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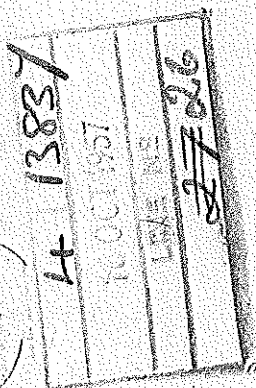
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Registers of Scotland.

General Register of Sasines.

Extract Registered

D I S P O S I T I O N

by

THE TRUSTEES of SIR GEORGE BULLOUGH

in favour of

THE NATURE CONSERVANCY.

Dated 12th July 1957 &c.
Regd. 2nd September 1957.

Of the Island of Rhum in the
County of Inverness.

ARCHIBALD CAMPBELL & HARLEY, W.S.,
18 Duke Street,
EDINBURGH.

Registers of Scotland.

cc 370 (2)

AT EDINBURGH, the Second day of September Nineteen hundred and fifty seven between eleven and twelve the Writ hereinafter reproduced is recorded in the 869th Book of the Division of the General Register of Sasines applicable to the County of Inverness commencing on folio 167 for publication and also as in the Books of the Lords of Council and Session for preservation as follows:-

ADJUDICATION
- 8 AUG 1957
5114



No. 4
DISP.
by
TRUSTEES of
SIR GEORGE
BULLOUGH
To
NATURE CON-
SERVANCY.

WE, DAME MONICA LILLY BULLOUGH of Warren Hill, Newmarket, in the County of Cambridge, Widow of Sir George Bullough, Baronet, late of Six Connaught Place, London; Warren Hill, Newmarket aforesaid; and the Isle of Rhum, Scotland; THE HONOURABLE HUGH de BURGH WARWICK BAMPFYLDE, sometime care of Lloyds Bank Limited, Sixteen Saint James's Street, London, and now of Forty four Chester Square, London, a Major (Retired) in Her Majesty's Army; JAMES SMITH and JOHN BERESFORD HEATON, both Solicitors, Eight New Square, Lincoln's Inn in the County of London, the original and assumed Trustees nominated and appointed by and acting under (First) Will by the said Sir George Bullough, dated the Thirty first day of January Nineteen hundred and twenty nine, and three Codicile thereto, dated respectively the Twenty sixth day of February Nineteen hundred and thirty one, the Twelfth day of August Nineteen hundred and thirty two and the Sixth day of December Nineteen hundred and thirty two, and proved and registered in the Principal Probate Registry of the High Court of Justice on the Third day of November Nineteen hundred and thirty nine, and (Second) Deed of Appointment of New Trustees by us, the said Dame Monica Lilly Bullough and Major The Honourable Hugh de Burgh Warwick Bampfylde, then the Trustees under the said Will, in favour of ourselves and us the said James Smith and John Beresford Heaton, as Trustees foresaid, dated the Eighth day of August and registered in the Books of Council and Session on the Twenty third day of December, both in the year Nineteen hundred and fifty two, and as such Trustees heritable proprietors of the Lands and Others hereinafter disposed, IN CONSIDERATION of the sum of TWENTY THREE THOUSAND POUNDS instantly paid to us by The Nature Conservancy, a corporation incorporated by Royal Charter, and having its principal office at Nine teen Belgrave Square, London, of which sum we hereby acknowledge the receipt and discharge the said The Nature Conservancy, DO HEREBY, with consent of me, the said DAME MONICA LILLY BULLOUGH as an individual for all right of liferent, terce or otherwise competent to me in said Lands and others, SELL and DISPONE to and in favour of the said THE NATURE CONSERVANCY, and its successors and assignees, whomsoever, /

Monica Bullough
H. de Burgh Warwick Bampfylde

John Beresford Heaton

4/55

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whomsoever, heritably and irredeemably, ALL and WHOLE the Island of Rhum (formerly called Rowme or Rum), extending to a six merk land of old extent, videlicet, the four merk land of Kilmorie and the two merk land of Naharrage, with all and singular houses, biggings, mills, woods, fishings, parts, pendicles, forests and pertinents of the said lands of the Island of Rhum whatsoever, lying of old within the Sheriffdom of Tarbert but then by annexation in the Sheriffdom of Argyll and now in the County of Inverness, being the subjects described in the Notarial Instrument in favour of the said Sir George Bullough (therein designed as Knight), recorded in the Division of the General Register of Sasines applicable to the County of Inverness on the Sixteenth day of July Nineteen hundred and four, which island is tinted pink and enclosed within a red line on the plan thereof annexed and subscribed as relative hereto; ^{but excepting from the Lands and} ~~and burial ground~~ others hereby disposed the Mausoleum/situated on the west side of the said Island, with the solum thereof, and right of access thereto at all times by the pier and slip on the east side of the said Island, or by any other landing place which may be hereafter substituted therefor, and by all roads leading to the said Mausoleum, ~~which Mausoleum and others is hereby reserved to us and our successors,~~ as trustees foresaid, and to the descendants of the said Sir George Bullough, but declaring that the said Mausoleum shall be used only as a burial place for me, the said Dame Monica Lilly Bullough, and the descendants of the said Sir George Bullough and for no other purposes, which declaration shall, in the event of us as Trustees foresaid disposing the said Mausoleum and the solum thereof, be constituted a real burden in the Disposition or other Conveyance, and accordingly we as Trustees foresaid bind ourselves and our successors to insert a declaration in similar terms in any such /

Monica Bullough

John Bullough

John Bullough

John Bullough

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such Disposition or Conveyance, and to create it a valid real burden affecting the said Mausoleum and the solum thereof in favour of the said disponee, and its foresaids: Declaring further that I the said Dame Monica Lilly Bullough and my daughter The Right Honourable Hermione Countess of Durham and other descendants of the said Sir George Bullough shall have right of entry to the said Island by the existing pier or slip or otherwise with the right to stay on the said Island at such times and for such periods as I or the said Countess of Durham or they or any of them may desire I the said Dame Monica Lilly Bullough the said Countess of Durham and other descendants being bound to make my her or their own arrangements for accommodation on the said Island: Declaring that the said Lands and others hereby disposed are so disposed for the purpose of a Nature Reserve in terms of the National Parks and Access to the Countryside Act 1949 and any Acts amending the same, And the said Dispones agrees that, unless prevented from doing so by circumstances over which it has no control, it shall use the said Island for said purpose in perpetuity, and it shall maintain Kinloch Castle and the adjacent premises so far as may be practicable to do so in the circumstances WITH ENTRY and actual occupation as at the TWENTY EIGHTH day of February NINETEEN HUNDRED AND FIFTY SEVEN, notwithstanding the date hereof: AND we, as Trustees foresaid, with consent foresaid, assign the Writs and have delivered those specified in the Inventory thereof annexed and subscribed as relative hereto, with the exception of Numbers One to Fifteen inclusive and Numbers Twenty nine to Thirty seven inclusive of said Inventory which are not in our possession, but we assign to the said disponee, and its foresaids, all right competent to us, as Trustees foresaid, to have the said undelivered writs and all other and prior writs made furthcoming, and with the exception of Numbers Forty one and Forty three of the said Inventory which refer to other subjects and are not herewith delivered, but we bind ourselves, as Trustees foresaid, to make the same furthcoming to our said disponee and its foresaids on /

