concerning Scottish politics in relation to medieval Europe as well as England and Ireland. The Scottish Clan system is a concept dating back to the 12^{th} century and was the country's main political system until the Jacobite rebellion and the defeat of Charles Edward Stewart at Culloden in 1746. The Highland Clearances were key in ending the clan system instigating the emigration of thousands of Scots to the New World looking for a better life. However by itself this is not viewed as a strong enough story upon which to develop a 5 star Visitor Attraction and will only work if it is told in the context of the bigger, grander picture of the natural and cultural heritage of the Scottish Highlands.

An experiential, immersive attraction that takes visitors on a soaring journey through the Great Highlands of Scotland, exploring the geology, the making of some of the oldest rocks in the world, the world famous topography, above and below the lochs and seas, running with the deer on the hills and navigating with the salmon back to burns in remote hills, all this could be made possible by the creation of a cinematic/ virtual reality experience that could be a combination of a David Attenborough –'Blue Planet/Planet Earth' with the Ridley Scott 'Avatar' style of animation.

A main theme such as ***'Wild and Wonderful'*** (working title only) is expansive enough to develop sub themes that would include cultural heritage, (the above mentioned clan stories), Scottish music and products, salmon, venison, whisky, tweed and much more. All of these can be linked back to natural landscape and habitat. Such themes offer excellent retail opportunities for a wide range of quality merchandise and souvenirs and catering experiences using Highland products, which would further connect the paid experience with the free visit offer. Scotland has become internationally important for many outdoor activities and continues to develop outdoor attractions and facilities. A first class immersive experience showcasing the landscapes of the Highlands and their culture, would be an excellent vehicle to further inspire people.

To make a Visitor Attraction successful demands high levels of experienced and quality management. To begin with, the way in which the content is presented must be different to other attractions: it must be worth the journey and entrance charge. This means exciting media, based on film, animation and computer generated experiences. It could also include live costumed drama and re-enactments and the development of a high quality and robust events programme. The revenue costs of good Visitor Attractions are high and they must work hard to continually refresh the exhibits and experience to attract new visitors. With the right content and delivery methods combined with excellent management and marketing personnel such a Visitor Attraction could be successful.

5.6 Market Penetration and Visitor Numbers

Occupancy rates for the self-catering accommodation are included in Section 5.8 below.

TABLE 5.1 OPTION 3 MARKET PENETRATION							
		Market Penetration Rate (%)			Visits (Nos.)		
Market	**Market Size**	**Low**	**Medium**	**High**	**Low**	**Medium**	**High**
Local	77,881	1.5	2	2.5	1,168	1,558	1,947
Domestic Day Visitors	239,204	2.5	3	3.5	5,980	7,176	8,372
Inverness Tourists Overnight	609,000	2.5	3	3.5	15,225	18,270	21,315
Highland Tourists Overnight	1,775,228	1	1.5	2	17,752	26,628	35,505
Invergordon Transit Passengers	89,772	1	1.5	2	898	1,347	1,795
TOTAL					**41,128**	**54,349**	**67,569**
15% additional for catering/retail only (free)					6,169	8,152	10,135

5.7 Capital Cost

The estimated capital cost would be £9.98 million excluding fees, VAT and inflation. This includes a fit out allowance of £2.25 million to the visitor attraction, for a total of 750 sqm of display/visitor space, including 230sqm for the café and shop and the immersion space. This equates to over £4,000 fit out costs per sqm.

This project may be eligible for funding from the Heritage Lottery Fund under the Heritage Enterprise Programme. In our opinion this may compete at National level for funding of up to £5.0 million. We do not think the outcomes provided by the project would allow it to compete effectively for a grant above £5.0 million. We have therefore assumed a grant of £3.5 million from the HLF.

Additional funding could be provided by the Highland Council, the Scottish Government and Historic Environment Scotland.

5.8 Staffing Requirements

The following is based on the assumption that the attraction would be open seven days a week, 9am to 6pm. At any one time, there would be two retail, two visitor services, and three catering staff on duty.

TABLE 5.2 OPTION 3 STAFF COSTS							
Role	**No of posts**	**Hrs/week**	**Hrs/year**	**Hourly Rate (£)**	**Total Wage (£)**	**Oncosts (20%)**	**Total (£)**
Cleaner	1	30	1,560	8	12,480	2,496	14,976
Retail Staff	6	20	1,040	8	49,920	9,984	59,904
Catering Staff	8	25	1,300	8	83,200	16,640	99,840
Weekend Duty Manager	1	18	936	10	9,360	1,872	11,232
Administrator	1	20	1,040	9	9,360	1,872	11,232
Visitor Services Staff	8	20	1,040	8	66,560	13,312	79,872
Manager	1	38	1,976		28,000	5,600	33,600
TOTAL							**310,656**

5.9 Income and Expenditure

The following assumptions have been made in the income/expenditure calculations:

- Average Admission Income: £5.50 (based on £5.44 Highland average in 2014)
- Average Retail Spend per visitor: £3 (slightly higher than the average for free attractions and heritage centres in Scotland, which is £2.15; see note below)
- Average Catering Spend per visitor: £2.35 (based on average for free attractions and heritage centres in Scotland)
- Average income per night from self-catering apartments: £83 (price incl. VAT: £100)
- Occupancy rates for self-catering apartments: Low – 35%, Medium – 50%, High – 65% (Highlands Occupancy for 2013: 49%)
- All income excl. of VAT
- Cost of retail: 40%
- Cost of catering: 45%
- Lifecycle cost £29/m^2
- Reactive Maintenance cost £17.5/m^2
- Security, Waste, Cleaning cost £18.5/m^2
- Utilities cost £23/m^2

TABLE 5.3 OPTION 3 INCOME AND EXPENDITURE			
Figures:	**Low**	**Medium**	**High**
Visits (total)	*41,023*	*54,979*	*68,934*
Catering/Retail Visitors only	*6,153*	*8,247*	*10,340*
Self-catering bednights/year	*2,044*	*2,920*	*3,796*
INCOME PROJECTIONS	**Low (£)**	**Medium (£)**	**High (£)**
Admission	*225,628*	*302,383*	*379,138*
Retail	141,530	189,677	237,823
Catering	110,866	148,580	186,295
Self-catering Appartments	169,652	242,360	315,068
TOTAL INCOME:	**647,676**	**883,000**	**1,118,323**
EXPENDITURE PROJECTIONS			
Cost of sales - shop	56,612	75,871	95,129
Cost of sales - catering	49,889	66,861	83,833
Staff	310,656	310,656	310,656
Office Costs	15,000	15,000	15,000
Advertising and marketing	40,000	40,000	40,000
Lifecycle	84,622	84,622	84,622
Reactive Maintenance	51,065	51,065	51,065
Security, Waste, Cleaning	53,983	53,983	53,983
Utiliites	67,114	67,114	67,114
Exhibition maintenance and renewal	50,000	50,000	50,000
Insurance	15,000	15,000	15,000
Rates	10,000	10,000	10,000
Sundry expenses	5,000	5,000	5,000
TOTAL EXPENDITURE:	**808,942**	**845,172**	**881,402**
Surplus/Deficit	**- 161,265**	**37,828**	**236,922**

The retail spend is expected to be slightly higher than the average for free attractions and heritage centres in Scotland, as the retail offer is assumed to be of particularly high quality.

VisitScotland's *Scottish Accommodation Occupancy Survey Annual Report 2013* notes that that self-catering experienced seasonality across Scotland, with increases coinciding with key holiday periods, i.e. the Easter weekend at the end of March, May half term holidays, August summer holiday, and October half term. It is expected that this trend will be evident in this Option also. However, the figures above are based on average occupancy rates throughout the year, with the low projection being considerably lower than the 2013 average of 49% for the Highlands, and the Medium projection only slightly higher at 50%.

5.10 Economic Impact Assessment

5.10.1 Construction

The amount of construction employment provided by the proposed visitor attraction and accommodation development has been estimated using 'man years of employment' (MYE) derived from the average turnover per employee in the construction industry in the Highlands. This is a method whereby the number of people on-Site over the whole construction period (whether full-time/part-time, permanent, temporary or seasonal) can be estimated as MYEs. The number of Full Time Equivalent jobs (FTEs) that the project will create is then calculated assuming that 10 MYEs is the equivalent of one FTE.

The Scottish Government compiles regional estimates for turnover per construction employee within the Scottish Annual Business Survey (SABS) and the current (2012) Highland Council figure identified within this assessment is £122,439. In order to calculate the GVA impact of new construction related posts the GVA per construction employee for the Highlands is utilised, in this case £47,712. This figure is also drawn from the SABS.

A detailed breakdown of construction costs has been provided, and the likely costs associated with the proposed Option Three are estimated to be £9,980,218 and it is this figure that has been used for the purposes of this assessment.

Using the pro-rated output per construction employee figure of £122,439 this employment co-efficient identifies that 82 man years of construction employment will be created by the Development.

Based on Scottish Enterprise Project Appraisal Guidance, we have assumed that 67% of construction jobs will be taken by people in the regional area (The Highland Council), this equates to 55 man years of construction employment at the regional level, or 5.5 FTE jobs. Based on a GVA per construction employee of £47,712 per annum, it is estimated that the Development will generate an additional £2.62 million for the regional economy.

5.10.2 Operation

Direct on-Site employment will be generated through the proposed visitor attraction and accommodation development of around 2,624 sqm Gross Internal Area (GIA). Operational employment density can be calculated by estimating the number of employees working on-site at full capacity, expressed as Full Time Equivalents (FTEs). For the purpose of economic development related projects at this initial appraisal stage, the number of FTEs can be based upon the amount of floor space per employee using the Homes and Communities Agency's (HCA) 'Employment Densities, a Full Guide'. However, the creation of around 14 FTE jobs, and therefore this figure has been used in this appraisal.

Importantly, the impact assessment has to consider the expenditure of visitors to the proposed visitor centre. The scale of the proposal suggests visitors will be attracted to Inverness to visit the museum, staying longer and spending more money in Inverness. The feasibility assumes a central estimate of around 65,421 unique visits. The GB Day Visitor Survey estimates that the average spend of day trips to the Highlands is around £39 per person, which equates to a total expenditure of £2,551,419. When taking account of the direct onsite expenditure (£875,659) the offsite expenditure is estimated to be £1,675,760.

Adopting VisitBritain's standard spend:employment assumptions, where 1 tourism related job is safeguarded for every £54,000 of visitor spend, the proposed development has the ability to support 31 off site jobs.

Additionally, the assessment needs to appraise the offsite spend associated with the visitors staying in the self-catering suites (16 in total). An offsite economic impact model (Annex B) outlines that that the visitor accommodation will support nine offsite jobs.

GVA is the key economic indicator used for measuring the performance of an area or sector. GVA is the value of goods and services produced by an area, sector or producer minus the cost of the raw materials and other inputs used to produce them. For the purposes of this assessment GVA has been established by applying the average GVA per employee in the Highlands (£38,666) to the net employment figure at the regional level.

Displacement is an important concept when appraising new commercial developments. There is always a concern that large developments will have a detrimental effect on other attractions and commercial activities (retail /food and drink). Although displacement in cultural attractions is generally higher than other types of commercial developments it is largely dependent on local circumstances. Due to the scale of proposed development we have assumed that the displacement effect will be low, or around 25% (as outlined in HIE/SE Economic Impact Guidance Note).

Multiplier effects associated with additional income and supplier purchases also have to be calculated in economic impact assessments. This should be seen as a conservative estimate as it does not include spend by participants and officials. The expenditure on staging the event will also have had two types of wider impact on the economy:

- Supplier effect: an increase in sales in a business will require it to purchase more supplies than it would have otherwise. A proportion of this 'knock-on' effect will benefit suppliers in the local economy; and

- Income effect: an increase in sales in a business will usually lead to either an increase in employment or an increase in incomes for those already employed.

The Scottish Tourism Multiplier Study (STMS) provides standard supplier and income multipliers for the tourism sector. This estimates that the combined supplier and income multiplier for a rural location for day trips is 1.65 and 1.57 for overnight trips at the local level.

The table below outlines that the proposed visitor centre and accommodation has the potential to support almost 65 tourism jobs, and contribute £2.5 million in GVA to the regional economy on an annual basis.

TABLE 5.4
OPTION 3: ECONOMIC IMPACT

	Gross Jobs	Displacement Factor	Displaced Jobs	Non-Displaced Jobs	Multiplier	Net Jobs	GVA Per Head	Net GVA
Direct Onsite Staff	14	25%	3.5	10.5	1.65	17.3	£38,666	£668,922
Offsite Staff (Day)	31	25%	7.8	23.2	1.65	38.3	£38,666	£1,480,908
Offsite Staff (Evening)						9	£38,666	£347,994
Total						**64.6**		**£2,497,824**

5.11 Dependencies

This option would depend on the following:

- The Scottish Courts and Tribunals Service vacating the Court Building and rooms currently occupied in the North Tower
- The Highland Council and other occupiers vacating the North Tower

The option would also require improvements to the existing approach to the castle, as well as the surrounding environs.

5.12 Constraints

Vehicle access for staying visitors.

5.13 Risks

- Need to develop a compelling visitor proposition that attracts day trippers and tourists over a long period.
- Need to secure an experienced operator.
- Need for periodic reinvestment.

- Need to develop and support a varied events and activities programme to address seasonality. This would not necessarily require access to the paid attraction, although may in itself include paid events and activities. Some activities could be free.

5.13 Option Summary

TABLE 5.6 OPTION 3: ASSESSMENT AGAINST ORIGINAL APPRAISAL CRITERIA	
Criteria	**Assessment**
Benefits Inverness' tourism economy	High impact as creating a high quality, immersive attraction that is in addition to the existing visitor offer in Inverness.
Provides access for locals	Provides access to the Court Building only. Access to some areas of the Court Building will require paying admission. Access to the North Tower is for staying visitors only, and as such is limited.
Economically sustainable	At medium projection rate this option begins to become economically sustainable. It would make a profit at the high projection rate.
Adds to Inverness' Cultural Life	This offer does not add to Inverness' cultural life without further expenditure on an events programme.
Creates an authentic experience	Through an immersive experience. The example used was of the natural and cultural landscape of the Great Highlands of Scotland.
Counteracts seasonality	This option will not add specific appeal during the low season beyond what it offers year-round.

TABLE 5.7 OPTION 3 SUMMARY			
	Low	**Medium**	**High**
Visits	47,177	63,226	79,274
Income (£)	647,676	883,000	1,118,323
Expenditure (£)	808,942	845,172	881,402
Surplus/Deficit (£)	- 161,265	37,828	236,922

The estimated capital cost would be £9.98 million excluding fees, VAT and inflation.

This option meets key aspirations for a development of Inverness Castle. The two criteria it does not currently meet fully, namely to add to Inverness' Cultural Life and to counteract seasonality, could be met through an additional programme of events (see above under 'risks'). This would, however, require additional expenditure, which may be off-set through the increase in visitor numbers and increased secondary spend.

6.0 OPTION 4: CULTURAL CENTRE COMPONENT – LINKING TO ADJACENT NEW MUSEUM AND GALLERY DEVELOPMENTS

6.1 Introduction

This option would integrate with the planned Inverness Cultural Centre (ICC), to be created in the North Bridge/Castle Wynd/Castle Street area. Details of this development are not yet available, but it is envisaged that this option would be easily accessible by foot from the ICC. The Court Building would house the Registrar's Office as well as the Family History Room, both relocated from the existing Highland Archives and Registration Office in Bught Street. There would also be a new building between the Court Building and the North Tower. This building, together with the Court Building, would support a high quality wedding venue for ceremonies and receptions. The North Tower would be converted into 13 self-catering units.

6.2 Facilities

This option would include the following key facilities:

- Registrar's offices
- Family History Room
- Wedding Ceremony Room
- Wedding Reception room (in single storey extension); capacity: 100 day, 150 evening

6.3 Key Markets

The key markets for this option would be as follows:

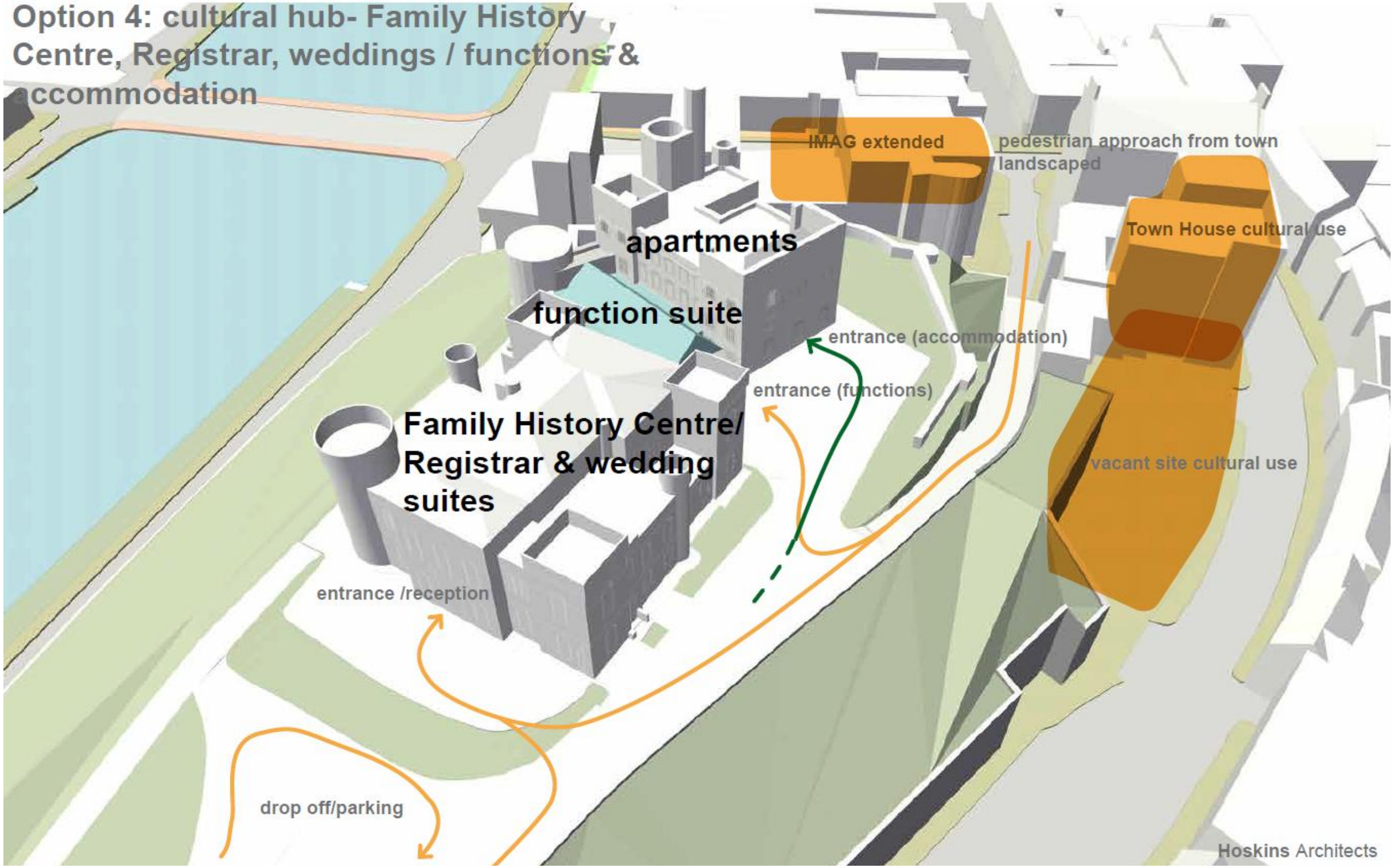
- Local Residents
- Domestic Day Visitors
- Tourist Day Visitors
- Tourist Overnight
- Learning Groups