Monica Bullough

James Smith

John Smith

John Smith

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on all necessary occasions on the usual receipt and obligation for redelivery, and to make the party to whom they may ultimately be delivered bound in like manner, and in respect that the said writs herewith delivered relate also to the said Mausoleum the said disponent shall be bound to make the same forthcoming to us and our successors as proprietors thereof on all necessary occasions on the usual receipt and obligation for redelivery, and to make any party to whom it may deliver the said writs bound in like manner: AND we, as Trustees foresaid, with consent foresaid, assign the rents: AND we, as Trustees foresaid, bind ourselves to free and relieve the said disponent and its foresaids of all feudalities and public burdens falling due or accruing prior to the First day of March Nineteen hundred and fifty seven: AND we, as Trustees foresaid, grant warrandice from our own facts and deeds only, and bind the trust estate under our charge and the beneficiaries interested therein in absolute warrandice; excepting from said obligations of warrandice the Lease between me, the said Dame Monica Lilly Bullough and Walter Mundell, dated the Thirtieth day of January and the Third day of February Nineteen hundred and forty eight, with Minute endorsed thereon, dated the Ninth and Twenty seventh days of October Nineteen hundred and fifty one, the said disponent and its forsaids being bound, as by acceptance hereof it binds itself and them, to free and relieve us of all claims or demands against us competent to the tenant in terms of the said Lease and Minute or otherwise, but without prejudice to the said disponent and its foresaids quarrelling or impugning the said Lease and Minute on any ground of law which shall not infer warrandice against us as Trusteesa foresaid /

Monica Lilly Bullough
Walter Mundell
John D. I. - [initials]

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foresaid or our successors: AND we consent to registration hereof for preservation: IN WITNESS WHEREOF these presents, consisting of this and the four preceding pages, are, together with the Inventory of Write and the plan annexed hereto and under the declaration that the words "and burial ground" are interlined before subscription so as to read between the words "Mausoleum" and "situated" occurring on the Sixteenth line of page Second hereof, subscribed by me the said Dame Monica Lilly Bullough, as Trustee foresaid and as an individual, at Newmarket, on the Twelfth day of July Nineteen hundred and fifty seven, before these witnesses, James Barron Wright, Assistant Manager, and Kenneth William Pateman, Bank Official, both of Barclays Bank Limited, Newmarket; by me the said The Honourable Hugh de Burgh Warwick Bampfylde, as Trustee foresaid, at the place and on the date last mentioned, before these witnesses, the said James Barron Wright and Kenneth William Pateman; by me the said James Smith, as Trustee foresaid, at London on the Thirtieth day of the month and year last mentioned, before these witnesses Margaret Ellen Wood, and Cecil Capel Townsend, both Clerks to Messieurs Rider Heaton and Company, Solicitors, Lincoln's Inn, London, and by me the said John Beresford Heaton, as Trustee foresaid, at the place and on the date last mentioned, before these witnesses Gavin James Ironside-Smith, Solicitor, Eight New Square, Lincoln's Inn, London, and the said Cecil Capel Townsend.

Barwick witness
Bluckinman witness
Barwick witness
Bluckinman witness
M. E. Wood witness
C. Townsend witness
G. J. Ironside-Smith witness
C. Townsend witness

Monica Lilly Bullough

Hugh de Burgh Warwick Bampfylde

James Smith

John Beresford Heaton

~~REGISTER on behalf of the within named The Nature Conservancy in the Register of the County of Inverness.~~

W.S., Edinburgh,
Agents.

Register on behalf of the within named The Nature Conservancy
 for preservation as well as for publication in the Register of
 the County of Inverness *Charles William Pateman*
 55 *W.S. Edinburgh* 171

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INVENTORY of WRITS referred to in the foregoing DISPOSITION

- 1/39. The WRITS Numbers 1 to 39 enumerated in the Inventory annexed to No. 40 hereof.
40. DISPOSITION by James Hunter Campbell in favour of John Bullough dated 14th and recorded G.R.S. Argyll 16th May 1888.
41. PROBATE of the LAST WILL AND TESTAMENT of John Bullough, dated 7th December 1890 and proved and registered in the District Probate Registry at Lancaster on 26th March 1891.
42. NOTARIAL INSTRUMENT in favour of Sir George Bullough, recorded G.R.S. Inverness 16th July 1904.
43. PROBATE OF THE WILL of Sir George Bullough, dated 31st January 1929, and three Codicils, dated 26th February 1931, 12th August 1932 and 6th December 1932, and proved and registered in the Principal Probate Registry on 3rd November 1939.
44. EXTRACT REGISTERED DEED of APPOINTMENT of New Trustees under said last mentioned Will between Dame Monica Lilly Bullough, The Honourable Hugh de Burgh Warwick Bampfylde, James Smith and John Beresford Heaton, dated 8th August and registered B. of C. and S. 23rd December 1952.
45. NOTICE of TITLE in favour of the Trustees of Sir George Bullough, recorded G.R.S. Inverness 23rd December 1952.
46. SEARCH for INCUMBRANCES.
47. LEASE between Lady Monica Lilly Bullough and Walter Mundell, dated 30th January and 3rd February 1948, with Minute thereon, dated 9th and 27th October 1951.

Monica Bullough

Hon. Mr. Nairn, 1952

John Smith

John de Burgh

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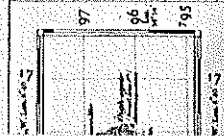
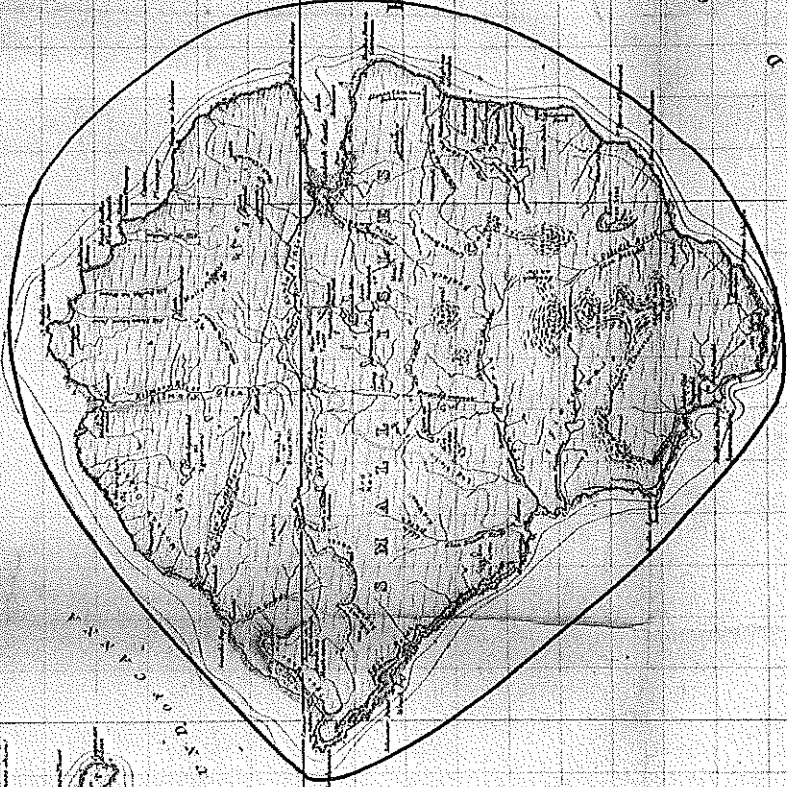
This is the Plan referred to in the foregoing Disposition
by the Trustees of Sir George Bullough, with consent, in
favour of The Nature Conservancy dated 24th July 1957.