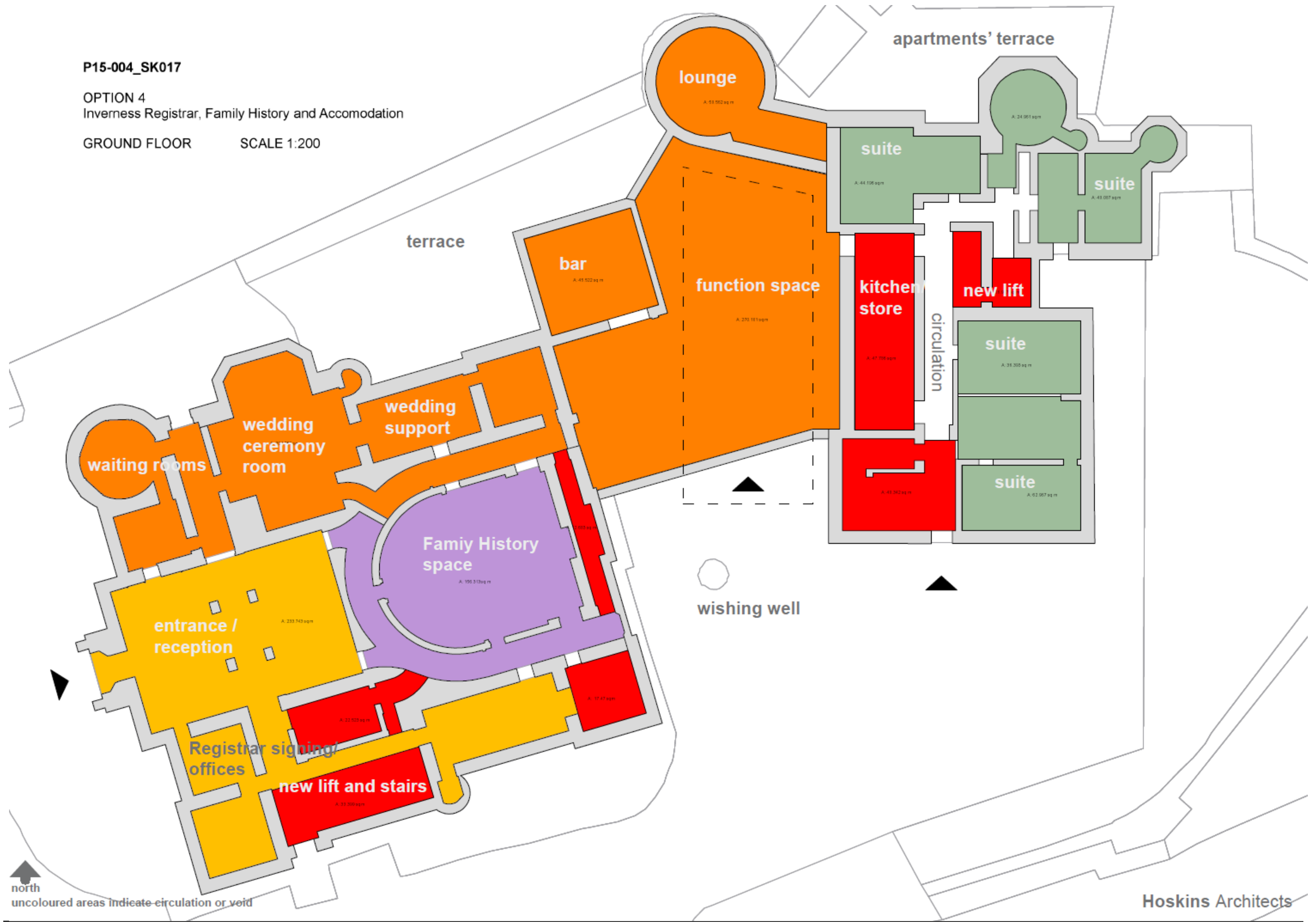
6.4 Architectural Proposals

Hoskins Architects working with Andrew Wright have considered the condition, current layout and adaptability of the Court Building and the North Tower to accommodate a cultural centre and accommodation. The following diagrams assess the flexibility of the site and buildings to accommodate these facilities.

Uncoloured areas indicate circulation or voids.

The first diagram shows the complex in its setting. Outdoor spaces are available for development, for example for a garden or display of sculptures, particularly to the north and northwest of the North Tower, and the southern approach to the Court Building. It will be preferable to keep any garden development beside the North Tower for the private use of accommodation guests


Option 4: cultural hub- Family History Centre, Registrar, weddings / functions &
accommodation
IMAG extended
pedestrian approach from town
landscaped
apartments
Town House cultural use
function suite
entrance (accommodation)
entrance (functions)
Family History Centre/
Registrar & wedding
suites
vacant site cultural use
entrance /reception
drop off/parking
Hoskins Architects

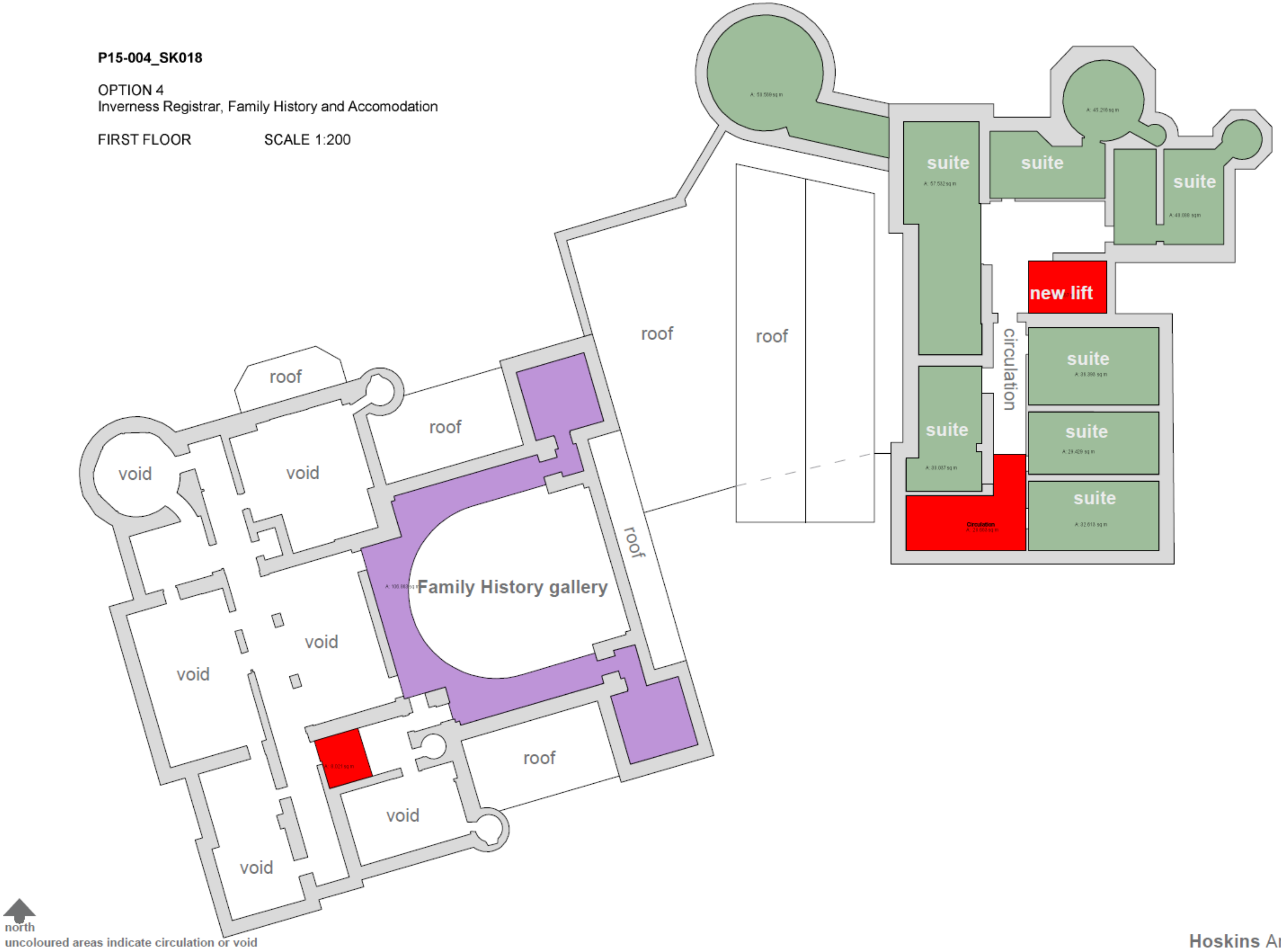


P15-004_SK017
OPTION 4
Inverness Registrar, Family History and Accomodation
GROUND FLOOR
SCALE 1:200
lounge
apartments' terrace
suite
suite
terrace
bar
function space
kitchen/ store
new lift
circulation
suite
wedding support
wedding ceremony room
waiting rooms
suite
Famiy History space
wishing well
entrance / reception
Registrar signing/ offices
new lift and stairs
north
uncoloured areas indicate circulation or void
Hoskins Architects

P15-004_SK018

OPTION 4
Inverness Registrar, Family History and Accomodation

FIRST FLOOR SCALE 1:200



Hoskins Architects

P15-004_SK019

OPTION 4
Inverness Registrar, Family History and Accomodation

SECOND FLOOR SCALE 1:200

uncoloured areas indicate circulation or void

Hoskins Architects


Function suite entrance at link between the North Tower and the Court Building
Hoskins Architects

6.5 Market Penetration and Visitor Numbers

Occupancy rates for the self-catering accommodation are included in Section 6.9 below, as is occupancy for the wedding business. The following figures do not account for visits to the Registrar's, and are based on the Family History Room and general visits to the building only.

TABLE 6.1
OPTION 4 MARKET PENETRATION

		Market Penetration Rate (%)			Visits (Nos.)		
Market	**Market Size**	**Low**	**Medium**	**High**	**Low**	**Medium**	**High**
Local	77,881	0.5	1	1.5	389	779	1,168
Domestic Day Visitors	239,204	0.25	0.5	0.75	598	1,196	1,794
Inverness Tourist Overnight	609,000	0.25	0.5	0.75	1,523	3,045	4,568
Highland Tourists Overnight	1,775,228	0.25	0.35	0.5	4,438	6,213	8,876
Invergordon Transit Passengers	89,772	0.25	0.25	0.25	224	224	224
TOTAL:					7,172	11,458	16,630
Learning Groups	71,491	1	1.5	2	715	1,072	1,430

6.6 Capital Cost

This option includes a variety of facilities and these could be provided for a budget of £8.13 million excluding fees, VAT and inflation. This includes a fit out budget of £600,000 for the Family History facility.

Funding for building repairs might be available through Historic Scotland.

6.7 Staffing Requirements

The following staff requirements are based on the wedding business only. Staffing requirements for the Family History Room are assumed to remain as they currently are. The Registar's Office would be managed separately, and is therefore not considered in the below.

TABLE 6.2
OPTION 4 STAFF COSTS

Role	No of posts	Hrs/week	Hrs/year	Hourly Rate (£)	Total Wage (£)	Oncosts (20%)	Total (£)
Cleaner	2	30	1560	8	24,960	4,992	29,952
Manager	1	35	1820	12	21,840	4,368	26,208
Wedding Coordinator	1	35	1820	10	18,200	3,640	21,840
Admin	1	35	1820	9	16,380	3,276	19,656
Duty Manager	1	35	1820	10	18,200	3,640	21,840
Custodians	1	20	1040	8	8,320	1,664	9,984
TOTAL:							**129,480**

6.8 Income and Expenditure

The following assumptions have been made in the income/expenditure calculations:

- Costs associated with the Registrar's, incl. staff, are accounted for in a separate budget
- Staff costs for the Family History Room remain as is at £62,207
- The Registrar would pay rent at the same annual rent of £82,500 as for 2015/16 at the Highland Archive and Registration Centre.
- Average income per night from self-catering apartments: £83 (price incl. VAT: £100)
- Occupancy rates for self-catering apartments: Low – 35%, Medium – 50%, High – 65% (Highlands Occupancy for 2013: 49%)
- Average income per wedding ceremony: £167 on Wednesdays, Thursdays and Sundays (price incl. VAT: £200); £229 on Friday and Saturdays (price incl. VAT: £275)
- Average income per wedding reception (room hire only): £1,667 on Wednesdays, Thursdays and Sundays (price incl. VAT: £2,000); £2,083 on Friday and Saturdays (price incl. VAT: £2,500)
- All income excl. of VAT
- Occupancy rates for both wedding ceremonies and receptions: Wednesdays/Thursdays/Sundays: Low – 20%, Medium – 35%, High – 55%; Fridays/Saturdays: Low – 40%, Medium – 55%, High – 75%
- Lifecycle cost £29/m^2
- Reactive Maintenance cost £17.5/m^2
- Security, Waste, Cleaning cost £18.5/m^2
- Utilities cost £23/m^2

It is recommended that the venue partner with select catering and wedding supply companies to offer all-inclusive packages, as is the case with most other wedding competitors in the area. This would introduce additional income and expenditure lines, which will however depend on further negotiation. Therefore, they are not included in this outline business case.

TABLE 6.3
OPTION 4 INCOME AND EXPENDITURE

Baseline Figures	Low	Medium	High
Visits (total)	7,172	11,458	16,630
Number of wedding ceremony bookings (W,T,Su)	*31*	*55*	*86*
Number of wedding ceremony bookings (F,S)	*42*	*57*	*78*
Number of wedding reception bookings (W,T,Su)	*31*	*55*	*86*
Number of wedding reception bookings (F,S)	42	57	78
Self-catering bednights/year	1,661	2,373	3,084

TABLE 6.3 OPTION 4 INCOME AND EXPENDITURE			
INCOME PROJECTIONS	**Low (£)**	**Medium (£)**	**High (£)**
Wedding Ceremonies (W,T,Su)	5,200	9,100	14,300
Wedding Ceremonies (F,S)	9,533	13,108	17,875
Wedding Receptions (W,T,Su)	52,000	91,000	143,000
Wedding Receptions (F,S)	86,667	119,167	162,500
Registrar Rent	82,500	82,500	82,500
Self-catering accommodation	166,075	237,250	308,425
TOTAL INCOME:	**401,975**	**552,125**	**728,600**
EXPENDITURE PROJECTIONS	**Low (£)**	**Medium (£)**	**High (£)**
Wedding Business Staff	129,480	129,480	129,480
Family History Staff	62,207	62,207	62,207
Office Costs	15,000	15,000	15,000
Advertising and marketing	55,000	55,000	55,000
Lifecycle	100,978	100,978	100,978
Reactive Maintenance	60,935	60,935	60,935
Security, Waste, Cleaning	64,417	64,417	64,417
Utilities	80,086	80,086	80,086
Insurance	25,000	25,000	25,000
Rates	20,000	20,000	20,000
Equipment Renewals	10,000	10,000	10,000
Sundry expenses	5,000	5,000	5,000
TOTAL EXPENDITURE:	**628,103**	**628,103**	**628,103**
Surplus/Deficit	**- 226,128**	**- 75,978**	**100,497**

6.10 Economic Impact Assessment

6.10.1 Construction

The amount of construction employment provided by the proposed Development has been estimated using 'man years of employment' (MYE) derived from the average turnover per employee in the construction industry in the Highlands. This is a method whereby the number of people on-Site over the whole construction period (whether full-time/part-time, permanent, temporary or seasonal) can be estimated as MYEs. The number of Full Time Equivalent jobs (FTEs) that the project will create is then calculated assuming that 10 MYEs is the equivalent of one FTE.

The Scottish Government compiles regional estimates for turnover per construction employee within the Scottish Annual Business Survey (SABS) and the current (2012) Highland Council figure identified within this assessment is £122,439. In order to calculate the GVA impact of new construction related posts the GVA per construction employee for the Highlands is utilised, in this case £47,712. This figure is also drawn from the SABS.

A detailed breakdown of construction costs has been provided, and the likely costs associated with the proposed Option Four are estimated to be £8,134,712 and it is this figure that has been used for the purposes of this assessment.

Using the pro-rated output per construction employee figure of £122,439 this employment co-efficient identifies that 66 man years of construction employment will be created by the Development.

Based on Scottish Enterprise Project Appraisal Guidance, we have assumed that 67% of construction jobs will be taken by people in the regional area (The Highland Council). This equates to 45 man years of construction employment at the regional level, or 4.5 FTE jobs.

Based on a GVA per construction employee of £47,712 per annum, it is estimated that the Development will generate an additional £2.15 million for the regional economy.

6.10.2 Operation

Direct on-Site employment will be generated through the proposed visitor attraction and accommodation development of around 2,894 sqm Gross Internal Area (GIA). Operational employment density can be calculated by estimating the number of employees working on-site at full capacity, expressed as Full Time Equivalents (FTEs). For the purpose of economic development related projects at this initial appraisal stage, the number of FTEs can be based upon the amount of floor space per employee using the Homes and Communities Agency's (HCA) 'Employment Densities, a Full Guide'. However, the creation of around 5.5 FTE jobs, and therefore this figure has been used in this appraisal.