Monica Bullough
Greenwich

12-5-57

J-15-57

O.S. One Inch to One Mile
Sheet 34



EXTRACTED by me having commission to that effect from the
Keeper of the Registers of Scotland.

A. Kato

Options for the future for Kinloch Castle



An outline appraisal of options to secure a future for Kinloch
Castle on the Isle of Rum

October 2013

Scottish Natural Heritage

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Executive Summary

Introduction and Background

This report marks the first stage in a project to explore future options for Kinloch Castle on the Isle of Rum. The castle was built in 1897 as a hunting lodge for Sir George Bullough and is a rare surviving time capsule of the late Victorian / Edwardian age. It was acquired as part of the purchase of the island by the Nature Conservancy in 1957. The building has deteriorated over the years due to water ingress and is in need of significant repair and restoration. SNH has commissioned a number of studies to explore the options for the building and restoration proposals have been developed, but the significant funding required to take them forward has not been available. More recently work has been undertaken towards making the building wind and watertight.

The purpose of this appraisal is to re-examine potential positive options for the future of the castle, taking into account the changes that have taken place on the island and engaging with our stakeholders to develop a more collective view. The project involved input from a stakeholder working group and included a visit to the castle, a briefing pack to bring representatives up to speed, a workshop to explore options collectively, consultation on the draft report and discussion about the options. Representatives have worked hard to consult within their organisations and there has been considerable discussion within the Rum community.

The options appraisal has taken into account the many changes that have taken place on Rum, most significantly the transfer of land and properties to the Isle of Rum Community Trust and the development of a stronger vision for Rum that this has facilitated. This sets an important context for looking at the future of the castle.

Objectives and Options

Stakeholders discussed the objectives for the appraisal, against which options were assessed. These include securing a financially viable future for the building; conserving and enhancing the heritage and public access to it; supporting socio-economic development; and linking to the wider management of the island.

The appraisal explored eight broad options for use of the castle. These included some options which retained the museum function and some where this was removed, plus residential, visitor or mixed accommodation. We considered other uses and divided them broadly into 'open' uses which would be likely to have some element of public access (e.g. training centre, wedding venue, etc.) and 'closed' options (e.g. rehabilitation clinic, private dwelling etc.). These options were scored and ranked against the objectives. The appraisal also considered options for ownership of the building and options for the collection of historic artefacts (e.g. the period contents of the building that are not included in the listing). The pros and cons of these options were considered, noting that these are strongly dependent on the preferred use of the building.

Review of Options

Two options for use of the building emerged as most promising in meeting the objectives; these were options 3 (retaining the museum and converting other parts of the building to visitor

accommodation) and 5 (retaining the museum and converting other parts of the building to a mix of visitor and residential accommodation). Retaining the museum in the principal wings conserves the heritage value of the collection in situ, retains public access for tours which supports the growth of the day visitor market to the island, generating socio-economic benefits for Rum and other parts of Lochaber. Visitor accommodation also supports the visitor economy, creates employment opportunities and could improve financial viability by focusing on the commercial stalking market, a current gap in provision on Rum and a potentially lucrative market which also supports management of the national nature reserve. Inclusion of residential accommodation could support community development, though this might depend on the type of accommodation provided. These options could help meet established needs on the island, placing the castle's high heritage value at the heart of community development.

Three other options had potential to deliver the objectives. These were options 4 (museum and residential accommodation), 7 (hotel) and 8a (open uses). Options 6 (residential accommodation only) and 8b (closed options) did not score well against the objectives. Options 1 and 2 were both 'holding' options, keeping the status quo but not delivering a long term future for the building.

The appraisal explored the pros and cons of ownership models, noting that public ownership had constraints in relation to funding and was not the best option for delivering the more commercial activities that were emerging as preferred uses. However, the likelihood of a private sale is considered minimal based on previous advice due to the lack of privacy associated with the building. Trust ownership could offer a useful model but would depend on availability of funds deliver the initial restoration. A partnership or shared approach to ownership may be more likely and feasible.

Recommendations and next steps

It is recommended that the two highest scoring options (3: retaining the museum and converting other parts of the building to visitor accommodation and 5: retaining the museum and converting other parts of the building to a mix of visitor and residential accommodation) be explored in detail and a business case developed. Elements of the three other options with potential should be included by exploring the different combinations of museum, visitor and residential accommodation and their impacts on financial viability, plus the financial impact of including weddings and conferences within the business model.

The next stage should include the practical feasibility of delivering the scheme within the building; potential sources of funding for the repair / restoration phase; financial viability of the operation including links to stalking and other activities; ownership / delivery models; market testing of sale of all or parts of the building; other sources of funding that could support the castle operation long term; identification of the current and potential socio-economic impact of the castle.

We recommend that stakeholders continue to be closely involved in the process, particularly the Rum community. We also recommend that this process should dovetail with a separate initiative on Rum to develop a new village plan.

There are potential reputational and financial risks to engaging in further work, notably that we raise expectations or undertake costly studies and cannot then deliver due to lack of funding for the

restoration. Discussion with Scottish Government is therefore critical before the next stage to determine the potential for funding.

Introduction

1. Kinloch Castle is a Category-A listed building built in 1897. Its surrounding gardens and policy woodlands are included on the Inventory of Gardens and Designed Landscapes (see appendix 1 for further information). The castle includes a collection of historic artefacts in its original period interior. SNH has duties and responsibilities for the castle under the Town and Country Planning (Scotland) Act 1997 and the Scottish Historic Environment Policy for Government Bodies (SHEP) 2009. Under SHEP, Government bodies are expected to build the protection, management, maintenance or repair of historic assets into their operational and budgetary plans, setting a good example in the care of their historic estate. When the building was acquired by the Nature Conservancy in 1957, a commitment was made to 'maintain the castle so far as it might be practicable to do so in the circumstances'.
2. The castle has deteriorated over the years largely due to water ingress which has affected the fabric of the building and the interior. We have developed a number of restoration proposals aiming to secure a future for the building, but have not to date been able to secure the necessary funds to take them forward. Our more recent focus has been on a repair programme to reduce the deterioration of the building.
3. The castle currently functions as a visitor attraction on the island and is therefore significant to the local economy. The island receives about 10,000 visitors each year. Our 2010 visitor survey of a sample of 400 visitors showed that 37% cited visiting the castle as a reason for their visit to Rum. 56% of respondents went on a castle tour.
4. With changes in the management of the island and the development of a growing community since the transfer of land and properties in 2009/2010, this is an opportune time to explore the future options for Kinloch Castle. A key question is how the castle might contribute to the vision for future development of the island.

Remit

5. This outline options appraisal is the first stage in a project to determine the future of Kinloch Castle. It builds on previous studies commissioned by SNH: the Page and Park study of 2002 and the Prince's Regeneration Trust's proposals 2005-10 which are summarised in appendix 2.
6. A key aim in this appraisal is to engage our stakeholders from the outset to ensure we develop a collective view and benefit from the skills and expertise available within partner organisations. Input from Rum's growing community is a critical element of the process, since future uses of the castle will have significant impacts on community development.

7. The appraisal aims to bring previous studies up to date by taking into account the changes that have taken place on Rum since they were undertaken and the overarching vision and direction for the island's future. This sets the context for any future proposals, and links to known needs and opportunities have been made in the outline analysis.
8. For this first stage of the project, only positive options are explored for the castle; negative options (e.g. demolition, roofless ruin) are not included. This approach was agreed with the Minister in 2012 and is for two reasons:
 - Negative options are not available to us at this point in the process. All positive options would have to be fully explored and tested before consent for demolition (or roofless ruin) could be considered.
 - We are running an open and transparent process and wish to engage fully with our stakeholders and issue regular public updates in the press. Spending time on options that are not appropriate or available at this stage is unhelpful, and the nature of those options could result in undue focus being placed on them.

It is therefore considered appropriate to exclude these options at present.

Process

9. The project is led by SNH and includes input from a stakeholder working group with representation from the following bodies:
 - Historic Scotland
 - Royal Commission on the Ancient & Historical Monuments of Scotland
 - Highland Council
 - Isle of Rum Community Trust
 - Rum Community Association
 - Kinloch Castle Friends Association
 - National Trust for Scotland
 - Highlands Building Preservation Trust
 - Highlands and Islands Enterprise
 - Prince's Regeneration Trust

National Museums of Scotland declined to take part at this stage, though were willing to advise on any specific issues. Doug Reid, conservation architect from James F Stephen Architects, is a paid advisor on the project. Doug worked on the Prince's Trust restoration proposals and has led development of the conservation repairs plan for the castle.

10. The stakeholder working group undertook a group visit to Rum to view the building, collection and village environment. This allowed stakeholders to become more familiar with the condition of the building, its context and surroundings and to start thinking about potential uses.

11. A briefing pack was produced outlining background to the castle, its legal status and general information about the island, plus outlining the condition of the building and repair works undertaken, the previous options that have been explored and the changes that have occurred on the island over the last five years.
12. A stakeholder workshop was held to discuss the objectives for the project, explore the options for its use, ownership and for the collection. This discussion and exchange of views between the range of stakeholders was an extremely valuable part of the process. The Rum community followed this up with further discussion among residents and the submission to SNH of views and ideas on how the castle might be utilised in future and what it represents to the island.
13. The input gained from the workshop plus subsequent discussions and consultation input on the draft report has been reflected in the assessment of options presented..

Changing context

14. There have been some significant changes on Rum since previous appraisals were undertaken, which provide a new context for the castle and may influence some of the available options. Key points are:
 - The island is now in dual ownership following the transfer of land and property to the Isle of Rum Community Trust (IRCT) in 2009 / 2010. This includes parts of the designed landscape near the castle. Areas immediately adjacent to the castle and the related structures (walled garden, gazebo, dairy, squash courts etc.) were retained in SNH ownership to facilitate any future restoration scheme.
 - The community is developing well; a community company has brought efficient broadband to the Small Isles; IRCT manages most properties and the water supply; three crofts have been let bringing two new families and further woodland crofts are being explored. 44 people are resident on the island.
 - IRCT has secured funds to build a new 20-bed bunkhouse plus new B&Bs are developing; new businesses are operating linked to the NNR including venison processing, outdoor expeditions, cycle hire and visitor transport.
 - The SNH hostel has been relocated out of the castle and into a temporary facility to fill the gap until the community bunkhouse is operational. Moving the hostel out of the castle was a risk management measure to reduce the possibility of an unplanned closure leaving the island with no accommodation for visitors and contractors.
 - SNH has also been working to try to tackle the water ingress issues affecting the structure and fabric of the castle. Significant work has been undertaken on the roof and upper masonry and, while there is more work to do, the building is now 80-85% water tight. This is a significant improvement. Further, advice from our consultant architect and structural engineer suggests that we have caught the corrosion issue in time and the building is stabilised, so as long as we can complete the works to tackle water ingress, the structure of the building itself should remain stable. This is a

significant step forward and makes overall restoration of the building more achievable.

- IRCT operates a ranger service and is developing a forest plan for woodlands in its ownership, including within the designed landscape.
- IRCT and SNH are working collaboratively to develop improved visitor facilities on the island.
- IRCT has developed a housing policy and is pursuing options to increase provision; this is a major challenge and a significant constraint to community development. There is a shortage of housing for existing residents with some in poor quality temporary accommodation.
- SNH has operated a commercial stalking lease; while the stalking is high quality the commercial potential and socio-economic benefits of the lease are currently limited by lack of suitable accommodation and hospitality for stalking clients.
- As the community develops, we are increasingly focusing our more limited resources on managing the NNR and developing its potential.

Island of opportunity

15. Rum has potential to develop as an outstanding natural and cultural heritage destination, attracting visitors to the Small Isles and this part of the west coast. Developing the island's visitor economy will underpin the continued development of the community and bring wider benefits to businesses in adjacent areas. The island has many special qualities which attract a range of visitors, including:
 - a. Breath-taking mountain and coastal scenery;
 - b. Unique wildlife experiences – the rut of the 'Autumnwatch' deer, visiting the mountain-top Manx shearwater colony – nearly a quarter of the world population breeds here; otter watching, eagle watching and more;
 - c. Rich historic and cultural heritage – one of the earliest settlement sites in Scotland, many historic sites including deer traps, pre-clearance villages and of course the castle - a well-preserved example of late Victorian / Edwardian opulence;
 - d. Challenging walking (e.g. the Rum Cuillin ridge) and mountain biking;
 - e. Earth heritage – one of the best sites in the world to study volcanic landforms;
 - f. Social history – Rum's story of social and community change, from the clearances, Victorian hunting estates, the rags to riches story of the Bulloughs and including the present day.
16. There is an opportunity on Rum to further develop the partnership approach to promote the island's diverse qualities in a joined up way that provides a high quality visitor experience, promotes Scotland's natural and historic heritage and demonstrates the links between people and their environment through the ages. This offers the chance to increase engagement, lifelong learning and volunteering through positive experiences delivered by innovative joint working between public and private sector. On Rum, a better link between natural and cultural heritage bodies, working in partnership with the community to develop business opportunities, could deliver a step-change in the island's development.

17. Opportunities to develop the island's visitor offer include:

- a. Commercial stalking – Rum's deer are high quality animals, larger than mainland deer, which need to be controlled for conservation purposes. There is an opportunity to develop this for both the high value market given the quality of the stags, plus an 'extreme' stalking element, which is a growth area, for the more challenging and remote areas of the island.
- b. 'Camera stalking' – wildlife photography plus landscape photography, painting and other creative courses / retreats taking inspiration from the island's natural and cultural heritage.
- c. Rural skills training and volunteering – Rum could provide numerous opportunities for volunteering on the National Nature Reserve and for formal training courses.
- d. Lifelong learning and research – Rum offers unique opportunities for learning and research due to its many special qualities listed above. There is currently a strong association with tertiary education and there is scope to further develop this, but also to expand to other age groups.

Unlocking Rum's potential

18. SNH and the Rum community are keen to unlock Rum's potential based on the opportunities listed above. To achieve this, we need to improve the facilities and infrastructure available on the island. Much work has been done in recent years towards this, but there are still some key needs and opportunities. These should be taken into account when considering the future of the castle. They include:

- housing for residents (particularly affordable housing and accommodation for smaller households)
- a wider range of visitor accommodation and hospitality services including high quality accommodation and hospitality for commercial stalking clients and others guests
- further development of outdoor / interpretive activities
- facilities to support education and training
- visitor centre and facilities for growing day visitor market (coach tours, cruises, etc. often an older age group)
- Strong engagement from other public bodies
- A new village plan to support sensitive development of Kinloch

19. Kinloch Castle already functions as a visitor attraction, drawing visitors to the island and particularly appealing to day trippers, coach parties and cruises. A key consideration in this appraisal is whether / how the castle could deliver more towards Rum's development, securing a future for the listed building and utilising its heritage appeal to deliver wider benefits.