Importantly, the impact assessment has to consider the expenditure of visitors to the proposed visitor centre. The scale of the proposal suggests visitors will be attracted to Inverness to visit the museum, staying longer and spending more money in Inverness. The feasibility assumes a central estimate of around 35,874 (assuming an average wedding party of 100 guests) unique visits. The GB Day Visitor Survey estimates that the average spend of day trips to the Highlands is around £39 per person, which equates to a total expenditure of £1,399,086. When taking account of the direct onsite expenditure (£552,125) the offsite expenditure is estimated to be £846,961.

Adopting VisitBritain's standard spend:employment assumptions, where 1 tourism related job is safeguarded for every £54,000 of visitor spend, the proposed development has the ability to support 15.7 offsite jobs.

Additionally, the assessment needs to appraise the offsite spend associated with the visitors staying in the self-catering suites (15 in total). An offsite economic impact model (Annex C) outlines that that the visitor accommodation will support nine offsite jobs.

GVA is the key economic indicator used for measuring the performance of an area or sector. GVA is the value of goods and services produced by an area, sector or producer minus the cost of the raw materials and other inputs used to produce them. For the purposes of this assessment GVA has been established by applying the average GVA per employee in the Highlands (£38,666) to the net employment figure at the regional level.

Displacement is an important concept when appraising new commercial developments. There is always a concern that large developments will have a detrimental effect on other attractions and commercial activities (retail /food and drink). Although displacement in cultural attractions is generally higher than other types of commercial developments it is largely dependent on local circumstances. Due to the scale of proposed development we have assumed that the displacement effect will be low, or around 25% (as outlined in HIE/SE Economic Impact Guidance Note).

Multiplier effects associated with additional income and supplier purchases also have to be calculated in economic impact assessments. This should be seen as a conservative estimate as it does not include spend by participants and officials. The expenditure on staging the event will also have had two types of wider impact on the economy:

- Supplier effect: an increase in sales in a business will require it to purchase more supplies than it would have otherwise. A proportion of this ‘knock-on’ effect will benefit suppliers in the local economy; and
- Income effect: an increase in sales in a business will usually lead to either an increase in employment or an increase in incomes for those already employed.

The Scottish Tourism Multiplier Study (STMS) provides standard supplier and income multipliers for the tourism sector. This estimates that the combined supplier and income multiplier for a rural location for day trips is 1.65 and 1.57 for overnight trips at the local level.

The table below outlines that the proposed cultural centre and accommodation has the potential to support more than 35 tourism jobs, and contribute £1.4 million in GVA to the regional economy on an annual basis.

TABLE 6.4 OPTION 4: ECONOMIC IMPACT								
	Gross Jobs	**Displacement Factor**	**Displaced Jobs**	**Non-Displaced Jobs**	**Multiplier**	**Net Jobs**	**GVA Per Head**	**Net GVA**
Direct Onsite Staff	5.5	25%	1.4	4.1	1.65	6.8	£38,666	£262,929
Offsite Staff (Day)	15.7	25%	3.9	11.8	1.65	19.5	£38,666	£753,987
Offsite Staff (Evening)						9	£38,666	£347,994
Total						**35.3**		**£1,364,910**

6.11 Dependencies

This option would depend on the following:

- The Scottish Courts and Tribunals Service vacating the Court Building and rooms currently occupied in the North Tower
- The Highland Council and other occupiers vacating the North Tower
- The Registrars and the Family History Office relocating from their existing location
- Redevelopment of Inverness Museum and Gallery on the adjacent site
- Creation of the wider ICC in the surrounding area

The option would also require improvements to the existing approach to the castle, as well as the surrounding environs.

6.12 Constraints

- Vehicle access for staying visitors.

6.13 Risks

- Anti-social behaviour on-site is incompatible with the operation of a wedding venue.
- Private use for weddings may be incompatible with public access to Registrar's and Family History Room.
- Access to Registrar's and Family Room may be impacted by wedding activities outside, e.g. photographs being taken.

6.14 Option Summary

TABLE 6.5 OPTION 4: ASSESSMENT AGAINST ORIGINAL APPRAISAL CRITERIA	
Criteria	**Assessment**
Benefits Inverness' tourism economy	Very limited impact through provision of Family History Room, which may attract some visitors, particularly Ancestral Tourists and local family historians.
Provides access for locals	Access to some areas of the Court Building. Access to other areas will be limited as they are used for specific functions. only. Access to the North Tower is for staying visitors only, and as such is limited.
Economically sustainable	At medium projection rate this option begins to become economically sustainable. It would make a profit at the high projection rate.
Adds to Inverness' Cultural Life	This option will not add to the city's cultural life.
Creates an authentic experience	This option will provide some limited public access to parts of the historic Castle Building but will not otherwise create an authentic experience.
Counteracts seasonality	This option is unlikely to add to the visitor offer during the off-season. The majority of weddings are also expected to take place between April and October. The family history centre is likely to experience less seasonality, however, user figures are expected to be low.

TABLE 6.6 OPTION 4 SUMMARY			
	Low	**Medium**	**High**
Visits	6,805	11,101	16,158
Income (£)	401,975	552,125	728,600
Expenditure(£)	628,103	628,103	628,103
Surplus/Deficit (£)	- 226,128	- 75,978	100,497

This option includes a variety of facilities and these could be provided for a budget of £8.13 million excluding fees, VAT and inflation.

7.0 OPTIONS COMPARISON

The following table gives a summary comparison of the financial appraisal of all four options. This is based on the medium projections.

TABLE 7.1
OPTIONS COMPARISONS (YEAR 1)

	Option 1	Option 2	Option 3	Option 4
Visitors (Nos.)	89,645	69,706	63,226	11,458
	£	£	£	£
Income	340,525	499,822	883,000	552,125
Expenditure	976,570	859,875	845,172	628,103
Surplus/Deficit	-636,046	-360,053	37,828	-75,978

Option 1 would run at a deficit of £306,507 when the existing IMAG subsidy of ca £329,539 is applied to the medium projections.

The table shows Option 3 emerge as the most financially sustainable.

The following table contrasts how each option meets the original appraisal criteria.

TABLE 7.2 APPRAISAL CRITERIA				
Criteria	**Option 1**	**Option 2**	**Option 3**	**Option 4**
Benefits Inverness' tourism economy	Through improving IMAG and offering at least one high profile touring exhibition.	Low impact through provision of orientation to tourists. Medium impact through creation of self-catering accommodation in the North Tower.	High impact as creating a high quality, immersive attraction that is in addition to the existing visitor offer in Inverness.	Very limited impact through provision of Family History Room, which may attract some visitors, particularly Ancestral Tourists and local family historians.
Provides access for locals	Provides access to all areas of the castle.	Provides access to the Court Building and to the Visitor Outlook areas of the North Tower. Limited attraction for locals to visit.	Provides access to the Court Building only. Access to some areas of the Court Building will require paying admission. Access to the North Tower is for staying visitors only, and as such is limited.	Access to some areas of the Court Building. Access to other areas will be limited as they are used for specific functions. Access to the North Tower is for staying visitors only, and as such is limited.
Economically sustainable	This option will require public subsidy.	This option does not cover its costs.	At medium projection rate this option begins to become economically sustainable. It would make a profit at the high projection rate.	At medium projection rate this option begins to become economically sustainable. It would make a profit at the high projection rate.
Adds to Inverness' Cultural Life	Through an improved programme of temporary exhibitions and an increase in activities, e.g. events, programmes.	This option does not add to Inverness' cultural life.	This offer does not add to Inverness' cultural life without further expenditure on an events programme.	This option will not add to the city's cultural life.
Creates an authentic experience	Through providing access to an iconic, historic building and showcasing the historical and artistic collections that represent Inverness and the Highlands.	This option does not create an authentic experience beyond access to the castle Building.	Through an immersive experience. The example used was of the natural and cultural landscape of the Great Highlands of Scotland.	This option will provide some limited public access to parts of the historic Castle Building but will not otherwise create an authentic experience.

TABLE 7.2 APPRAISAL CRITERIA				
Criteria	**Option 1**	**Option 2**	**Option 3**	**Option 4**
Counteracts seasonality	Through programming events and exhibitions during the low season, aimed at the local and Day trip markets. Limited impact on tourist market.	This option would not add to Inverness' offer during the low season.	This option will not add specific appeal during the low season beyond what it offers year-round.	This option is unlikely to add to the visitor offer during the off-season. The majority of weddings are also expected to take place between April and October. The family history centre is likely to experience less seasonality, however, user figures are expected to be low.

Options 2 and 4 meet fewer of the criteria established at the outset of the study for the development of Inverness Castle. Option 2 offers limited impact on the criteria relating to tourism, the visitor and cultural offer, and access for locals. Option 4 fully meets the criteria of economic sustainability at the high projection levels for use, but has minimal impact on the remaining criteria.

Option 1 currently more fully meets the appraisal criteria relating to tourism, the visitor and cultural offer, and access for locals than does Option 3. However, Option 1 will require on-going public subsidy of between £600,000 and £680,000.

Option 3 does not in its current form fully meet the two criteria of adding to Inverness' cultural life and to address seasonality. However, this may be improved through offering an additional events programme, either immediately or in the future. In contrast to Option 1, Option 3 will begin to become economically viable at the medium projected visitor figures, and make a surplus at the high projections for visitor numbers. This surplus may be able to cover expenditure for an increased events programme.

Taking into consideration the wider aspirations for the redevelopment of the Bridge Street/Castle Wynd/Castle Street car park area and the plans for an Inverness Cultural Centre, Option 3 would add another attraction to this offer. In comparison, Option 1 would improve the IMAG component, but would not in itself add another attraction to Inverness.

In addition to the direct economic benefits there are proposals in place to ensure wider economic benefits, such as the sourcing of raw materials/ingredients/stock but also linked to construction, repair and maintenance of facilities. Additional benefits, not measured as part of this assessment, include enhanced Corporation Tax, National Insurance, Water rates and Non-Domestic rates.

Perception benefits, which are hard to measure and non-tangible in nature, are expected through the various options. The existing museum makes a positive economic contribution through direct employment, trade and expenditure. The proposed options can play a key role in strengthening the destination credentials of Inverness and the wider Highlands, and support other key tourist assets in the area. Building critical mass is a key aspect of destination development and therefore the proposals can help Inverness become a globally recognised destination in its own right.

The focus on provenance, both food and drink and crafts, has the ability to generate greater economic impacts than highlighted above. The multipliers used are sourced from national datasets, however, it is known that local sourcing can provide multiplier benefits far greater than those recorded at the national level.

For example, the New Economics Foundation's 'Plugging the Leaks' research has proven that for every pound spent on primary or fresh produce purchased from local businesses as opposed to the national retailers has the ability to boost the wealth to the local economy by 83p. That is a difference in re-circulation of money between spending with a national retailer where just 15p is re-circulated in the economy, and with local where 98p on average is re-circulated in the local economy. Economic impacts can therefore be enhanced to support local business growth.

The ability to showcase local produce to a considerable customer base has the potential to provide economic, community and social benefits beyond those recorded above. Local sourcing, at both construction and operational phases, is proposed. Similarly, ensuring local people access local jobs is an important feature of community economic development theory.

Achieving the stated economic outcomes will only be realised if local people and businesses are aware of the opportunities and have the ability to obtain skills and training to access new employment opportunities. There is a role for public partners, notably JobCentrePlus, UHI and Inverness College, to devise a local labour initiative to ensure local people benefit from new opportunities. This could form part of a wider tourism development programme overseen by High Life Highland

The following responds directly to the questions raised in the original brief as relevant to a comparison of the options, based on the Outline Business Cases presented above:

What is the best use of the castle when vacated by the Scottish Courts and Tribunal Service and The Highland Council?
The above suggests that Option 3 presents the best use, based on economic sustainability and visitor offer and public access.

What interpretive/visitor activity approach will attract and retain the most customers and also remove/reduce the requirement for public subsidy?
Only Option 3 is likely to remove/reduce the requirement for public subsidy while providing an interpretive offer and visitor activity.

What options will be most suited to enhancing the architectural status of the castle?
Option 3 has the least impact on the architecture of the castle, which considering its listed status is preferred from a conservation point of view, and the required Listed Building Consent. At the same time, the option still gives access to key areas such as the terrace overlooking the river. This enables visitors to fully appreciate the castle's location and architecture, without compromising the castle's remaining integrity after previous alterations.

Is there a single themed approach that offers the best outcomes in terms of the aims? If not, what should the mix of retain and interpretation, free and paid access, be?
Option 3 is the only visitor attraction offer that does not require subsidy. It also adds a strong offer to Inverness' tourism market. It relies on a mix of paid and free elements, as well as a high end retail and catering offer.

The theme used in the example, 'Wild and Wonderful', directly links to the audience research findings that more than half of visitors to the Highlands (57%) are primarily (but not exclusively) motivated by the scenery, followed by 23% who come for the region's history. 50% of ancestral tourists to Scotland visit the Highlands, and here too, the scenery was important in the activities that they undertook, as were places of ancestral relevance. By focusing on the natural and cultural heritage of the Scottish Highlands, and providing an innovative, immersive and inspiring experience, the theme of 'Wild and Wonderful' is considered highly attractive to visitors to the Highlands in relation to their existing motivations to visit the reason.

Based on the research on the activities undertaken by visitors while in the Highlands in 2011, Option 3 also proves a strong offer. More than half of all visitors tried local food, and the same number visited a historic house. More than a third of visitors each did shopping or visited a visitor centre. It is therefore likely that visitors will be attracted by the high-quality catering offer using local produce in a stunning and historic location, the upmarket retail offer with local products, and the visitor attraction element of Option 3.

While providing a mix of commercially productive and sustainable elements, Option 3 does not mix audiences with different motivations, expectations and needs. Visitors to the Court Building offer will be comparable, while the North Tower with accommodation guests is sufficiently separate to avoid the clashing of different requirements. This is not, for example, the case in Option 4.

As outlined above, Option 3, like other options, entails a number of additional economic and perception benefits.

In conclusion, therefore, it is our opinion that Option 3 offers the strongest opportunities for a sustainable development of Inverness Castle within the wider strategic aspirations for Inverness.

8.0 RECOMMENDED OPTION: FIVE YEAR REVENUE BUDGET PLAN

Based on the appraisal against the aspirations for a development of Inverness Castle and the Outline Business Cases for each of the four shortlisted options, we recommend that Option 3: Inverness Visitor Attraction and Accommodation is taken forward. Please see Section 7.0 for further assessment and comparison against the other short listed options. It must be noted that further audience research will be required to identify the most appropriate and attractive topic for the paid visitor experience aspect. The following is based on the theme of 'Wild and Wonderful', the natural and cultural heritage of the Great Scottish Highlands, to illustrate our belief that a strong theme has the potential to deliver a viable option.

Table 8.2 below provides a five year revenue budget plan for Option 3. Year 1 is assumed to be at the level of the medium projections for visitor figures and occupancy for the self-catering apartments. During the first year, it is projected that the Visitor Attraction would report an operating surplus of £32,123. In the second year, the attraction would report an increased surplus. The peak surplus would be achieved in Year 3, the same year in which visitor numbers would plateau. Impact and costs of an events programme added to further counteract seasonality has not been considered.

An inflation rate of 3% is added to all income and expenditure lines from Year 2 onwards. Staffing costs increase at a higher rate.

The following table provides a summary of the assumed admission charges and average spend per visitor in Year 1:

TABLE 8.1
SUMMARY OF CHARGES AND SPEND PER VISITOR

Item	Average Spend per visitor (£ excl. VAT)	Comparison (source: Moffat Centre)
Admission to Visitor Experience element	5.50	Highland average 2014: £5.44
Retail	3	The 2013/14 average of free and heritage centres is £2.15
Catering	2.35	The 2013/14 average of free and heritage centres is £2.35

The average price for a self-catering apartment is assumed to be £100, providing an income of £83 (ex VAT). This is based on a comparison with other self-catering venues in Inverness that showed an average price range depending on season of £97-116.

For further description of this option please refer to Section 5 above.

TABLE 8.2 OPTION 3: FIVE YEAR REVENUE BUDGET PLAN					
	YEAR 1	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**
Visits (total)	*54,979*	*61,956*	*68,934*	*68,934*	*68,934*
Catering/Retail Visitors only	*8,247*	*9,293*	*10,340*	*10,340*	*10,340*
Self-catering bednights/year	*2,920*	*3,358*	*3,796*	*3,796*	*3,796*
INCOME PROJECTIONS	**£**	**£**	**£**	**£**	**£**
Admission	302,383	350,983	390,512	402,227	414,294
Retail	189,677	220,162	244,958	252,306	259,875
Catering	148,580	172,460	191,883	197,640	203,569
Self-catering Appartments	242,360	287,075	324,520	334,256	344,283
TOTAL INCOME:	**883,000**	**1,030,681**	**1,151,873**	**1,186,429**	**1,222,022**
EXPENDITURE PROJECTIONS					
Cost of sales - shop	75,871	88,065	97,983	100,923	103,950
Cost of sales - catering	66,861	77,607	86,348	88,938	91,606
Staff	310,656	333,955	359,002	376,952	395,800
Office Costs	15,000	15,450	15,914	16,391	16,883
Advertising and marketing	40,000	41,200	42,436	43,709	45,020
Lifecycle	84,622	87,161	89,775	92,469	95,243
Reactive Maintenance	51,065	52,597	54,175	55,800	57,474
Security, Waste, Cleaning	53,983	55,602	57,271	58,989	60,758
Utiliites	67,114	69,127	71,201	73,337	75,537
Exhibition maintenance and renewal	50,000	51,500	53,045	54,636	56,275
Insurance	15,000	15,450	15,914	16,391	16,883
Rates	10,000	10,300	10,609	10,927	11,255
Sundry expenses	5,000	5,150	5,305	5,464	5,628
TOTAL EXPENDITURE:	**845,172**	**903,165**	**958,976**	**994,925**	**1,032,312**
Surplus/Deficit	**37,828**	**127,517**	**192,897**	**191,504**	**189,710**

APPENDIX A

FEEDBACK FROM STAKEHOLDER WORKSHOP

On 13th April 2015, a workshop with a wider group of stakeholders took place at the Highland Archive and Registration Centre in Inverness. The group included interested individuals and representatives from the following organisations:

- Inverness Hotels Association
- Highland Clan Partnership Group
- Inverness Civic Trust
- Association of Scottish Visitor Attractions
- Inverness Community Councils Forum
- Episcopal Church
- Federation of Small Businesses
- Inverness Business Improvement District
- Association of Highland Clans and Societies

The aim of the workshop was to gather the views of stakeholders on what was needed in Inverness, and what role a redeveloped Inverness Castle could play in this. The initial architectural assessment of the building's potential was also shared with stakeholders to stimulate their ideas about what functions and services could be delivered at the redeveloped building.

The session began with a consideration of what areas stakeholders identified as requiring improvement for the future development of Inverness as a successful destination. The following areas were identified:

- Evening/night-time economy beyond pubs, especially for families and older visitors (cafés etc.)
- Car parking
- Wet weather attractions
- Traffic calming/pedestrian areas
- Transport integration
- Hotel accommodation
- Art gallery
- Upgrade architectural assets
- Better visitor sign-posting/information
- More emphasis on culture and cultural heritage, away from focus on outdoor pursuits
- Address seasonality especially of the visitor market: create a destination in the low season, e.g. with greater focus on locals and Highland users

Stakeholders highlighted the desire to encourage more people to stay in Inverness, rather than use it merely as a springboard to explore the Highlands. Stakeholders also emphasised the dual role of Inverness as a service centre for the people of the Highlands and Islands, and its role as a sign-post to the wider area for tourists. Both roles are envisaged to remain important in the future of Inverness, and although there was some consensus that the focus should be on visitors from outside the Highlands, there was also a view that development of facilities and infrastructure that serve visitors will also benefit users from the Highlands.

With regard to **potential uses** for Inverness Castle, stakeholders provided the following feedback:

- There was consensus that the building should be publicly accessible, thus use as a hotel was not favoured.
- Museum; probably replacing the current IMAG (one participant thought IMAG was poor); focus on Highlands
- Visitor Information Centre, with an exhibition sign-posting visitors to the wider offer in Inverness and the Highlands
- Opportunity to attract travelling exhibitions to gain local repeat visitors was seen as very important
- Need for a lecture theatre for between 100-250 people; view that there are very few such venues currently in Inverness; other venues might offer the right capacity, but lack transport links (public transport, parking for cars); also a lack of opportunity to mingle/socialize after the meeting at other venues.
- Family History
- Genealogy
- Serviced apartments: huge demand. Tourism. Serviced.
- Museum/gallery/medieval history
- Small Scottish film centre/performance
- Wedding venue
- Restaurant
- Storytelling centre

There was some discussion around whether the castle should become a clan or tartan centre, although the consensus was that at best this would have weak attraction power.

APPENDIX B

STRATEGIC CONTEXT

The following reviews the strategic context for any development at Inverness Castle. It provided a central framework for this current feasibility study and business case.

1. Inverness City Vision: building a better Inverness

The vision is for a "'can-do Inverness': where ***individuals and communities*** are enabled to **fulfil ambitions** that benefit them, their city and the wider area; where ***passion*** is matched to ***potential***, and every **action** generates the ***best possible*** outcome."

The document makes it clear that the 'future of Inverness is about people and their relationship with the natural and built environment'. This future is built on the following foundations:

- People

  'A resilient, people-oriented Inverness.' This includes understanding how people navigate through life and their place in Inverness and what their aspirations are. Inverness therefore 'needs to enable people to live their lives their way, and to create a place which has the potential to recover from shocks and challenges.'
- Resilience

  In addition to economic resilience, this means embedding health, quality of life and fairness into the development of Inverness. Points identified as critical in this effort are
  - Better use of existing assets
  - Providing space and support to people to do it for themselves; enabling people
  - More joined up working
  - Ensuring that economic development responds to the DNA of the place
  - Working within environmental limits
  - Championing the health and well-being of the citizen in all resource management decision making.
- Using the assets we already have

  The document identifies as the city's assets its citizens, its tangible or physical assets, and competencies.

The vision identifies four essential qualities to focus on:

- Quality of life
- Quality of service
- Quality of design
- Quality of brand

2. Tourism Scotland 2020: The future of our industry, in our hands.
The Scottish Tourism Alliance

The strategy's vision is 'Making Scotland a destination of first choice for a high quality, value for money and memorable customer experience, delivered by skilled and passionate people. '

The strategy identifies four groups of assets that contribute to Scotland's brand as a 'dramatic, enduring and human' destination:

- Nature, heritage and activities
- Destination towns and cities
- Events and festivals
- Business Tourism

The areas for improvement identified are the variations in quality across the offer in accommodation, eating out, travel infrastructure, and internet and mobile phone coverage. The strategy also stresses the need to turn assets into authentic experiences for tourists that are unique to Scotland. The key areas for developing capacity are identified as

- Leadership and collaboration
- Quality and skills
- Marketing
- Sustainable tourism

The strategy highlights the following growth markets for Scotland:

- Home turf
  i.e. England, Scotland, Northern Ireland, Wales. Growth potential between 15% and 36% based on 2011.
- Near neighbours
  i.e. Scandinavia, Germany, France, Spain, Ireland, Netherlands, Italy. Growth potential between 20% and 42% based on 2011.
- Distant Cousins
  i.e. USA, Australia and Canada. Growth potential between 22% and 44% based on 2011.
- Emerging Markets
  i.e. India, China, Russia and Brazil. While the strategy acknowledges that these markets offer only limited short to medium-term returns for Scottish tourism, it still sees potential for this market segment to double or even triple in size.

3. Highland Tourism Action Plan
Highland Area Tourism Partnership

This action plan was developed in response to the Tourism Scotland 2020 strategy. The plan's vision is that 'The Highlands will be a destination of first choice for a high quality, value for money and memorable customer experience, delivered by skilled and passionate people. By doing so we will maximise the benefits tourism brings to our businesses and communities.'
In addition to the Tourism Scotland 2020 strategy's capabilities, the plan identifies the need to focus on three key areas of activities for the Highlands:

- Marketing
- Advocacy
- Improving the Tourism Product

The key actions identified under each activity area include:

- Marketing
  - VisitScotland Expo: creating a dedicated Highland area
  - Improve links between Destination organisations and VisitScotland marketing activity
  - Destinations and sectors to be better connected, e.g. improved cross promotion, collaboration between sectors to attract and retain visitors
  - Visitor Information
- Advocacy
  - e.g. including strategic transport infrastructure and public transport
  - support for destinations to produce destination development plans
- Improving the Tourism Product
  - Customer Feedback
  - Business Development
  - Customer Service
  - Infrastructure

4. Tourism Development Framework for Scotland: *role of the planning system in delivering the visitor economy*
VisitScotland 2013

The Framework supports the future development in the visitor economy and supports the national Tourism Scotland 2020 strategy. In particular, the Framework focuses on two key areas of the tourism strategy and associated themes:

- Improving the Customer Journey
  - Theme 1 – Digital Connectivity
  - Theme 2 – Transport

  - Theme 3 – Accommodation
  - Theme 4 – Food & Drink

- Providing Authentic Experiences
  - Theme 5 – Nature, Heritage & Activities
  - Theme 6 – Destination Towns & Cities
  - Theme 7 – Business Tourism
  - Theme 8 – Events & Festivals

5. Inverness City Centre Development Brief
Highland Council, March 2013

The city centre has been identified as a key priority area in the Inverness City Vision. Linked to the overall vision for the city, the vision for the city centre is therefore that 'what will emerge, very simply, is a resurgent City Centre as the heart of Inverness...which is a service centre for the whole Highland area.'

Inverness Castle is one of the five key districts of the city centre, beside the Old Town, East of Academy Street, the River, and the Retail Core (High Street and Eastgate Centre).

The aspirations of the brief for the city centre are:

- Improve the commercial vitality and viability of the city centre
- Make the city centre the most attractive and desirable place for businesses to locate
- Enhance the user experience for tourists and other visitors
- Make the most of our historic buildings
- Reconnect the city centre with the river frontage
- Increase connectivity and active travel to, from and within the city centre.

The brief's five themes, expressing the key challenges and opportunities for the city centre, are:

- Built and Natural Environment
  Protecting and enhancing this heritage to promote place identity and maximise the visitor experience
- Movement and Transport
  Ensure the ability to move freely as a key aspect to allow areas to prosper
- Tourism
  Enhance the tourist experience so that more people visit Inverness and the Highlands
- Economy
  Support existing and attract new businesses to strengthen the economy and re-establish a thriving environment
- Living in the city centre

Creating a strong and diverse city centre population to unlock benefits.

Key Actions relevant to Inverness Castle are:

- Improving the road network to ease congestion at key times
- Improve car parking at key entry points into the city
- Create park and ride facilities
- Development of the Victorian Market, to introduce after-hour uses, e.g. through restaurants, cafés and live entertainment
- Potential to develop commercial facilities in East of Academy Street
- Existing approval for development of a 166 bedroom, 4 star hotel with car parking in Glebe Street
- Opportunity to redevelop the former Crofters Commission building at 4 Castle Wynd
- Opportunity to develop the upper floors of Bridge Street if the tourist information service was relocated; uses may include residential, retail, office, civic or leisure space.
- Opportunity to redevelop the public toilet block in Castle Street car park
- Opportunity to use the Town House for more civic and ceremonial uses.
- Opportunity to establish an active travel hub/terminus in Castle Street car park for pursuits such as the Great Glen Way and the National Cycle Routes.
- Further development to refurbish the existing properties in the Retail Core

A new city centre action plan is currently being developed.

6. Other

Development of the North Tower at Inverness Castle

Plans are in place to develop a visitor offer in the North Tower of Inverness Castle. Details are included in two papers for the Inverness Castle Working Group, ICWG6 and ICWG18, and these are as follows:

- Entrance and shop on the ground floor
- Two further floors with interpretation
- Two viewing platforms, the lower of which would be accessed from the second floor interpretation area
- A café (location not specified)

There would be an admission charge of £3 per person. The estimated visitor number is 25,000 for the first year, rising to 50,000 annually thereafter. The cost estimate for the project is £360,000. Works on this development is expected to take place during the financial years 2015/16 and 2016/17, with the attraction expected to open in Spring 2016. The attraction would be managed by High Life Highland.

A planning application has already been submitted.

Plans for an Inverness Cultural Centre

A paper for the Inverness Castle Working Group (ICWG10) notes current proposals investigated by High Life Highland to re-combine the Inverness Museum and Art Gallery with Inverness library. The aim is to offer joint facilities of a classroom and lecture hall, and an approach that links informal and formal learning from the library to study at the University of the Highlands and Islands. The paper notes the following space requirements:

TABLE B.1 INVERNESS MUSEUM AND ART GALLERY	
Public Areas	575m2
Gallery/Museum	1800m2
Servicing Exhibitions	1520m2
External space – Estimated to be in the region of	200m2
Lending & Research library	1300m2

Expansion of this proposal is central to the concept of an Inverness Cultural Centre, for which an undated paper titled 'Strategic Vision and Facility Contents' provides the following 'high level' vision details:

- Bookable spaces for community/partners/small business
- Lecture/tutorial space
- Design and creative space
- Café/refreshments area
- High quality shop
- Child-orientated animated or automata public artwork
- Dedicated learning/lecture suite
- Flexible learning space with the latest ICT technology
- Children's area with activity space for events and experiences, museum handling collections, art and library resources
- Dedicated study space
- 3 galleries: permanent/semi-permanent collection, applied arts gallery, and a changing contemporary visual arts gallery.
- Community gallery in a foyer/circulation space
- Activity spaces, incl. a 'dirty' space
- Museum galleries, interactive and contemporary.

APPENDIX C

BUILDING APPRAISAL

C.0 SITE AND BUILDING APPRAISAL

The following section provides an overview appraisal of the location and site of Inverness Castle, and its significance.

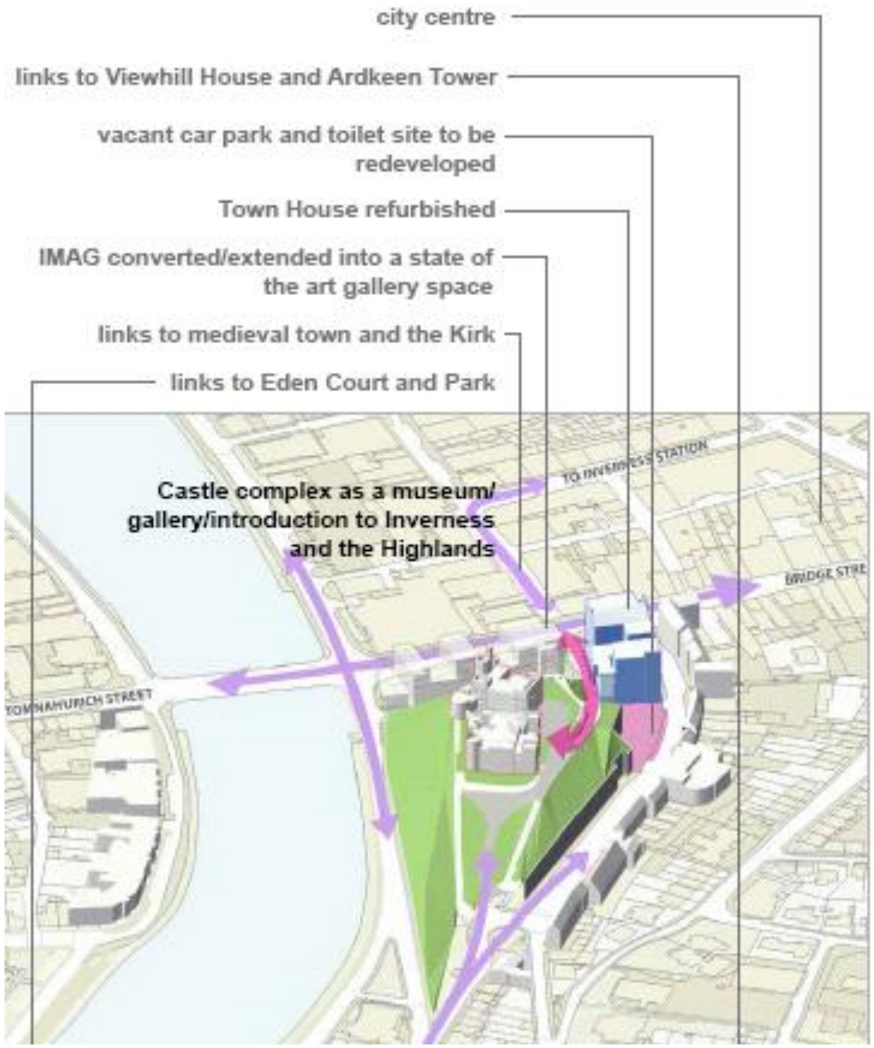
C.1 Site Appraisal

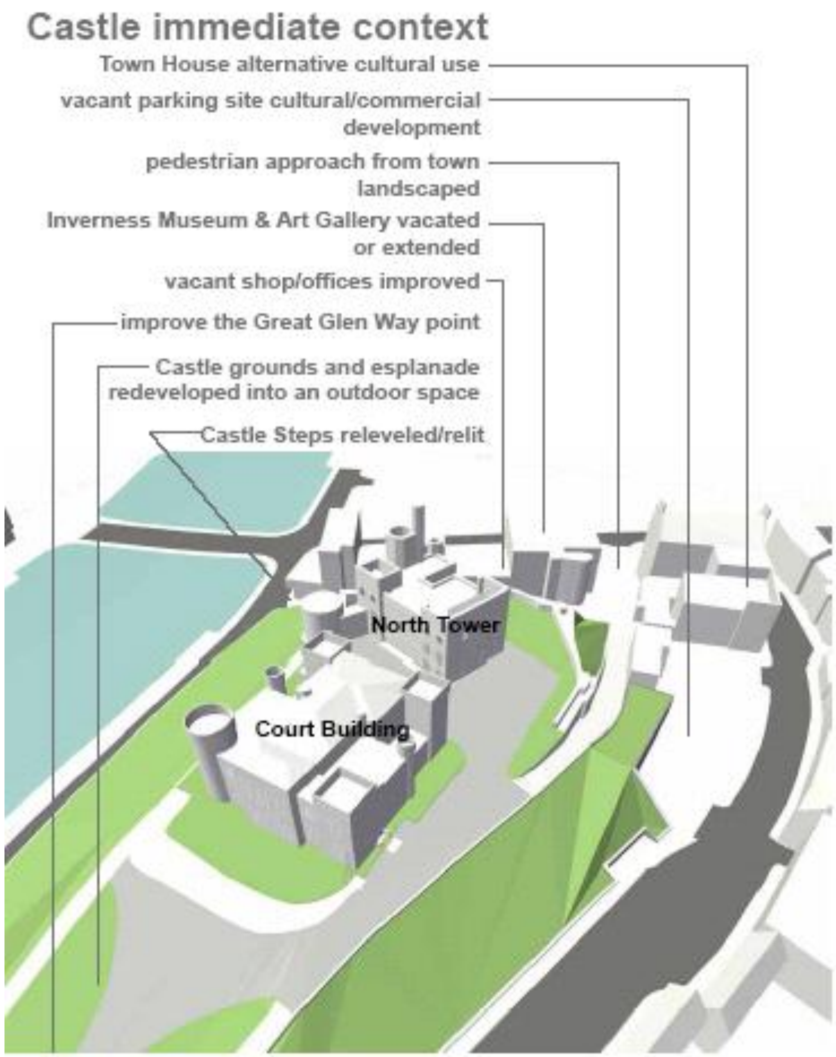
The image below situates Inverness Castle within the wider urban landscape of Inverness. The Kessock Bridge can be seen on the right. The castle is marked by the red dot.