Objectives

20. The objectives for the options appraisal were discussed with the stakeholder group. The group was keen for the castle to help deliver the vision for the island, with a sense that if we get things right the castle could become an integral part of supporting Rum's development as an outstanding natural and cultural heritage destination. Financial viability was a priority, albeit recognising that restoring the castle is unlikely to ever be commercially viable. This objective focuses on the extent to which the castle might be able to generate funds to help support its longer term management. A further priority was delivery of socio-economic benefits to both the island and wider area. The castle is a significant heritage attraction on Rum and is an iconic part of the island's cultural history. There was some discussion about the importance of the collection and how significant public access was. Stakeholders felt that retaining the collection in situ was ideal since this gives the castle much of its public interest, as was public access to the building, but that neither should necessarily stand in the way of an option that could save the building. Stakeholders felt it was important that the management of the castle should link to the management of the island and NNR, forming part of the Rum 'offer', rather than treated in isolation. These considerations are reflected in the objectives as presented, and in the weightings assigned to them.
21. It should be noted that in considering the future of the castle, and in setting the objectives for this project, we have taken a broad view of how the castle might meet the needs of Rum's community and the area generally through its heritage value and as a business opportunity. We have not constrained the project by focusing on SNH's remit or budgets.
22. The objectives and their weightings are set out in the table below:

Objective	Weighting %
1. To secure a financially viable future for the castle	30
2. To conserve and enhance the historic and cultural heritage and public access to it	30
3. To support socio-economic development on Rum and the surrounding area	30
4. To support and link to the wider management of the island	10

Options for use of the Castle

23. Eight overall options for potential uses of the castle have been identified and are explored here. It should be noted that there is some scope to combine options, using different parts of the building for different purposes. This is picked up later in the document. The eight options are:

1. *Retain status quo – retain museum tours; deliver conservation / repair plan gradually as funding allows*
2. *Implement conservation / repair plan (focused investment); retain museum and close off rear wing*
3. *Restoration to museum and visitor accommodation*
4. *Restoration / conversion to museum and residents housing*
5. *Restoration / conversion to museum and mixed residents / visitor accommodation*
6. *Conversion to housing / remove museum*
7. *Conversion to hotel / remove museum*
8. *Conversion to other uses*

24. A number of other uses were identified under option 8 and these will be considered under the broad categories of open uses, i.e. those which would be likely to be compatible with some public access, and closed uses where public access may be less likely.
25. Open uses might include education or training establishments, conference / wedding venue, retail units, etc. Closed uses might include private dwelling, retreat / religious establishment, rehabilitation / health clinic, etc.
26. The following section explores these options against the objectives of the project. It provides a summary and overall score and ranking. The detailed appraisal of options is set out in appendix 3.

Objective	Summary of appraisal	Rank and potential to deliver objectives
1. Retain status quo – retain museum tours; deliver conservation / repair plan gradually as funding allows	This status quo option could partially deliver some of the objectives in the short-term but does not represent a real solution to securing a future for the castle in the long term and risks further deterioration of the building and collection. While it would utilise existing budgets, it means that the castle would be repaired on an ad hoc basis, always competing with other initiatives. In the long term this would be less efficient and more costly.	Rank 9 of 9 Score <400 Unlikely to deliver objectives
2. Implement conservation / repair plan (focused investment); retain museum and close off rear wing	Like option 1, this is a holding pattern rather than a long term solution and doesn't provide a sustainable or secure future for the castle. It is better than option 1 in undertaking the repairs through a focused investment, which is more efficient and halts any further significant degradation to the building.	Rank 8 of 9 Score <400 Unlikely to deliver objectives

3. Restoration to museum and visitor accommodation	<p>This option has the potential to meet the objectives well. It is likely to require upfront funding through public sector grants to achieve the initial restoration as it is difficult to see this being commercially viable. However, with this in place, there is potential to develop a commercially viable business that could maintain the building and collection into the future, making a significant contribution to the development of the community and the socio-economic development of the Lochaber area. Some research would be required to explore the type of accommodation most likely to suit available markets and needs, including the commercial staying market which is a current gap in provision.</p>	<p>Rank 2 of 9</p> <p>Score >800</p> <p>Very promising</p>
4. Restoration / conversion to museum and residents housing	<p>This option could partially meet the objectives. The key concern is its financial viability; if the accommodation element were high value apartments then the scheme would be more likely to be viable. The identified need on the island is for affordable accommodation which is less likely to be a viable option to meet the costs of repairing and maintaining the building. The likelihood of high value accommodation becoming second homes may concern the local community which is keen to grow and develop, however the accommodation may be suited to this given the lack of private outdoor space.</p>	<p>Rank 3 of 9</p> <p>Score 600-800</p> <p>Some potential to deliver objectives</p>
5. Restoration / conversion to museum and mixed residents / visitor accommodation	<p>This option could meet the objectives well, with the mix of accommodation potentially enabling high end visitor provision to support more affordable residential provision. The viability of this mix would need to be explored in more detail, including the commercial viability of funding the restoration; public sector support may be required to get the project off the ground. Retaining the collection in situ for continued tours provides a further revenue stream, continues to attract day visitors to the island and helps support wider businesses. The inclusion of visitor accommodation facilitates further links to the NNR. This option is worth exploring further.</p>	<p>Rank 1 of 9</p> <p>Score >800</p> <p>Very promising</p>

6. Conversion to housing / remove museum	This option could potentially secure a future for the building, but does not deliver well against the other objectives. The loss of the collection impacts on the historic integrity which makes Kinloch special. Public access would be lost and the absence of tours and accommodation provision would impact on the visitor economy of Rum and the surrounding area. This option also precludes wider links being made between the operation of the castle and the wider reserve / island.	Rank 6 of 9 Score 400-600 Limited potential
7. Conversion to hotel / remove museum	This option could secure a future for the building and be commercially viable; it also offers good potential to make links to the wider island and reserve. However the loss of the collection and high intervention required for conversion would affect the castle's historic value. The loss of public tours could impact on the visitor economy of the island, though there would be a positive impact through an increase in staying guests. A hotel would generate jobs and bring workers to the island, supporting community development.	Rank 4 of 9 Score 600-800 Some potential to deliver objectives
8a. Conversion to other uses – open uses	Of the open uses listed, the most likely to be financially viable would be weddings / conferences as part of a broader accommodation package (as in option 3, 5 and 7) or an education / training establishment, though this might require a high level of modification of the building. Open uses may not deliver objectives 2 and 3 well, though this would depend on the detail of the proposal. Open uses could be positive for socio-economic development and for linking to the NNR / island.	Rank 5 of 9 Score 600-800 Some potential to deliver objectives
8b. Conversion to other uses – closed uses	Some closed uses are unlikely to be compatible with the castle's lack of privacy on the island and may therefore not be feasible. There is some potential for closed uses such as religious or health retreats to provide a viable future for the building. This option does not however meet objectives 2, 3 or 5.	Rank 7 of 9 Score 400-600 Limited potential to deliver objectives

27. This suggest that options 3 (restore to museum and visitor accommodation) and 5 (restore to museum and mixed residential / visitor accommodation) may be best able to meet the project objectives, with options 4 (restore to museum and residential accommodation), 7 (convert to hotel) and 8a (convert to other open uses) also having some potential. Options 6 (housing only) and 8b (convert to closed uses) have only limited potential, while options 1 (status quo) and 2 (status quo with focused repairs) are unlikely to deliver the objectives.
28. For simplicity, we have generally split different uses into different options but the castle has four wings and options could therefore be merged more than is indicated above. Option 5 includes three uses – visitor accommodation, residential accommodation and museum – and scores most highly. The proportions of these different uses could be varied within the building, i.e. a large proportion of visitor accommodation with only a small museum and residential section tends more towards option 7, while a shift in favour of residential housing tends more towards option 6. Some elements of the open uses may also be possible within option 5. The visitor accommodation and parts of the museum area could be suitable to host weddings for example. A range of uses might also spread the risk plus allow different parts of the castle to be repaired at different times, making the project more achievable. The financial viability of the different uses and therefore the proportions that would work best requires further investigation.