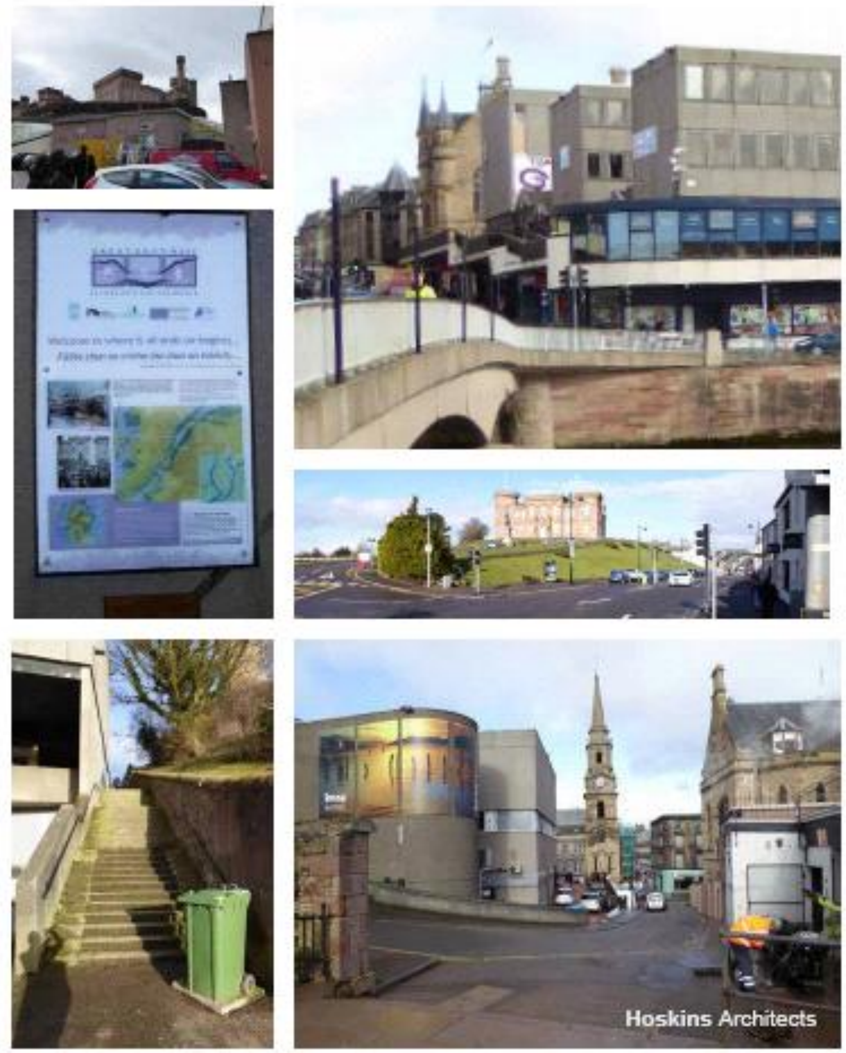
Fig. C.1 Inverness Castle within wider context.

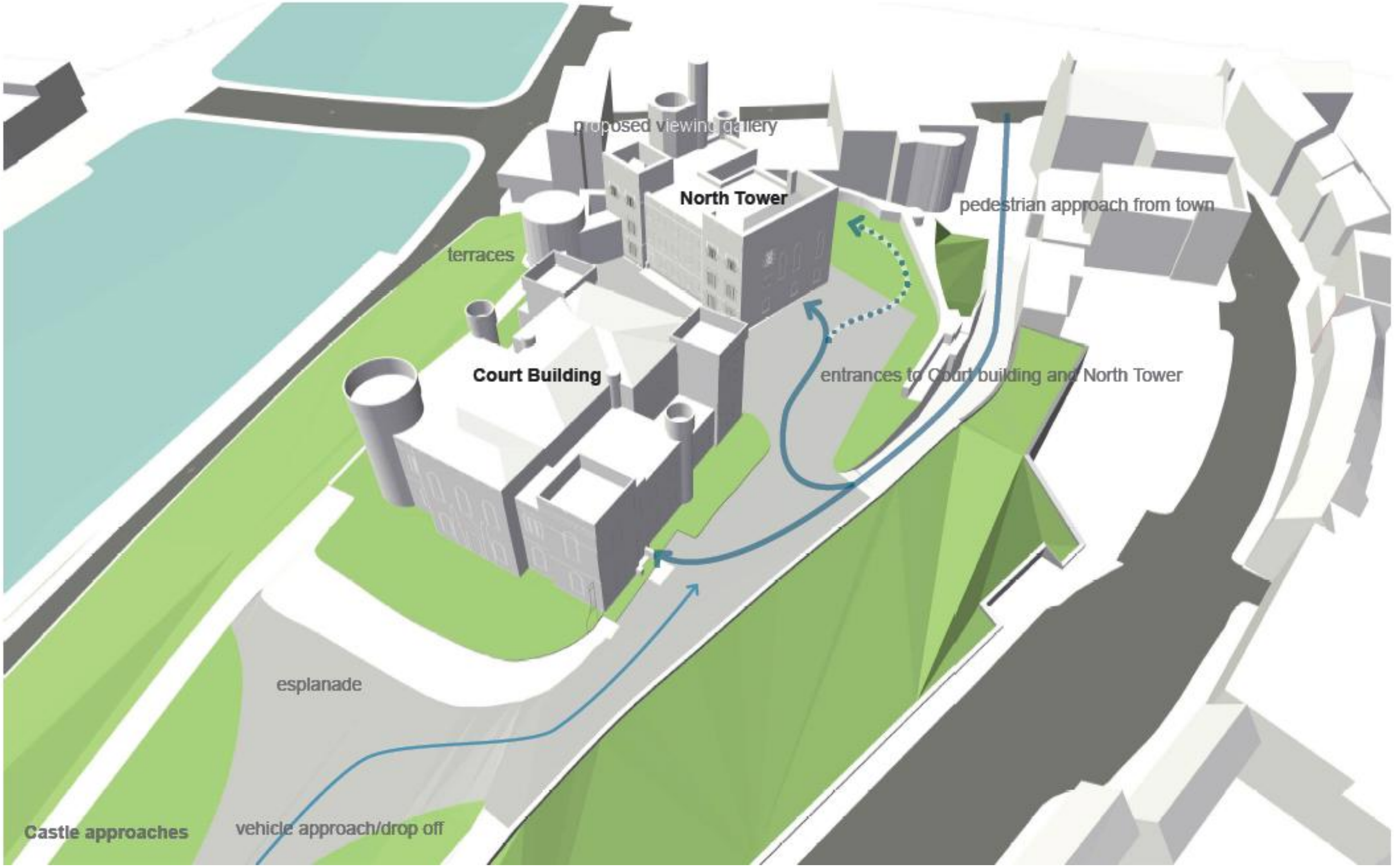
The following illustrations show the location of Inverness Castle within its immediate streetscape. It identifies key vehicular and pedestrian access routes, as well as key buildings and areas in its immediate surroundings.

Castle context for potential cultural hub




Castle immediate context
Town House alternative cultural use
vacant parking site cultural/commercial development
pedestrian approach from town landscaped
Inverness Museum & Art Gallery vacated or extended
vacant shop/offices improved
improve the Great Glen Way point
Castle grounds and esplanade redeveloped into an outdoor space
Castle Steps releveled/relit
North Tower
Court Building


Hoskins Architects


proposed viewing gallery
North Tower
pedestrian approach from town
terraces
Court Building
entrances to Court building and North Tower
esplanade
Castle approaches
vehicle approach/drop off

C.2 Building Appraisal

The images and illustrations on the following pages identify the key features of Inverness Castle and their significance.

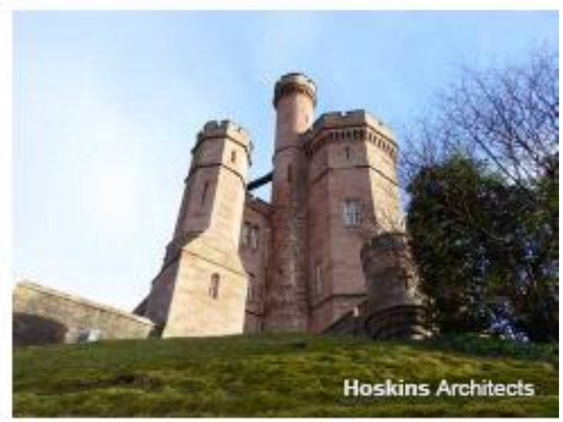
Castle's key features

Setting

Court Building

Flora Macdonald statue

North Tower



Castle's key features

Court stair

Sheriff Court

Council Room

Offices

Castle's key features

District Courtroom

Tower rooms

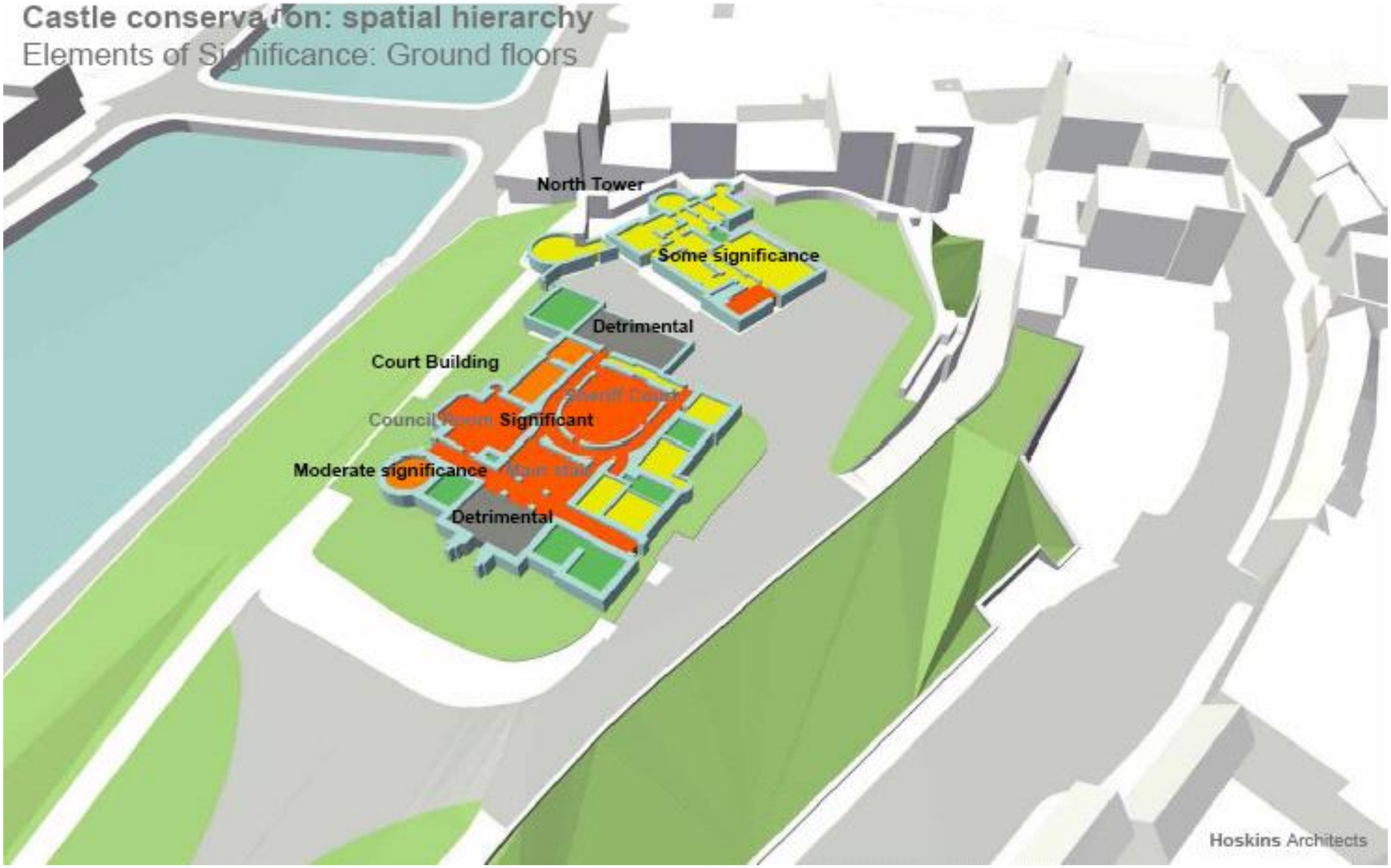
Prison features

Terraces

Castle conservation:
planning context

- Court Building 1838
- North Tower 1846
- Category A Listed complex
- all alterations require Listed Building Consent
- some spaces are more significant than others
- indicative assessment by conservation architect
- risk of radical proposals subject to Planning and Historic Scotland objections


Castle conservation: spatial hierarchy
North Tower
Court Building
Hoskins Architects


Castle conserva on: spatial hierarchy
Elements of Si nificance: Ground floors
North Tower
Some significance
Detrimental
Court Building
Council
Significant
Moderate significance
Detrimental
Hoskins Architects

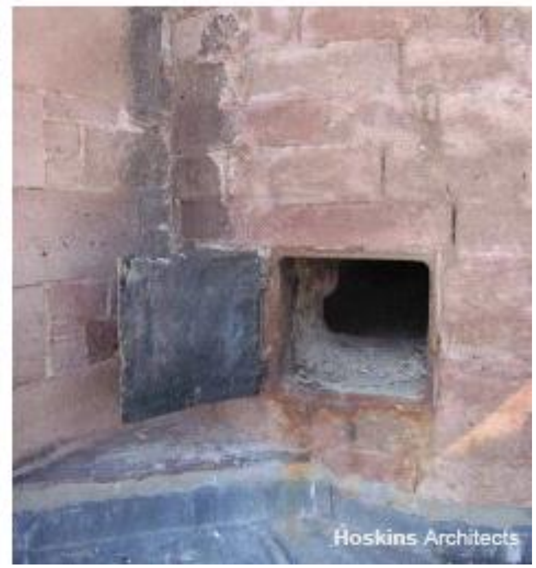

Castle conservation: spatial hierarchy
Elements of Significance: First floors & balcony
Some significance
Moderate significance
Some significance
Hoskins Architects


Castle conservation: spatial hierarchy
Elements of Significance: second floors
Some significance
Moderate significance
Moderate significance
Some significance
Hoskins Architects


Castle conservation: spatial hierarchy
Elements of Significance: third floors
Moderate significance
Hoskins Architects

Repairs

- Well maintained fabric by SCS and THC
- Recent roof repairs on North Tower
- Assume legal obligations regarding safety/asbestos/ services/maintenance discharged
- Services require complete replacement
- Stonework defective and ill-repaired in areas
- Approximate fabric repair cost £1,200,000



Design constraints

- Although appearing a large building complex, there are few large spaces
- Court Building Entrance Hall, Sheriff Court, Council Room and District Court
- While Category A Listed the complex was radically altered in 1907 resulting in the loss of much historic fabric/detail eg. the North Tower was altered from a prison to a court with offices

APPENDIX D

MARKET APPRAISAL

The following presents key findings from the market appraisal for Inverness Castle, based on the options initially proposed in the brief. Sections already included in the main body of the report have been omitted.

1. Visitor Attractions

1.1 Overview

There are 24 **visitor attractions** within a 70 mile radius from Inverness Castle, ranging from historic sites to museums and art galleries.

Of these, only two attracted more than 100,000 visitors in 2014:

- Eilean Donan Castle (377,117 visitors)
- Urquhart Castle (Historic Scotland, 330,489)

A further four attractions received more than 50,000 visitors in 2014:

- Culloden Battlefield (National Trust for Scotland, 98,780)
- Cawdor Castle (77,315)
- Dunrobin Castle (67,209)
- Fort George (Historic Scotland, 55,240)

Inverness Museum and Art Gallery (IMAG), which is the closest attraction to Inverness Castle, received 42,369 visitors in 2014 (Source for all the above: VisitScotland)

The following table provides an overview of local competitors and their offer.

TABLE 1.1
COMPETITORS

Attraction	Type	Distance to Castle (m)	Opening Times	Admission		Visitor Figures		Visitor Offer
				Free	Paid	2012	2013	
Attractions with more than 100,000 visitors								
Eilean Donan Castle	Historic House	69.9	Seasonal		x	319,527	354,424	**Theme:** Eilean Donan Castle. **To see:** Historic Castle. **To do:** Special Events (e.g. Re-enactments). **To shop/eat:** Gift Shop, Café.
Urquhart Castle (HS)	Historic Site, Visitor Centre	16.8	Daily		x Free for members	296,498	310,446	**Themes:** History of Urquhart Castle, incl. brief exploration of English/Scottish conflicts. **To see:** Small permanent exhibition with archaeological artefacts found on site; audio-visual display with reveal of castle ruins; castle ruins with Grant Tower, offering views of Loch Ness. **To do:** Special Events (e.g. historical encampments). **To shop/eat**: Café, Shop
Culloden Battlefield (NTS)	Historic Site, Visitor Centre	6.1	Daily		x Free for members	98,266	109,063	**Themes:** Battle of Culloden and contextual history before/after, incl. some interpretation of Highland culture. **To see:** Permanent exhibition with historical artefacts; audio-visual displays; roof top viewing platform; battlefield; memorial cairn; graves; historic cottage. **To do:** Multimedia battlefield guide (foreign languages, included); live interpretation;

TABLE 1.1 COMPETITORS								
				Admission		Visitor Figures		
Attraction	Type	Distance to Castle (m)	Opening Times	Free	Paid	2012	2013	Visitor Offer
								guided tours of battlefield (included).
								To shop/eat: Restaurant; shop.
Attractions with between 50,000 and 99,999 visitors								
Cawdor Castle	Historic House	14.2	Seasonal		x	73,739		**Themes:** Cawdor Castle: people, architecture, collections.
								To see: Historic castle, formal gardens.
								To do: nature trails through castle grounds; Special events (e.g. Outdoor Theatre, charged).
								To shop/eat: Courtyard Café, Gift Shop, Wool Shop, Highland Shop.
Dunrobin Castle	Historic House	52.4	Seasonal		x	59,938	65,673	**Themes**: Dunrobin Castle: people, architecture, collections.
								To see: Historic castle; museum with natural history displays, African artefacts, collection of Pictish stones; Falconry.
								To do: -
								To shop/eat: Tearoom; Shop.