Options for ownership and management of the castle

29. The ownership model will partly be dictated by what the building will be used for, but the broad issues are explored here. Five ownership options were considered and the assessment of these options is given in Appendix 4. The options are:
- 1. Retain in SNH ownership*
 - 2. Transfer to an alternative public body*
 - 3. Transfer to a specially created castle charitable trust / body*
 - 4. Transfer to an existing charitable trust / body*
 - 5. Open market sale*
30. Options 1&2 - Stakeholders felt strongly that Kinloch Castle does not fit SNH's remit and there are inherent inefficiencies in SNH having to buy in expertise for its management. Historic Scotland may appear an obvious potential owner but have strict criteria for taking ownership of 'properties in care' and do not consider that Kinloch Castle would meet their criteria. While retaining the castle within the public sector could help ensure appropriate management and access to the building, it retains a long term dependency on the public purse and may not be the most effective delivery model for the types of uses identified as preferred options above.
31. Options 3 & 4 - A specially created trust would have some benefits in being set up with the castle's management as its primary purpose, but would require support and finances to get started. A lack of proven ability to deliver projects, manage funds etc. could put a new trust at a disadvantage. An existing Trust would only be likely to take the castle on with significant

financial support, but would then bring existing knowledge and experience and track record for delivery.

32. Option 5 - Open market sale would reduce the dependency on the public purse and bring private investment to the island. One potential risk is that any conditions applied to the sale – e.g. regarding conservation of the collection or public access - may not be heritable on subsequent sale. They might not therefore be safeguarded in the long term beyond the first new owner. There is also significant doubt about the likelihood of a private sale of the whole building given the lack of grounds and privacy associated with it. Previous discussions with agents and approaches from potential buyers have highlighted this as an issue, though full promotion on the open market has never been undertaken. It is also unlikely that purchasing the castle in its current state and taking on the repairs would be commercially viable. However, if funding could be found to bring the building into better condition, a sale may be more viable.
33. As with the options for use of the building, a combination of ownership options may prove more viable than a single approach. IT may be possible to sell parts of the building, e.g. residential apartments or visitor accommodation, privately with other parts managed through a trust or retained in public ownership. This should be explored further following identification of the most viable and publicly beneficial uses for the building.

Options for management of the collection

34. Kinloch Castle is unusual in having its original contents in situ, largely unaltered since the Bullough family left. As well as the original fixtures and fittings (which are included within the listing), there is a collection of portable items (not included within the listing) including paintings, ceramics, bronzes, furniture and books. The collection is valued at over £2 million though no single item is valued at more than £250,000, with most being relatively low value. However, in terms of heritage value, to have a building of this period with its original interior still intact is one of the attributes that makes Kinloch Castle special.
35. Four options were identified for the collection, and these are explored in Appendix 5. The options are:
- 1. Retain the collection with the castle*
 - 2. Sell as part of sale of the building*
 - 3. Sell some or all collection to raise funds*
 - 4. Transfer collection to museum, other public body or collection*
36. In relation to the project objectives, retaining the collection with the castle is preferred due to the heritage, access and socio-economic benefits. This ties with several of the preferred options for use of the building, where retaining the castle tours as a visitor attraction is a significant element.

37. The collection does not lend itself to transfer as it is an extensive collection of relatively low value items. Its real value is as part of the integral whole with the building, providing an unusual record of life in the late Victorian / Edwardian era. It is unlikely that much of the collection would be exhibited elsewhere. Equally, selling part of the collection to raise funds would potentially leave it without its most striking pieces (also the most valuable), could jeopardise future funding efforts and there is no guarantee that the funds raised would be available for use on the island. Stakeholder views varied on this issue, with some feeling that the collection should be retained and that items previously removed from the castle should be returned. Others felt that removing the collection could make re-using the building easier.

Costs

38. Option 1 is a status quo option that would retain the castle in SNH ownership with us undertaking repair works as funding allowed, within existing budgets. We have identified a conservation plan of urgent repairs required to make the building wind and watertight. We have delivered some of this, but there is a further estimated £1.5 million of works to be undertaken. In addition, there is a further estimated £4 million of repairs to bring the building back into good condition, including internal works. It would be more costly to do this in very small increments, so the estimated price here would need to be increased. Option 2 is also a status quo option but would involve a more focused repair plan to more rapidly bring the castle into good condition and meet statutory obligations. This would require the £5.5 million repair / conservation costs to be available over a much shorter time frame, but would be a more cost-effective way to achieve the repairs.
39. For the restoration / conversion options, we do not yet have sufficient detail to be able to cost these accurately. However, based on the previous scheme and allowing for inflation but also deducting the value of the repairs already completed, the restoration and conversion cost is likely to be at least £11 million including VAT and fees. There would be additional costs for accommodation, landscaping etc and given difficulties of securing contractors for Rum, this could rise to around £15 million. Detailed distinctions between options would require plans to be developed and it is suggested that this be explored in more detail in stage 2, but this provides an estimate of the scale of funds required.

Review of options

40. Options 3 (retain museum and convert to visitor accommodation) and 5 (retain museum and convert to mixed visitor / residential accommodation) scored most highly against the objectives and are deemed most promising. By retaining the museum and collection, both options retain the historic and cultural integrity of the building and utilise this as an iconic part of Rum's outstanding cultural and natural heritage offer. The combination of visitor accommodation, tours and some residential accommodation in option 5 would support socio-economic development in a number of ways, retaining the day visitor market and

developing a more diverse longer stay market plus supporting community expansion. High quality visitor accommodation would enable Rum to maximise the benefits of its stalking interest, which could generate high income and provide local skilled employment. Other activities (camera stalking, landscape photography / painting, cultural studies etc) could also offer further employment and draw visitors throughout the year. This would link the castle to the rest of the island and NNR and also complement other visitor proposals, such as a new visitor centre. There is a consistency with previous options appraisals, which have proposed similar uses. This provides some reassurance in relation to the island's needs; these options also however link well to factors which have changed and could make them more financially viable. These include the improvements to the building itself, the significant opportunity presented by commercial stalking and the general improvements in visitor infrastructure being developed by SNH and the Rum Community. These usage options could therefore provide a future for the listed building, retaining its heritage value and using this to support a range of wider benefits. It is recommended that these two options be explored further.