TABLE 1.1 COMPETITORS								
				Admission		**Visitor Figures**		
Attraction	**Type**	**Distance to Castle (m)**	**Opening Times**	**Free**	**Paid**	**2012**	**2013**	**Visitor Offer**
Fort George (HS)	Historic Site	12.8	Daily		x Free for members	55,339	55,826	**Themes**: History of Fort George, incl. some reference to the 1745 Jacobite Rising
								To see: Site (limited access as continued use by British Army); artillery fortifications; grand magazine with 18th century arms and military equipment display; historic barrack rooms; garrison chapel; dog cemetery; audio-visual presentation 'The Fort George Story'; 15 minute film of 19th century battle re-enactment; Regimental Museum of the Highlanders.
								To do: Audio tour (incl. foreign languages, included).
								To shop/eat: Café. No shop.
Attractions with between 20,000 and 49,999 visitors								
Inverness Museum and Art Gallery (High Life Highland)	Museum, Gallery	0.2	5 (4) days a week	x		41,194	41,597 (E)	**Themes:** 'The art, history and heritage of the Highlands.' Incl. history of Inverness itself.
								To see: Permanent exhibition galleries on geology, natural history, archaeological heritage of the Highlands and Inverness, the Jacobites, Highland arts and crafts; Touring exhibitions (arts).
								To do: Talks (free and charged, £3); Workshops (e.g. collections, charged, £4.70); Lunchtime lectures (charged, £3)
								To shop/eat: Cuach Coffee Shop (10am-

TABLE 1.1 COMPETITORS								
		Distance to Castle (m)		**Admission**		**Visitor Figures**		
Attraction	**Type**		**Opening Times**	**Free**	**Paid**	**2012**	**2013**	**Visitor Offer**
								4pm); Shop
Brodie Castle (NTS)	Historic House	23.3	Seasonal		x Free for members	15,179	30,972	**Theme**: Clan Brodie; architecture; collections.
								To see: Historic House; landscaped gardens; walled garden;
								To do: woodland walks; adventure playground; observation hides for watching wildlife.
								To shop/eat: Gift Shop; tearoom.
Elgin Cathedral (HS)	Historic Site (ruins)	38.8	Daily EXCEPT winter (5 days)		x Free for members	24,300	22,891	**Theme:** Elgin Cathedral, Architecture.
								To see: ruins; gravestones.
								To do: Guided Tours (Mon-Fri, included).
								To shop/eat: -
Glen Ord Distillery	Whisky Distillery	13.8	Daily (5-7 days)		x	17,888	20,340	**Themes:** Whisky Distillery
								To see: Whisky Distillery (tour only); exhibition.
								To do: Guided tour of distillery with whisky tasting.
								To shop/eat: Distillery shop.

TABLE 1.1
COMPETITORS

Attraction	Type	Distance to Castle (m)	Opening Times	Admission		Visitor Figures		Visitor Offer
				Free	Paid	2012	2013	
Attractions with between 5,000 and 9,999 visitors								
Dallas Dhu Historic Distillery (HS)	Historic Site, Whisky Distillery	28.4	Seasonal		x Free for members	9,236	9,528	**Theme:** Historic Whisky Distillery: how whisky was made. **To see:** malt barn; kiln; mash house; still house; bonded warehouses; audio-visual presentation. **To do:** audio guide (included). **To shop/eat: -**
Spynie Palace (HS)	Historic site (ruins)	40.6	Seasonal		x Free for members	5,717	5,541	**Theme:** Spynie Palace, residence of the Bishops of Moray. **To see:** ruins of palace; David's Tower; site of the old cathedral. **To do: -** **To shop/eat: -**
Groam House Museum	Museum	14.4	Seasonal	x		5,598	5,105	**Theme:** Picts in Ross-shire, focus on collection of Pictish cross-slabs. **To see:** permanent exhibition; introductory film on Picts in Ross-shire; two videos about the Brahan Seer; annual temporary exhibition in mezzanine based on George Bain collection. **To do:** self-guided children's activities; lectures (off site; charged, £4). **To eat/shop: -**

TABLE 1.1
COMPETITORS

Attraction	Type	Distance to Castle (m)	Opening Times	Admission		Visitor Figures		Visitor Offer
				Free	Paid	2012	2013	
Attractions with less than 5,000 visitors								
Cromarty Courthouse Museum	Historic Site, Museum	23.3	Seasonal	x		5,681	4,584	**Theme:** Historic trials in Cromarty; History of Cromarty **To see:** Historic Courtroom with mannequins; exhibition on history of Cromarty; special exhibitions and displays. **To do:** Audio enactment of historic trial. **To shop/eat:** Courthouse shop.
Hugh Millar's Birthplace Cottage and Museum (NTS)	Historic House, Museum	23.1	Seasonal		x Free for members	4,192	3,994	**Theme:** Hugh Miller's Life. **To see:** historic cottage; museum with permanent exhibition of Miller's work and related artefacts; Miller's Yard Garden of Wonders, incl. fossils and art; garden; **To do:** audio tour of birthplace cottage; mystery objects to find in garden; special children's events (e.g. Easter Egg Trail). **To shop/eat:** Miller's Yard café, gift shop; stall selling local plants.
Tomatin Distillery	Whisky Distillery	15	Seasonal		x			**Themes:** Whisky Distillery **To see:** Whisky Distillery (tour only); short film about the distillery. **To do:** Guided tour of distillery with whisky tasting. **To shop/eat**: Distillery shop.

TABLE 1.1
COMPETITORS

Attraction	Type	Distance to Castle (m)	Opening Times	Admission		Visitor Figures		Visitor Offer
				Free	Paid	2012	2013	
Highland Folk Museum (High Life Highland)	Open Air Museum	45.5	Seasonal	x				**Theme:** Life in the Highlands, rural economy. **To see:** buildings; collections; living history displays/live interpretation. **To do:** facilitated hands-on activities throughout the summer; Family activities; special events. **To shop/eat: -**
Titanic Museum	Outdoor Museum	1.4	Daily	x		n/a	n/a	**Themes:** International and Scottish maritime history. **To see:** Permanent indoor exhibition; outdoor accessible models of ships, e.g. Titanic, submarines, and actual boats or part thereof. **To do:** All exhibition models are interactive; try on a survival suit; dressing up. **To shop/eat: -**
Inverness Botanic Gardens	Garden	1.6	Daily	x		n/a	n/a	**Themes**: Garden. **To see:** Greenhouses; outdoor walled garden. **To do:** Children's summer activity programme; training courses for adults; garden projects for people with learning disabilities. **To shop/eat:** Cobbs Café.
Loch Ness	Visitor	14.5	Daily		x	n/a	n/a	**Themes:** Loch Ness exploration, natural

TABLE 1.1 COMPETITORS								
		Distance to Castle		Admission		Visitor Figures		
				Free	Paid	2012	2013	
Attraction	**Type**	**(m)**	**Opening Times**					**Visitor Offer**
Centre	Centre							history, myth **To see:** Permanent interactive exhibition. **To do:** - **To shop/eat:** -
Nessieland	Visitor Centre	14.6	Daily		x	n/a	n/a	**Themes:** Loch Ness Investigations and Investigators **To see:** Permanent exhibition; documentary film. **To do:** Adventure Ground; one hour Loch Ness Cruise. **To shop/eat:** Coffee Shop; Gift Shop
Nairn Museum	Museum	16.6	Seasonal		x	n/a	n/a	**Theme:** Life and Culture in Nairn. **To see**: Permanent exhibition. **To do:** Activities for children. **To shop/eat:** shop.
Highland Museum of Childhood	Museum	18.5	Seasonal		x	n/a	n/a	**Themes:** The story of childhood across the Highlands, incl. birth, baptism, health, nutrition, toys, games, and education. **To see:** permanent exhibition. **To do:** - **To shop/eat:** shop, coffee shop.
West Highland Museum	Museum	65.5	Seasonal	x		n/a	n/a	**Theme:** Life and culture in the West Highland area; esp. Fort William, Jacobites, Military.

TABLE 1.1 COMPETITORS								
Attraction	Type	Distance to Castle (m)	Opening Times	Admission		Visitor Figures		Visitor Offer
				Free	Paid	2012	2013	
								To see: Permanent exhibition.
								To do: Lectures (charged, £5).
								To shop/eat: Museums shop.

The following table provides ticket prices for local competitors at which admission charges are in place:

TABLE 1.2 PAID COMPETITORS TICKET PRICES (£)				
Attraction	**Admission Categories**			
	Adult	**Children**	**Concessions**	**Family**
Eilean Donan Castle	7.00		6.00	17.00
Urquhart Castle (HS)	8.50	5.10	6.80	
Culloden Battlefield (NTS)	11.00		8.50	26.00
Cawdor Castle	10.50	6.50	9.50	30.00
Dunrobin Castle	10.50	6.00	8.50	
Fort George (HS)	8.50	5.10	6.80	
Brodie Castle (NTS)	10.50		7.50	24.50
Elgin Cathedral (HS)	5.50	3.30	4.40	
Glen Ord Distillery	3.00			
Dallas Dhu Historic Distillery (HS)	5.50	3.30	4.40	
Spynie Palace (HS)	7.20	4.40	5.80	
Hugh Millar's Birthplace Cottage and Museum (NTS)	6.50		5.00	16.50
AVERAGE PRICE:	**7.85**	**4.81**	**6.65**	**22.80**

Visitor data is available for some key attractions in the area. This is reviewed below to provide a sense of visitors' motivations to visit, and enjoyment of attractions of this kind.

1.2 IMAG

The following data is taken from the on-going visitor survey since April 2014.

The motivations most often cited for visiting were interest in history and heritage and a wish to explore the exhibitions (47%). Interest in arts and culture were cited by 41% of visitors. 40% wanted to learn about the local area. Only 8% came because they had links to the area, suggesting that visits from ancestral tourists are low.

Nearly half of visitors were on an unplanned visit (25% passing by, 21% having seen the street sign), showing that IMAG did not play a role in their decision to visit Inverness. Anecdotal evidence suggests that a visit to IMAG is often a wet weather alternative to other options.

An overall majority of 72% of visitors were on a first visit, while 13% had visited once before. 18% of visitors lived locally.

The relative majority of visitors were aged 21-29 (38%), followed by those aged 45-59 (31%). The next largest group was those aged under 16 (11%), giving IMAG a lower than average age profile than most local history museums in the UK. This is most likely due to the profile of overseas visitors to the Highlands.

1.3 Urquhart Castle

The following data is taken from a 2012 visitor survey report.

Over half of visitors are overseas tourists (59%). The remainder are from Scotland (23%) and England (18%).

The relative majority of visitors is aged 25-34 (28%). 17% are aged 16-24. Overall, the majority of visitors are aged under 54. Nearly half of visitors are classed as 'Young Independent' (49%). 79% of visitors are touring around, rather than visiting only one destination within the Highlands or Scotland. This mirrors the finding that over 80% of visitors arrive at the castle by car.

The majority of visitors (76%) were on a first visit. Word of mouth was the primary reason to visit for 19%, followed by those who were on an unplanned trip (11%).

Of the 88% of visitors who went to the shop, only 46% made a purchase. Not needing anything was cited by 19% of visitors for not buying anything. 14% said nothing had attracted them. 31% of people used the café at the caste. For over a third of those that did not, not having enough time was the main reason, reiterating that they might be touring rather than staying in one place. This is also borne out by the finding that the mean length of visit to the castle is 96 minutes, with nearly a third of visitors (31%) visiting for between 45 and 60 minutes. This is shorter than the mean visit duration to comparative sites such as Stirling Castle and Edinburgh Castle.

The aspects most appreciated about the castle were the views (76%) and the setting of the castle (65%). The history of the castle was particularly liked by just over half that number (38%). This suggests that views and setting are important factors in creating enjoyment, and thus are likely to influence subsequent positive word of mouth.

1.4 Fort George

The following data is from a 2013 visitor survey.

Over two thirds of visitors are aged 55 and over. Only 5% of visitors were aged 16-34.

In comparison to IMAG and Urquhart Castle, Fort George receives a small proportion of overseas visitors at only 16%. 42% are from England, while 40% are from Scotland.

90% of visitors went to the shop, where 53% made a purchase.

2. Arts and Culture Venues

The following gives an overview of arts and culture venues in Inverness, that provide. These provide a range of activities and programmes for residents and tourists.

TABLE 2.1
ARTS AND CULTURE VENUES IN INVERNESS

Venue	Description
Eden Court Theatre and Cinemas	Eden Court is one of the biggest arts venues in Scotland, with an 850 seat auditorium, a smaller theatre, two cinemas, two dance and drama studios and dressing rooms. As well as movie screenings and shows, Eden Court hosts weekly classes for all ages in drama, dance, creative writing, digital media, singing, filmmaking, and yoga. Additional free clubs are also offered, such as poetry, stitching, and a book group. Eden Court also has creative workers across the Highlands.
Inverness Museum and Art Gallery	Situated at the foot of Castle Hill, the museum was founded on its current site in 1880. Extensively refurbished in 2006, it now offers a range of new displays, visitor facilities and exhibitions on geology and natural history as well as the rich archaeological heritage of the Highlands.
The Ironworks Music Venue	This venue showcases a range of shows, styles, artists and bands.

TABLE 2.1 ARTS AND CULTURE VENUES IN INVERNESS	
Venue	**Description**
The Jennifer Welch Gallery	Containing a wealth of quality fine art, this gallery showcases the work of some of Scotland's contemporary painters. There are a selection of affordable pictures alongside a wide variety of art works, including glassware, pottery and art soaps - as well as stunning Victorian paintings including works by renowned Scottish artists from Robert Gemmell Hutchison and William Miller Frazer to John Faed and Waller Hugh Paton.
The Riverside Gallery	A long-established family business, the gallery offers expert advice, art sales, picture restoration, and cleaning and framing for all types of oil paintings and watercolours. Set on the east bank of the River Ness, it provides the opportunity to view or buy their wide selection of oil paintings and watercolours by original artists.
Highland Print Studio	Offering classes and studio space for printmaking. Also does project work engaging with the community, on which it occasionally works with partner organisations from elsewhere in Scotland. Exhibitions are also hosted from time to time.
	Source: www.VisitScotland.com

3. Accommodation

3.1 High-end Hotels

The following tables gives an overview of accommodation graded three stars or above in Inverness.

TABLE 3.1 HIGH-END ACCOMMODATION IN INVERNESS		
Hotels	**No. of Rooms**	**Star Grading**
Rocpool Reserve Hotel	11	*****
Royal Highland Hotel	75	*** (AA)
Columba Hotel	76	****
Bunchrew House Hotel (3 miles)	16	****
Redcliffe Hotel	13	***
Loch Ness Country House Hotel (2 miles)	16	n/a
Glenmoriston Town House Hotel	31	****
Heathmount Hotel	8	***
Lochardil House Hotel	28	****
The Kingsmills Hotel	147	****
The New Drumossie Hotel	44	**** (AA)

TABLE 3.1 HIGH-END ACCOMMODATION IN INVERNESS		
Hotels	**No. of Rooms**	**Star Grading**
Best Western Palace Hotel and Spa	88	***
Thistle Inverness	88	***
The Waterside Hotel	35	***
The Glen Mhor Hotel and Apartments	82	
Guest Houses		
Inverglen Guest House	5	****
Ballifeary Guest House	7	****(AA)
Abermar Guest House	8	***
Dunhallin House	5	****(AA)
Dionard Guesthouse	6	****
Glendoune B&B	3	***
Miscellaneous		
Achnagairn Castle (Exclusive Use)	25	*****
Source: visitinvernesslochness.com		

There is only one 5* hotel in Inverness itself. Achnagairn Castle is also 5*, but requires exclusive hire. Unless stated to be AA – rated, ratings are designated by the Scottish Tourist Board.

4. Conference Venues

The table below provides a summary of conference venues in Inverness and its immediate surroundings. Where applicable, this includes the number of rooms potentially available for conference attendees, and star grading.

TABLE 4.1 CONFERENCE VENUES IN INVERNESS			
Venue	**Capacity**	**Bedrooms**	**Star Grading**
Eden Court	840	0	n/a
The New Drumossie Hotel	420	44	****
Thistle Inverness	230	118	***
Craigmonie Hotel	200	35	***
Columba Hotel	200	76	****
Waterside Hotel	180	35	***
Tulloch Caledonian Stadium	170	0	n/a
Mercure Inverness Hotel	160	106	***
Centre for Health Science	150	0	n/a
Kingsclub by Kingsmills Hotel	100	114	****
Best Western Palace Hotel & Spa	100	88	***

TABLE 4.1 CONFERENCE VENUES IN INVERNESS			
Venue	**Capacity**	**Bedrooms**	**Star Grading**
Bunchrew House Hotel	92	16	****
Beaufort Hotel	80	35	***
The Dairy at Daviot	70	0	n/a
Culloden House Hotel	65	28	****
Glen Mhor Hotel	60	50	***
Culloden Battlefield & Visitor centre	60	0	****
Aldourie Castle & Estate	50	15	n/a
Loch Ness Country House Hotel	40	15	****
Fairways	28	0	n/a
The Netley Centre, Highland Hospice	25	0	n/a
Maple Court Hotel	20	9	***
Ramada Encore Inverness	16	90	n/a
Glenmoriston Town House Hotel	16	30	****
Source: www.inverness-scotland.com			

5.0 Comparators

5.1 City Destinations

The following section provides information on three locations in England that have seen similar developments as those considered for Inverness Castle. These are Norwich, Oxford and York. All three attractions are also highly popular visitor destinations, which can thus provide useful insights with regard to creating a successful Destination Inverness by 2020.

Volume and Value of Visitors to Norwich, Oxford and York

The next two tables demonstrate the volume and value of domestic day visitors and overseas visitors to Norwich, Oxford and York. Information about domestic overnight visitors is not available.

TABLE5.1 VOLUME AND VALUE OF DOMESTIC DAY VISITORS 2011-2013 3 YEAR AVERAGE			
Destination	**Trips**	**Expenditure (£)**	**Notes**
Norwich	22.59m	716.92m	(sample 479)
Oxford	8.17m	230.26m	(sample 249)
York	14.79m	458.79m	(sample 590)
Source: www.visitbritain.org			

TABLE 5.2 VOLUME OF OVERSEAS TOURIST VISITS 2012 & 2013		
Destination	**2012**	**2013**
Norwich	86,000	96,000
Oxford	612,000	668,000
York	357,000	419,000
Source: www.visitbritain.org		

The following table shows the market shares for each city of the total English market for domestic day and overseas tourists.

TABLE 5.3 CITY MARKET SHARES IN TRIPS (m)				
Destination	**Domestic Day**	**% of England**	**Overseas***	**% of England**
England	1,429	n/a	31.9	n/a
Norwich	22.59	2	0.091	0
Oxford	8.17	1	0.64	2
York	14.79	1	0.39	1
Source: www.visitbritain.org				

*Destination figures represent the average based on the 2012 and 2013 figures.

Of the three, Norwich receives the highest number of domestic visitors, possibly due to its proximity to London. This is not mirrored in the overseas tourism figures, where Norwich receives the lowest. In the overseas market, Oxford achieves the highest market share of the three destinations.

Visitor Attractions in Norwich, Oxford and York

The table below provides figures for some of the most popular visitor attractions in Norwich, Oxford and York. No visitor numbers were provided for York Castle Museum, York Castle Prison, or Oxford Castle.

TABLE 5.4 POPULAR VISITOR ATTRACTIONS IN NORWICH, OXFORD AND YORK			
	Visitor Attraction	**2012**	**2013**
Norwich	Norwich Castle Museum and Art Gallery	178,948	182,016
	Norwich Cathedral	100,000	130,000
Oxford	Ashmolean Museum	844,340	747,874
	Pitt River Museum	372,542	338,494
	Museum of the History of Science	189,044	175,778
York	Jorvik Viking Centre	388,148	395,851
	Clifford's Tower	103,488	138,624
	DIG	48,767	53,280
	Barley Hall	31,077	37,828
Source: Visitor Attraction Monitor for England, 2013.			

Again, Oxford attractions achieve the highest amount of visitors per annum. However, its visitor numbers at its main attractions have declined between 2012 and 2013. Attractions in both York and Norwich, meanwhile, have increased their visitor numbers.

Table 5.5 below provides further details specifically of the castle developments in these three cities.

TABLE 5.5 CASTLES IN NORWICH, OXFORD AND YORK	
Venue	**Description**
Norwich Castle Museum and Art Gallery	This substantial Norman castle opened as a museum in 1894. It displays the substantial regional collection, including archaeological finds, of Norwich Museum Service. Permanent galleries include Anglo Saxon and Viking, Boudica and the Romans, Egyptian Gallery and Decorative Arts. The castle also offers temporary exhibitions on historical themes and art. Workshops, lectures and events are also on regular offer, as well as battlement and castle tours. Facilities include a café and shop.
Oxford Castle	Oxford Castle was used as a prison until 1996. In 2006, it was officially reopened as Oxford Castle Unlocked, a visitor attraction where visitors can explore the various parts of the castle, and its 1,000 year history, supported by costumed guides and interpreters. The Café is in the care of the Oxford Preservation Trust, which received an HLF grant of £3.8 million to restore the castle and buildings. The redevelopment also featured a learning centre, café and public square.
York Castle Museum	The museum is not housed in a castle, but rather in former prison buildings located on the site of the former York Castle. Of the original castle, only Clifford's Tower remains which is in the care of English Heritage and open to the public. The prison building dates from the early 18th century. The museum was founded in 1938. It includes a recreated Victorian Street as well as recreated period rooms such as a Victorian parlour and a 17th century dining room. The former cells of the prison are also still visible and can be seen during a visit. Also on the site is a reconstructed 19th century flour mill. .

Norwich Castle Museum and Art Gallery is perhaps the most comparable to any possible museum-led development of Inverness Castle. However, it must be noted that the building itself is of high historic value as an original Norman castle, while the collections of Norwich Museums Service also appear extensive, including such highly popular collections like the Egyptian collection. York Castle Museum also is also comparable in that the building itself is not actually a castle. However, the approach taken is that of extensive, immersive experiences through a reconstructed street and several recreated rooms. Thus the offer at York Castle Museum goes beyond mere display of local history collections. The inclusion of the mill also means that York Castle offers further opportunities for immersive exploration for visitors.

5.2 Comparator Attractions

Visitor Attractions with Regional or Experiential Focus

The following comparators all provide examples of museums which seek to capture and portray the identity of a region or a collective experience. This can provide insights for a potential visitor centre at Inverness Castle themed around Highland Culture, clans, or emigration.

The Museum of Liverpool, Liverpool

- The Museum of Liverpool reflects the city's global significance through its unique geography, history and culture. Visitors can explore how the port, its people, their creative and sporting history have shaped the city
- The Museum's collections explore Liverpool's identity as a great port, as the second city of the British Empire, Liverpool's archaeology, the meaning of being Liverpudlian, and the city's creative and sporting talents
- The Museum also offers changing exhibition and displays, film screenings, hands-on activities for children, talks and guided tours, and options for school and group visits
- The Museum offers refreshment at The Waterfront Café, with a range of hot food made by in-house chefs using fresh seasonal produce, as well as a selection of soups, hot and cold snacks, freshly made sandwiches, cakes and pastries, snacks, hot and cold drinks
- The Museum received 1,011,056 visitors in 2012 and 756,582 in 2013.

Ulster American Folk Park, Northern Ireland

- The Folk Park offers visitors the opportunity to immerse themselves in the world famous story of Irish emigration. Visitors can follow the emigrant trail, journeying from the thatched cottages of Ulster, on board a full scale emigrant sailing ship leading to the log cabins of the American Frontier. An array of costumed characters are on hand to demonstrate traditional crafts and tell stories
- The collections focus on the ways of life and traditions of the people of Northern Ireland and the social history surrounding the emigration of people to America
- The Museum also offers events such as Easter Celebrations and the Rare Breeds Show, temporary exhibitions alongside the permanent displays, such as 'Titanic: Window on Emigration', courses and workshops, tours, talks and lectures, facilities for schools and groups and venue hire
- The visitor centre café provides a range of hot and cold meals, including tea/coffee and scones, soup, freshly made sandwiches and confectionery, while the shop stocks a selection of Northern Ireland craft products, such as Shazam jams and locally made jewellery, as well as premium brands such as Belleek Pottery, Ulster Weavers and Yankee Candles. The shop also sells traditional-style confectionary and holds a selection of books on topics such as Ireland, emigration and the Irish American experience. For children, the shop offers a variety of novelty and educational toys, as well as a selection of books

- The Museum received 138,418 visitors in 2011, and 145,051 visitors in 2012

International Slavery Museum, Liverpool

- Opened 2007 (bicentenary of the British abolition of slavery) at Liverpool's Albert dock, world heritage site and yards away from the dry docks where 18th century slave ships were repaired and refitted.
- The museum currently displays temporary pieces exploring Liverpool's current black community, Liberty Bound- slavery and St Helena, and an early photographic human rights campaign by missionary Alice Seeley Harris in the Congo during the 1900s
- The International Slavery Museum highlights the importance of slavery in both a historical and contemporary context
- Also an international hub for resources on human rights issues
- Free entry
- 2013 – 451,679 visitors up 1.1% on previous year

In terms of offer, the above shows the need to create contemporary relevance through changing temporary exhibitions, supported by either a strong owned collection, or travelling exhibitions and projects. This is particularly evident at the Museum of Liverpool, and the International Slavery Museum. The Ulster American Folk Park benefits from having original buildings, which are likely to add as much, if not more, to the attraction of the park than its thematic focus on emigration.

5.3 Arts and Culture Venues

The following provide details on comparable arts and culture venues with mixed uses, thus creating a central hub for the community and visitors.

Heart of Hawick, Scottish Borders

- Heart of Hawick is an arts and culture-led regeneration project. The project has been designed to make a substantial contribution to the social, cultural and economic regeneration of Hawick and the wider Borders. The initial project transformed two derelict buildings in the West End of the town to create jobs, build new sustainable facilities and encourage visitors to the area
- It currently includes Tower Mill – Cinema, multi-arts and conference centre, Heritage Hub – Scottish Borders archive and local history centre, Borders Textile Tower – a borders textile museum, and a VisitScotland information centre
- The car park is also used as a civic space for open air events and projects
- Mixed programme of free and paid events
- Visitor figures for 2012 were 160,210. This decreased slightly in 2013 to 155,933.

Eastgate Theatre and Arts Centre, Scottish Borders

- Occupying a former church the Eastgate Centre opened in 2004 after a £2m redevelopment. During this process the Gothic façade has been maintained but the side of the building has been completely removed and replaced with a new modern entrance. The centre now stands as the premier cultural venue in the market town of Peebles in the Scottish Borders.
- The Centre comprises of a café; office space for permanent staff; a 250 seat auditorium; green room, changing rooms and other ancillary's for performers; a rehearsal space that is also adaptable to host workshops and exhibitions
- The Eastgate hosts a full programme of events from children's activities and school holiday workshops to popular cinema, fitness classes, lectures, comedy, music and drama.

John Gray Centre Library Museum Archive, East Lothian

- Bringing together the local library, a museum with permanent and temporary exhibition galleries, and the East Lothian Archives and Local History Centre.
- The Centre also offers regular classes and activities.
- There is a bookable meeting room, and free wi-fi.
- In 2013, the centre attracted an estimated 9,020 visitors and users.

The above suggests that a multi-arts centre and venue that includes an archive and museum offer such as the Heart of Hawick can be successful in a smaller destination. The Heart of Hawick's focus is on entertainment and catering, and this may therefore play an important role in attracting its visitor figures of over 150,000 a year. In contrast, the John Gray Centre in Haddington, which combines library, museum and archive, has significantly fewer visitors, although it offers regular classes. This suggests that a model such as the John Gray Centre has limited potential as a high profile visitor attraction.

5.4 Retail Destinations

The following reviews two high profile retail destinations connected to historic properties.

Powerscourt Estate, Dublin

- Recently restored 18th century mansion and surrounding estate.
- Offer includes a waterfall, garden, golf course, two restaurants, a café, and a 5* hotel, as well as several high-end shops in the historic buildings.
- Visitor numbers to Powerscourt Gardens and Waterfall were 380,000 in 2014. Figures for shoppers could not be obtained.

Chatsworth House, Derbyshire

- Stately home and estate in the Peak District.
- The visitor offer includes a historic house, park, two restaurants, two cafés and a tea shop.
- The Stables have been converted to house several specialist shops. In addition, there is the Park Shop, the Chatsworth Estate Farm Shop, and the Orangery shop in the garden.
- In 2013, Chatsworth attracted 218,834 visitors.

Both Powerscourt Estate and Chatsworth House accommodate shops within highly attractive historic architecture. The product offer is distinctive and aimed at the higher end of the market. While both properties no doubt benefit from the surrounding park land and associated opportunities, and, in the case of Chatsworth House, the option of seeing a historic house, the product offer and the use of historic architecture provide a useful model for successful retailing from historic buildings and the role this can play in creating a destination.

5.5 Accommodation

Lews Castle and Natural Retreats

Lews Castle was occupied until 1988. This was followed by periods of partial reoccupation by various users until the early 1990s. Then a prolonged period which saw a worsening of the condition of the castle as a variety of alternative uses were considered. In 2007 Comhairle nan Eilean Siar commissioned a study from Jura Consultants which developed the proposal of a mixed use development incorporating an enhanced Museum nan Eilean and function rooms with guest accommodation. This lead to an application for funding to the Heritage Lottery Fund (HLF) and the project received a First Round pass from HLF in March 2010 for £2.6m, and a development grant of £240,000. Due to funding shortfalls, HLF increased its funding contribution, and the project received a Second Round pass for £4.6m in November 2011.

Following a tender process Natural Retreats was appointed as the preferred operator of the guest accommodation and function rooms at Lews Castle. Natural Retreats are a provider of luxury accommodation in the United Kingdom and internationally. Locations are chosen for their outstanding natural beauty and are generally in fairly remote areas. In Scotland, Natural Retreats currently have two locations offering accommodation: John O'Groats and Tulloch. At John O'Groats, the accommodation consists of 20 lodges and rooms in the historic John O'Groats Inn, with prices starting from £61 - £161 nights. At Tulloch, guests have the choice of two cottages (2 and 4 bedrooms).

Natural Retreats will be responsible for the hospitality, retail and accommodation offer at Lews Castle. The museum is due to open in September 2015, with the accommodation scheduled to open in September 2016.

The Lews Castle accommodation design is flexible, making it possible to offer accommodation in different configurations to combine one or more bedrooms with living spaces and kitchens. In addition, individual en-suite bedrooms can be booked as hotel accommodation (i.e. with no access to living areas or kitchen). This creates a model that is a mix between hotel (for single, en-suite rooms), and self-catering (for suites including kitchens). This model will provide flexibility to meet customer demand, and is expected to achieve higher occupancy rates than either a hotel or self-catering offer on its own. In total, the castle will offer 24 bedrooms with 48 beds; 12 rooms will be capable of being used as hotel rooms.

Comhairle nan Eilean Siar has agreed a 30 year lease with Natural Retreats, and a 10 - 12% share of net profits. The Council will continue to be responsible for repairs to the shell of the building, while the company will maintain the interiors. Natural Retreats will also pay 50% of maintenance costs of the car park and the grounds surrounding the castle. Natural Retreats has invested between £700,000 to £800,000 in the castle, of which roughly £600,000 is capital and up to £200,000 associated with preparing the castle for operation. There is a public access agreement for the ground floor of the castle during the opening hours of the adjacent museum, making it possible for members of the public to view the castle's interiors.

APPENDIX E

OPTIONS LONG LIST APPRAISAL

The criteria for the appraisal of long listed options were developed as part of the study based on the original brief, the workshop with key stakeholders on 13th April 2015, and discussions with the client team. The criteria were:

- Benefits Inverness' tourism economy
- Provides access for locals
- Economically sustainable
- Adds to Inverness' cultural life
- Creates an authentic experience
- Counteracts seasonality

The long listed options were:

- **Option 1: Boutique Hotel (5*)**
  High-end offer with suites, spectacular dining room.
- **Option 2: Relocating the existing Inverness Museum and Art Gallery (IMAG)**
  This would at a minimum involve a one-storey new build between the Court Building and the North Tower to accommodate a café and high-quality retail area. A two-storey new build would create space for a 200m^2 temporary exhibition gallery.
- **Option 3: Visitor Centre**
  This would include a café and retail offer, and focus on one of the themes proposed in the initial suggestions and the stakeholder workshop, such as clans, emigration/ ancestral tourism, or Highland/Gaelic culture.
- **Option 4: High Quality Retail Destination**
  This option is led by a high quality retail offer, and would include a diverse catering offer of cafés and restaurants also.
- **Option 5: Cultural Centre**
  This would have a focus on the arts and culture, to complement the existing offer at Eden Court and other nearby venues such as Bogbain Farm (but not compete with it). It would include tuition as well as performance/event spaces for the relevant arts and cultural activities. We are mindful of previous developments such as Balnain House – The Home of Highland Music.

Table E.1 below appraises each option against the criteria listed above.

TABLE E.1 OPTIONS LONG LIST APPRAISAL				
5* Hotel	**Relocated IMAG**	**Visitor Centre**	**Retail Destination**	**Cultural Centre**
Criterion: Benefits Inverness Tourism' Economy				
High-end accommodation was identified as a need by stakeholders, with Inverness currently only offering one 5* hotel. The castle complex could at most accommodate a 17 suite hotel as is, so the addition to the tourist accommodation offer would be small. The size of the hotel also limits its overall economic impact, particularly in terms of employment and supply chain.	Especially with the addition of a dedicated temporary exhibition gallery, this option would significantly increase the attractiveness of IMAG through an innovative redisplay in an exciting architectural space that enjoys significantly greater visibility than the existing IMAG building. Employment and supply chain impacts are expected to remain the same, while visits influenced by the existence of IMAG are expected to rise slightly, particularly from the local and Day Trip markets.	Visitor Centres that generate significant economic impact in general benefit from strong links to place, such as centres at Culloden Battlefield or The Scottish Crannog Centre. Inverness Castle does not offer such strong historical links, either to the proposed themes for a visitor centre, nor indeed any others. This significantly limits the likelihood that this option would attract significant visits to Inverness, thus the impact on the tourist economy is expected to be low.	This option is expected to attract significant visits from all markets, with likely secondary spend on accommodation and other retail in the city. It would also have significant employment impact as well as impact on the supply chain.	Through events, including performances, as well as training offers, this option is likely to attract a moderate number of visits from all markets. Supply chain impacts are expected to be low, as are employment impacts. Secondary spend, particularly on the training offer, is likely to be at a medium level.
Criterion: Provides access for locals				
Access for locals would be limited to the restaurant.	Yes, with the exception of service areas.			Yes, with the exception of service areas. Access to

TABLE E.1 OPTIONS LONG LIST APPRAISAL				
5* Hotel	**Relocated IMAG**	**Visitor Centre**	**Retail Destination**	**Cultural Centre**
				spaces used for training would be limited to participants.
Criterion: Economically Sustainable				
Not taking into consideration the initial investment required for architectural modifications of the buildings, this option would be fully sustainable economically.	It is possible to create a business model for this option that would be economically sustainable, provided there is core funding from either a public or alternative source. This would rely heavily on programming and partnership working.	It is unlikely that this option could be economically sustainable, even with core funding. The option does not offer supporting spaces that would enable programming.	Not taking into consideration the initial investment required for architectural modifications of the buildings, this option would be fully sustainable economically.	It is possible to create a business model for this option that would be economically sustainable, although it is likely that core funding from either a public or alternative source will be required at least initially until the centre is established.
Criterion: Adds to Inverness' Cultural Life				
This option would make no addition to Inverness' cultural life.	This option would have medium impact on Inverness' cultural life. It would enhance the existing offer of IMAG, but not create an entirely new offer.	It is unlikely that this option would have a significant impact on Inverness' cultural life, particularly without supporting spaces and programming.	This option would make no addition to Inverness' cultural life.	This option would have significant impact on Inverness' cultural life through programmed events and performances.

TABLE E.1
OPTIONS LONG LIST APPRAISAL

5* Hotel	Relocated IMAG	Visitor Centre	Retail Destination	Cultural Centre
Criterion: Creates an authentic experience				
Inverness Castle is not, in fact, a castle. As such, the hotel would not offer an authentic castle experience.	IMAG's collections and the associated programming will provide a sense of the local history and heritage, and thus provide a mediated experience of the authentic.	Due to limited facilities and limited connection to place, a visitor centre is unlikely to offer an authentic experience beyond collections on display (if any).	This option would offer high quality local products both in retail and catering, and thus provide a mediated experience of the authentic.	Particularly though its events and performance offer, this option would provide highly authentic experiences of local art and culture.
Criterion: Counteracts seasonality				
A high quality hotel may attract visits in the low season, although impact will be limited by other offers, or the lack thereof.	The enhanced offer of IMAG may in particular attract visits from the local and day trip markets during the low season, thus having some impact on seasonality.	It is unlikely that this option would attract visitors during the low season due to lack of facilities and programming.	This option is highly likely to attract visits especially from the local and daytrip markets during the low season also.	Through year-round programming this option is likely to have a high impact counter-acting seasonality, possibly across all markets.
Criterion: Will not require public subsidy				
This option will not require public subsidy.	This option is highly likely to require on-going public subsidy.	This option is highly likely to require on-going public subsidy.	This option will not require public subsidy.	This option is highly likely to require public subsidy at least initially.

From the above assessment against the agreed appraisal criteria, and taking account of the initial investment required for creation of a 5* Hotel in the castle complex (estimated at £8.91 million excl. VAT), the two least desirable options are the 5* Hotel and the Visitor Centre.