41. Options 4 (museum and residential accommodation), 7 (hotel), and 8a (open uses) had moderate overall scores suggesting they had some potential to meet the objectives. Converting the whole building to a hotel could be financially viable, but loss of the collection would affect the day visitor market and impact on heritage and access objectives. Option 4 would retain the collection and therefore deliver heritage, access and day visitor socio-economic objectives, but is less likely to be viable in the long term and offers only limited broader socio-economic development or links to the island. The open uses may require greater interventions to the building and therefore impact on heritage, with likely loss of the collection, though this would depend on the specific needs of the enterprise. With more marginal scores, it is not recommended that these three uses be explored further as discreet options. However, it is recommended that elements of them be explored within the parameters of the preferred options 3 and 5. For example, the combinations of different types of both visitor and residential accommodation should be explored in relation to practical feasibility and financial viability. The proportion of the building dedicated to tours against the accommodation uses should also be explored. The potential for complementary services such as wedding and conference facilities as part of a visitor accommodation business should also be considered as this might add to overall viability. A combination of uses in different parts of the building may be helpful and could allow the project to be phased, which may also make it more achievable.
42. Options 6 (all residential accommodation) and 8b (closed uses) had only limited potential to deliver the objectives. The loss of tours and visitor accommodation limits the contributions the castle would make to the local economy and heritage. The feasibility of these options is also questionable, given the lack of privacy and seclusion. The wider contribution to the island and NNR would be more limited. It is therefore recommended that these options should not be pursued at this stage.
43. Options 1 and 2 are the status quo options; these provide a 'holding pattern' for the castle but do not offer a sustainable long term solution and leave much of the building unused. Of

these fall back positions, option 2 would be preferable to option 1 in at least achieving the urgent conservation repairs needed to stabilise the building, though this would require additional budget. These options are not recommended other than option 2 as a 'fall back' position.

44. Ownership models need to be explored in relation to the use of the building but some key points emerged from the options appraisal. Retaining the castle in public ownership, whether SNH or another body, could constrain opportunities for accessing funding given limited public finances and ineligibility for wider funding streams. Running accommodation services is also not a core activity of either SNH or other potential public bodies (e.g. Historic Scotland). Public ownership is unlikely therefore to be the best model to achieve the objectives.
45. Selling the castle on the open market was considered. In relation to the uses identified in options 3 and 5 it is unlikely that the whole scheme, including upfront restoration / repair work, would be commercially viable. Previous advice has also highlighted that the lack of privacy associated with the building, access constraints and upfront repairs required would make a sale unlikely. This has been borne out by more recent approaches from interested parties who withdrew their interest due to these factors. A risk associated with selling the castle is that, while we can set conditions for the conservation of the building and its contents and define uses on first sale, these conditions may not be heritable and therefore cannot be safeguarded in the long term. This means there might be no control over what the building was used for beyond regulation through its listed status. There might therefore be no way of ensuring the objectives would be met and that the castle would deliver the vision for the island. This is an important consideration and requires further investigation, though it must be balanced with the opportunities private investment and ownership could bring.
46. Creating a charitable trust to operate the castle, or transferring to an existing one with suitable conservation / heritage objectives, may be a better option to ensure the objectives could be met and safeguarded in the long term. Trusts would be better placed to access a range of funding, including via members / friends groups. The main constraint here is that for a trust to take on Kinloch Castle, funding for the restoration and repairs would need to be secured. Fundraising may therefore need to be led through the public sector with a view to transferring the operation of the building to a charitable trust.
47. We suggest that ownership needs to be further explored once the uses have been better defined in relation to delivery of the objectives and financial viability. There is scope to vary the ownership model for different parts of the building, according to use. This would help share responsibilities and may be more achievable than an 'all or nothing' approach. We suggest considering market testing as part of the next stage of work, once the preferred uses of the building have been defined and the requirements that would need to be delivered. This would help gauge potential and help justify the need for public investment, and could include consideration of discreet parts of the building. We should also consider a facilitation

and advisory role for the public sector, particularly in relation to trust ownership. A partnership model, possibly for an initial period, may prove effective. This could include utilising the public sector's ability to oversee large capital project delivery, which may give potential funders greater confidence to invest.

48. The two highest scoring options include retaining and developing the museum and therefore keeping the collection in situ. There was some feeling that Kinloch's story could be told with fewer items and that parts of the collection could therefore be sold to raise funds for the building or other projects. However, if in public ownership items may have to be offered to other public collections through transfer first. Any money that was raised would not necessarily be spent on Rum and breaking up the collection could potentially jeopardise future fundraising (stakeholder advice that breaking up a collection could be regarded by some funders as mismanagement and would therefore affect fundraising potential). There could be advantages on site to concentrating the museum in fewer rooms to allow more space for accommodation. This could be achieved in other ways, e.g. holding some items in storage and rotating for specific themed displays to alter the visitor experience, or to have some items as a mobile display to other collections as a promotional tool. Management of the collection would require on-going investment and this would have to be factored into the business plan. However, the tours could be developed and promoted to tap into a growing market of day visitors which would generate income. This could be supplemented by funding appeals for key items, income from Friends groups etc.

Recommendations and Next steps

49. We recommend that usage options 3 and 5 be explored in detail in relation to financial viability. Elements of options 4, 7 and 8a should be incorporated into these as defined below. A business case should be produced to include the following:
- a. The practical feasibility of delivering the options within the building and modifications required, including the scope to include different combinations of visitor and residential accommodation and museum;
 - b. Funding for the restoration – potential funding sources and discussions with funders regarding eligibility and potential fit with funding criteria; this should include the potential for the restoration to be overseen by the public sector prior to operation of the final use through another body;
 - c. The financial viability of the operation including testing potential markets. This should specifically include the potential role that commercial stalking could play within the business model, plus other outdoor or niche activities that link to the vision for the island;
 - d. Explore suitable ownership / delivery vehicles suited to these options;
 - e. Exploring the market for sale of all or parts of the building linked to the various options;

- f. Explore the potential to include facilities for weddings, conferences, training, etc. within these options and whether they would add to the viability of the operation;
 - g. Other funding sources to support the operation – identify the potential to raise funds for the castle through other means to supplement the business operation, e.g. appeals, memberships, grants;
 - h. Consider potential uses of castle features such as the walled garden – e.g. scope for community / business use and whether this could add to overall viability;
 - i. Identify the current and potential socio-economic impact of the castle to the area;
50. We recommend that stakeholders, particularly the Rum community, be involved throughout the process to help shape the proposals.
51. Ideally the above process should run alongside a project to develop a new master plan for Rum, setting out a clear and shared vision for the island and identifying a spatial plan for development of the village area. This would replace the current village plan which is now out of date. This process is under discussion and is likely to be led by the community working with Highland Council and with SNH, HS and other stakeholders as appropriate.

Public Relations

52. Kinloch Castle is a public asset and generates wide public interest. We have pro-actively engaged the media as part of this project and this has generated balanced media coverage. This has included a number of press articles and a recent feature on BBC Reporting Scotland with associated web-based and social media discussion. All have stressed the significant financial and practical challenges of managing a listed building in a remote location, whilst also emphasising the special qualities of the building and collection and its value to community development.
53. It is important that we retain this pro-active approach to ensure our stakeholders, visitors and the wider public are aware of progress on the project.