APPENDIX F

ACCOMMODATION ECONOMIC IMPACT ASSESSMENT

OPTIONS 2 – 4

Inverness Castle Accommodation Economic Impact Assessment: Option Two

Suites	Suites	Sleeping	Total Beds
	9	4	36

															UK TOURISTS				OVERSEAS TOURISTS							
	No. of nights	Potential bednights	Occupancy rate (%)	Room nights	% of UK tourists	% Of OS tourists	UK holiday tourists	UK business/ conference tourists	**UK holiday expenditure**	**UK business expenditure**	OS holiday tourists	OS business/ conference tourists	**OS holiday expenditure**	**OS business/ conference expenditure**	**Direct on-site holiday exp**	**Off-site holiday exp**	**Direct on-site business/ conference exp**	**Off-site business/ conference exp**	**Direct on-site holiday exp**	**Off-site holiday exp**	**Direct on-site business/ conference exp**	**Off-site business/ conference exp**	**TOTAL ON-SITE UK EXPENDITURE**	**TOTAL OFF-SITE UK EXPENDITURE**	**TOTAL ON-SITE OVERSEAS EXPENDITURE**	**TOTAL OFF-SITE OVERSEAS EXPENDITURE**
Jan	31	1,116	31%	346	273	73	232	11	21,605	1,351	70	3	8,265	459	12,963	8,642	811	541	4,959	3,306	275	184	13,774	9,183	5,234	3,490
Feb	28	1,008	35%	353	279	74	237	11	22,032	1,378	71	3	8,428	468	13,219	8,813	827	551	5,057	3,371	281	187	14,046	9,364	5,338	3,559
Mar	31	1,116	33%	368	291	77	247	12	22,999	1,439	74	3	8,798	489	13,799	9,200	863	575	5,279	3,519	293	196	14,662	9,775	5,572	3,715
Apr	30	1,080	56%	605	478	127	406	19	37,769	2,362	122	5	14,448	803	22,662	15,108	1,417	945	8,669	5,779	482	321	24,079	16,053	9,151	6,100
May	31	1,116	58%	647	511	136	435	20	40,422	2,528	130	5	15,463	859	24,253	16,169	1,517	1,011	9,278	6,185	515	344	25,770	17,180	9,793	6,529
Jun	30	1,080	56%	605	478	127	406	19	37,769	2,362	122	5	14,448	803	22,662	15,108	1,417	945	8,669	5,779	482	321	24,079	16,053	9,151	6,100
Jul	31	1,116	76%	848	670	178	570	27	52,967	3,313	171	7	20,262	1,126	31,780	21,187	1,988	1,325	12,157	8,105	675	450	33,768	22,512	12,833	8,555
Aug	31	1,116	70%	781	617	164	525	25	48,786	3,051	157	7	18,663	1,037	29,271	19,514	1,831	1,221	11,198	7,465	622	415	31,102	20,735	11,820	7,880
Sep	30	1,080	66%	713	563	150	479	22	44,514	2,784	144	6	17,029	946	26,708	17,806	1,671	1,114	10,217	6,811	568	378	28,379	18,919	10,785	7,190
Oct	31	1,116	60%	670	529	141	450	21	41,816	2,615	135	6	15,996	889	25,090	16,726	1,569	1,046	9,598	6,399	533	355	26,659	17,773	10,131	6,754
Nov	30	1,080	32%	346	273	73	232	11	21,583	1,350	70	3	8,256	459	12,950	8,633	810	540	4,954	3,302	275	183	13,759	9,173	5,229	3,486
Dec	31	1,116	24%	268	212	56	180	8	16,726	1,046	54	2	6,399	355	10,036	6,691	628	418	3,839	2,559	213	142	10,664	7,109	4,052	2,702
Total	**365**	**13,140**		**6,549**	**5,174**	**1,375**	**4,398**	**206**	**408,989**	**25,581**	**1,320**	**55**	**156,456**	**8,692**	**245,394**	**163,596**	**15,349**	**10,232**	**93,874**	**62,582**	**5,215**	**3,477**	**260,742**	**173,828**	**99,089**	**66,059**

Employment Generated by Off-Site Tourist Spend

<u>UK tourists off site local</u>

Total Exp	Disp Factor	Disp Exp	Non-Disp Exp	Multi Factor	Net Exp	Emp Factor	Gross Jobs	Net Jobs
£173,828	0.25	£43,457	£130,371	1.57	£204,683	£54,000	3	4

<u>OS tourists off site local</u>

Total Exp	Disp Factor	Disp Exp	Non-Disp Exp	Multi Factor	Net Exp	Emp Factor	Gross Jobs	Net Jobs
£66,059	0.25	£16,515	£49,544	1.57	£77,785	£54,000	1	1

Total Local Level Off-Site Employment

£239,887		**£59,972**	**£179,915**		**£282,467**		**4**	**5**

NOTES

(1) Occupancy rates (%) based on average figures for Self Catering in the Highlands (2011) as supplied by VisitScotland
(2) Proportion of UK to Overseas Tourists = 79% to 21% respectively (no. of bednights). Evidence taken from Tourism in the Highlands 2011, VisitScotland figures
(3) UK occupancy types based on 85% holiday and 15% business/conference as per evidence from Tourism in the Highlands 2010, VisitScotland
(4) Average UK tourist spend per night in Highlands was £62 during 2011 - based on Tourism in the Highlands 2011, VisitScotland published figures
Estimated UK holiday tourist spend for self catering per night in Highlands 2010 is £93 - MKA Economics estimate based on 150% of average spend per night Tourism in the Highlands 2011, VisitScotland published figures
Estimated UK business tourist spend for self catering per night in the Highlands is £124 - MKA Economics estimate based on double the average nights spend for UK business tourists, Tourism in the Highlands 2010, VisitScotland published figures
(5) Overseas occupancy types based on 96% holiday and 4% business/conference as per evidence from Tourism in the Highlands 2011, Visit Scotland
(6) Average OS tourist spend per night was £79 - based on Tourism in the Highlands 2011, VisitScotland published figures
Estimated OS holiday tourist spend for self catering per night in the Highlands 2011 is £118.50 per night - MKA Economics estimate based on 150% of average spend per night Tourism in the Highlands 2011, VisitScotland published figures
Estimated OS business tourist spend for self catering per night in the Highlands is £158 - MKA Economics estimate based on double the average nights spend for OS business tourists, Tourism in the Highlands 2011, VisitScotland published figures
(7) All on-site/off-site expenditure split based on 60% spend on-site and 40% off-site for all visitors

Inverness Castle Accommodation Economic Impact Assessment: Option Three

Suites	Suites	Sleeping	Total Beds
	16	4	64

	No. of nights	Potential bednights	Occupancy rate (%)	Room nights	% of UK tourists	% Of OS tourists	UK holiday tourists	UK business/ conferenc e tourists	UK holiday expendit ure	UK busines s expendit	OS holiday tourists	OS business/ conferenc e tourists	OS holiday expendit ure	OS busines s/ conferen	UK TOURISTS Direct on-site holiday exp	Off-site holiday exp	Direct on-site busines s/	Off-site busines s/ conferen	OVERSEAS TOURISTS Direct on-site holiday exp	Off-site holiday exp	Direct on-site busines s/	Off-site busines s/ conferen	TOTAL ON-SITE UK EXPENDIT	TOTAL OFF-SITE UK EXPENDIT	TOTAL ON-SITE OVERSEAS	TOTAL OFF-SITE OVERSEAS
Jan	31	1,984	31%	615	486	129	413	19	38,409	2,402	124	5	14,693	816	23,045	15,364	1,441	961	8,816	5,877	490	327	24,487	16,325	9,306	6,204
Feb	28	1,792	35%	627	495	132	421	20	39,168	2,450	126	5	14,984	832	23,501	15,667	1,470	980	8,990	5,993	499	333	24,971	16,647	9,490	6,326
Mar	31	1,984	33%	655	517	137	440	21	40,887	2,557	132	5	15,641	869	24,532	16,355	1,534	1,023	9,385	6,256	521	348	26,067	17,378	9,906	6,604
Apr	30	1,920	56%	1,075	849	226	722	34	67,146	4,200	217	9	25,686	1,427	40,287	26,858	2,520	1,680	15,412	10,274	856	571	42,807	28,538	16,268	10,845
May	31	1,984	58%	1,151	909	242	773	36	71,862	4,495	232	10	27,490	1,527	43,117	28,745	2,697	1,798	16,494	10,996	916	611	45,814	30,543	17,410	11,607
Jun	30	1,920	56%	1,075	849	226	722	34	67,146	4,200	217	9	25,686	1,427	40,287	26,858	2,520	1,680	15,412	10,274	856	571	42,807	28,538	16,268	10,845
Jul	31	1,984	76%	1,508	1,191	317	1,013	47	94,164	5,890	304	13	36,022	2,001	56,498	37,666	3,534	2,356	21,613	14,409	1,201	800	60,032	40,021	22,814	15,209
Aug	31	1,984	70%	1,389	1,097	292	933	44	86,730	5,425	280	12	33,178	1,843	52,038	34,692	3,255	2,170	19,907	13,271	1,106	737	55,293	36,862	21,013	14,008
Sep	30	1,920	66%	1,267	1,001	266	851	40	79,136	4,950	255	11	30,273	1,682	47,482	31,654	2,970	1,980	18,164	12,109	1,009	673	50,451	33,634	19,173	12,782
Oct	31	1,984	60%	1,190	940	250	799	37	74,340	4,650	240	10	28,438	1,580	44,604	29,736	2,790	1,860	17,063	11,375	948	632	47,394	31,596	18,011	12,007
Nov	30	1,920	32%	614	485	129	413	19	38,369	2,400	124	5	14,678	815	23,021	15,348	1,440	960	8,807	5,871	489	326	24,461	16,308	9,296	6,197
Dec	31	1,984	24%	476	376	100	320	15	29,736	1,860	96	4	11,375	632	17,842	11,894	1,116	744	6,825	4,550	379	253	18,958	12,638	7,204	4,803
Total	**365**	**23,360**		**11,643**	**9,198**	**2,445**	**7,818**	**367**	**727,092**	**45,477**	**2,347**	**98**	**278,144**	**15,452**	**436,255**	**290,837**	**27,286**	**18,191**	**166,886**	**111,257**	**9,271**	**6,181**	**463,541**	**309,028**	**176,158**	**117,438**

Employment Generated by Off-Site Tourist Spend

UK tourists off site local

Total Exp	Disp Factor	Disp Exp	Non-Disp Exp	Multi Factor	Net Exp	Emp Factor	Gross Jobs	Net Jobs
£309,028	0.25	£77,257	£231,771	1.57	£363,880	£54,000	6	7

OS tourists off site local

Total Exp	Disp Factor	Disp Exp	Non-Disp Exp	Multi Factor	Net Exp	Emp Factor	Gross Jobs	Net Jobs
£117,438	0.25	£29,360	£88,079	1.57	£138,284	£54,000	2	3

Total Local Level Off-Site Employment

Total Exp	Disp Factor	Disp Exp	Non-Disp Exp	Multi Factor	Net Exp	Emp Factor	Gross Jobs	Net Jobs
£426,466		**£106,617**	**£319,850**		**£502,164**		**8**	**9**

NOTES

(1) Occupancy rates (%) based on average figures for Self Catering in the Highlands (2011) as supplied by VisitScotland

(2) Proportion of UK to Overseas Tourists = 79% to 21% respectively (no. of bednights). Evidence taken from Tourism in the Highlands 2011, VisitScotland figures

(3) UK occupancy types based on 85% holiday and 15% business/conference as per evidence from Tourism in the Highlands 2010, VisitScotland

(4) Average UK tourist spend per night in Highlands w as £62 during 2011 - based on Tourism in the Highlands 2011, VisitScotland published figures

Estimated UK holiday tourist spend for self catering per night in Highlands 2010 is £93 - MKA Economics estimate based on 150% of average spend per night Tourism in the Highlands 2011, VisitScotland published figures

Estimated UK business tourist spend for self catering per night in the Highlands is £124 - MKA Economics estimate based on double the average nights spend for UK business tourists, Tourism in the Highlands 2010, VisitScotland published figures

(5) Overseas occupancy types based on 96% holiday and 4% business/conference as per evidence from Tourism in the Highlands 2011, Visit Scotland

(6) Average OS tourist spend per night w as £79 - based on Tourism in the Highlands 2011, VisitScotland published figures

Estimated OS holiday tourist spend for self catering per night in the Highlands 2011 is £118.50 per night - MKA Economics estimate based on 150% of average spend per night Tourism in the Highlands 2011, VisitScotland published figures

Inverness Castle Accommodation Economic Impact Assessment: Option Four

Suites	Suites	Sleeping	Total Beds
	15	4	60

	No. of nights	Potential bednights	Occupancy rate (%)	Room nights	% of UK tourists	% Of OS tourists	UK holiday tourists	UK business/ conference tourists	UK holiday expenditure	UK business expenditure	OS holiday tourists	OS business/ conference tourists	OS holiday expenditure	OS business / conferen	UK TOURISTS Direct on-site holiday exp	Off-site holiday exp	Direct on-site business /	Off-site business / conferen	OVERSEAS TOURISTS Direct on-site holiday exp	Off-site holiday exp	Direct on-site business /	Off-site business / conferen	TOTAL ON-SITE UK EXPENDIT	TOTAL OFF-SITE UK EXPENDIT	TOTAL ON-SITE OVERSEAS	TOTAL OFF-SITE OVERSEAS
Jan	31	1,860	31%	577	456	121	387	18	36,008	2,252	116	5	13,775	765	21,605	14,403	1,351	901	8,265	5,510	459	306	22,956	15,304	8,724	5,816
Feb	28	1,680	35%	588	465	123	395	19	36,720	2,297	119	5	14,047	780	22,032	14,688	1,378	919	8,428	5,619	468	312	23,410	15,607	8,896	5,931
Mar	31	1,860	33%	614	485	129	412	19	38,332	2,398	124	5	14,663	815	22,999	15,333	1,439	959	8,798	5,865	489	326	24,437	16,292	9,287	6,191
Apr	30	1,800	56%	1,008	796	212	677	32	62,949	3,937	203	8	24,081	1,338	37,769	25,180	2,362	1,575	14,448	9,632	803	535	40,132	26,755	15,251	10,167
May	31	1,860	58%	1,079	852	227	724	34	67,371	4,214	217	9	25,772	1,432	40,422	26,948	2,528	1,686	15,463	10,309	859	573	42,951	28,634	16,322	10,882
Jun	30	1,800	56%	1,008	796	212	677	32	62,949	3,937	203	8	24,081	1,338	37,769	25,180	2,362	1,575	14,448	9,632	803	535	40,132	26,755	15,251	10,167
Jul	31	1,860	76%	1,414	1,117	297	949	45	88,279	5,522	285	12	33,770	1,876	52,967	35,311	3,313	2,209	20,262	13,508	1,126	750	56,280	37,520	21,388	14,259
Aug	31	1,860	70%	1,302	1,029	273	874	41	81,309	5,086	262	11	31,104	1,728	48,786	32,524	3,051	2,034	18,663	12,442	1,037	691	51,837	34,558	19,699	13,133
Sep	30	1,800	66%	1,188	939	249	798	37	74,190	4,640	240	10	28,381	1,577	44,514	29,676	2,784	1,856	17,029	11,352	946	631	47,298	31,532	17,975	11,983
Oct	31	1,860	60%	1,116	882	234	749	35	69,694	4,359	225	9	26,661	1,481	41,816	27,877	2,615	1,744	15,996	10,664	889	592	44,432	29,621	16,885	11,257
Nov	30	1,800	32%	576	455	121	387	18	35,971	2,250	116	5	13,760	764	21,583	14,388	1,350	900	8,256	5,504	459	306	22,932	15,288	8,715	5,810
Dec	31	1,860	24%	446	353	94	300	14	27,877	1,744	90	4	10,664	592	16,726	11,151	1,046	697	6,399	4,266	355	237	17,773	11,848	6,754	4,503
Total	**365**	**21,900**		**10,915**	**8,623**	**2,292**	**7,330**	**344**	**681,649**	**42,635**	**2,201**	**92**	**260,760**	**14,487**	**408,989**	**272,660**	**25,581**	**17,054**	**156,456**	**104,304**	**8,692**	**5,795**	**434,570**	**289,713**	**165,148**	**110,099**

Employment Generated by Off-Site Tourist Spend							
UK tourists off site local							
Total Exp	Disp Facto	Disp Exp	on-Disp E	Multi Facto	Net Exp	Emp Facto	Gross Jobs	Net Jobs
£289,713	0.25	£72,428	£217,285	1.57	£341,138	£54,000	5	6
OS tourists off site local								
Total Exp	Disp Facto	Disp Exp	on-Disp E	Multi Facto	Net Exp	Emp Facto	Gross Jobs	Net Jobs
£110,099	0.25	£27,525	£82,574	1.57	£129,641	£54,000	2	2
Total Local Level Off-Site Employment								
£399,812		**£99,953**	**£299,859**		**£470,779**		**7**	**9**

NOTES

(1) Occupancy rates (%) based on average figures for Self Catering in the Highlands (2011) as supplied by VisitScotland

(2) Proportion of UK to Overseas Tourists = 79% to 21% respectively (no. of bednights). Evidence taken from Tourism in the Highlands 2011, VisitScotland figures

(3) UK occupancy types based on 85% holiday and 15% business/conference as per evidence from Tourism in the Highlands 2010, VisitScotland

(4) Average UK tourist spend per night in Highlands was £62 during 2011 - based on Tourism in the Highlands 2011, VisitScotland published figures

Estimated UK holiday tourist spend for self catering per night in Highlands 2010 is £93 - MKA Economics estimate based on 150% of average spend per night Tourism in the Highlands 2011, VisitScotland published figures

Estimated UK business tourist spend for self catering per night in the Highlands is £124 - MKA Economics estimate based on double the average nights spend for UK business tourists, Tourism in the Highlands 2010, VisitScotland published figures

(5) Overseas occupancy types based on 96% holiday and 4% business/conference as per evidence from Tourism in the Highlands 2011, Visit Scotland

(6) Average OS tourist spend per night was £79 - based on Tourism in the Highlands 2011, VisitScotland published figures

Estimated OS holiday tourist spend for self catering per night in the Highlands 2011 is £118.50 per night - MKA Economics estimate based on 150% of average spend per night Tourism in the Highlands 2011, VisitScotland published figures

Estimated OS business tourist spend for self catering per night in the Highlands is £158 - MKA Economics estimate based on double the average nights spend for OS business tourists, Tourism in the Highlands 2011, VisitScotland published figures

(7) All on-site/off-site expenditure split based on 60% spend on-site and 40% off-site for all visitors

QA CHECK	
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