Risks

54. The main risks associated with this project are set out below, with measures to address them.

Risk	Measure
Conflicting views among stakeholders	Collective engagement to allow discussion and consensus building to minimise this risk. This does however take time, but is well invested if it enables a consensus to be maintained.
Reputational risk of this project raising expectations and	Careful management of public messages to ensure that financial issues and challenges are

developing preferred options which prove unaffordable.	made clear, alongside potential options. Discussion with Scottish Government prior to starting stage 2 to ascertain likelihood of funds being available.
No final decision reached on future of castle	The project is being taken forward in stages to facilitate decision-making at each step
The castle continues to deteriorate while this project is being undertaken	SNH is committing available resources to continue work on the conservation repairs and collection conservation strategy
Public criticism of lack of decision over building and lack of use of rear wings	Pro-active PR plan to inform people of progress on both options plan and works being undertaken to care for the building

Conclusion

55. This report marks the first stage in a project which aims to determine the future of Kinloch Castle on the Isle of Rum. This stage has reopened discussions and brought together our stakeholders to review the potential uses for the castle, building on previous schemes but taking into account the significant changes which have taken place on Rum over the last five years. Stakeholders remain keen to see progress with Kinloch Castle; while there is inevitably a frustration that previous schemes have not delivered, there is recognition of the financial constraints and also a very positive response to the conservation repairs that have been undertaken in recent years.
56. Stakeholders feel that a restoration scheme for Kinloch Castle would be a major investment in the island's future, and could secure a step change in community development. Rum has significant scope to develop as a natural and cultural heritage destination, increasing visitor numbers to the west coast and providing opportunities for business growth. The castle is an iconic part of the island's heritage offer and its restoration could unlock the island's potential. There is, within this, a great opportunity to develop a more collaborative approach between the natural and cultural heritage sectors, and between the public and private sector. This could test and demonstrate a more joined up approach to how we derive public benefits from our natural and historic capital.
57. The appraisal has identified two usage options to explore further, both of which retain the collection for public access as a visitor attraction, with the remainder of the building offering visitor accommodation and /or residential accommodation. While these options have been explored in previous studies, we now have a clearer vision for Rum which provides the context for these proposals. The growing day visitor market and opportunity for high value commercial stalking and other niche activities are all opportunities that the Castle can uniquely exploit, bringing major benefits to the island and offering greater viability for the castle's long term future. We recommend that these opportunities be further explored in a detailed business plan. Stakeholder engagement should remain an integral part of the process for the remainder of the project, particularly input from the Rum community. The future of the castle could have a major impact on Rum's development and our ability to unlock the island's great potential.

Appendix 1 – Description and status of Kinloch Castle

Description

- 1.1 Kinloch Castle is a large rectangular castellated mansion built around an inner court. It was designed by Leeming & Leeming, London. The foundation stone was laid in 1897 and took three years to build, being first occupied in 1901. Internal and external alterations were carried out in 1906 and the castle was mainly used seasonally as a shooting lodge. It is built of red Arran stone, bull faced squared rubble with tooled ashlar dressings. The principal fronts are to east and south, the east entrance front having a square off-centre tower rising above the roofline. North, east and south elevations are encircled by a continuous arcaded veranda with a glazed roof masked by the crenallated wall head.
- 1.2 The castle has a lavish and ornate Edwardian interior with original fittings and furnishings. There was a focus on technology, with a hydro-generated power supply, elaborate bathroom fittings, a rare orchestrion and one of the earliest internal telephone systems of any private house in Scotland. The interior has been little altered since the Bullough Estate sold the castle and it is perhaps this that makes it particularly unusual and significant; the castle has been preserved as an entity, almost as created. Few if any Scottish Baronial shooting lodges of the Edwardian age and of the quality of Kinloch Castle have survived in the West Highlands. Some were demolished while others have been much altered or lost their contents.

Status and designations

- 1.3 Kinloch Castle was entered on the **Statutory List as Category A** on 5th October 1971, inclusive of original fittings and furnishings in addition to the building itself. The gazebo in the grounds of the castle (near the shore) and the Castle Bridge over the Slugan (Rockery) burn are both also listed category B.
- 1.4 The castle is categorised as **AT RISK** on the Buildings at Risk Register, which notes its condition as Fair and category of risk as Low. The building was added to the register in 2004 and has not been reassessed since that time.
- 1.5 The site is included in the **Inventory of Gardens and Designed Landscapes**. The identified site includes the castle and policies which were developed from 1879 to 1914. The importance of the site is defined as follows:
- **Work of Art – Outstanding** – despite the loss of the pleasure gardens, the configuration of the policy woodlands and surviving features of the designed landscape complement Kinloch Castle. Together they form an important period piece, giving the site outstanding value as a Work of Art.
 - **Historical – Outstanding** – The historical development of Kinloch is inextricably linked to the social and economic history of Rum, its changing fortunes as a sporting estate, connection with the Marquis of Salisbury, then the Bullough family and its 20th century decline through absentee landownership. It has outstanding historical value as an unusual, well-preserved and important representative of social history.
 - **Horticultural, Arboricultural, Silvicultural – Little** – the garden and designed landscape retain little horticultural value.

- **Architectural – High** – Kinloch Castle (listed category A), an early 20th century castle with innovative technological features, and the estate village of Kinloch are of high architectural interest. The castle is the only example of a country house designed by Leeming & Leeming. The layout of castle and village amply illustrates a planned ‘model’ layout of a Highland estate.
- **Scenic – Outstanding** – Rum is a major component of the Small Isles National Scenic Area and thereby is of outstanding scenic value.
- **Nature Conservation – Outstanding** – the designed landscape includes a variety of habitats important for birdlife. Rum’s varied landscape and wildlife habitats are widely recognised in the island’s designation as a significant nature reserve.
- **Archaeological – Outstanding** – Kinloch castle policies are archaeologically sensitive and recognised as being of outstanding value due to the Mesolithic settlement site found there. This is one of the earliest known human settlement sites found to date in Scotland.

Context

1.6 Most of the island is a national nature reserve run by SNH, famed for its outstanding landscapes, geology, flora and fauna. Rum receives about 10,000 visitors per annum and typically around half of these are day visitors. Travel to the island is by Calmac ferry from Mallaig or the MV Sheerwater from Arisaig. Other charter boats run out of Mallaig, Arisaig, Skye and Knoydart. Rum is seeing an increase in visitors arriving by private yacht and also from cruise boats such as the Hebridean Princess. There is a growing market of coach tour visitors coming via ferry. The castle is a significant visitor attraction for the island, along with its stunning wildlife.

Appendix 2 – Summary of previous options appraisal studies and management interventions

NB. Items relating to options processes are in normal font; items relating to conservation and running of the building are in italics.

2002

Page & Park Proposals

Commissioned study produced by Page & Park Architects in association with the Glasgow Building Preservation Trust, Harley Haddow Partnership, SQW Ltd and Ian White Associates. This detailed study looked at the significance of the building and designed landscape and explored 7 options, evaluating them against SNH objectives and HLF funding criteria (seen as most likely funding source at the time):

1. Do nothing
2. Conserve and repair and maintain the status quo
3. Maximise en suite facilities (development of higher standard rooms in principal wings)
4. Optimise hostel accommodation (less high standard rooms and more hostel space with lower density accommodation)
5. Environmental education focus (focus on facilities to support accommodation suited to education needs)
6. Maximise income (high value accommodation linked to field sports, special functions, weddings etc.)
7. Accommodation with limited environmental education facilities (preferred option deemed to fit best with SNH and HLF objectives).

The preferred option (option 7) had an estimated cost of £3,962,405 ex VAT and fees, 2002 price estimate. This option was featured in the BBC Restoration programme. Funding was not secured but the BBC programme gained interest of Prince Charles and others, leading to the Prince's Trust commission.

2005-2008

Prince's Regeneration Trust Options Appraisal plus proposals

Commissioned study in three phases which started with an options appraisal exploring the following ten options (NB prices mentioned are 2007 estimates):

1. **Demolition** – castle footprint retained and landscaped; likely to cost c. £800k ex VAT and take 2 years, no grant assistance would be available. High detrimental impact; ownership of site retained by SNH.
2. **Roofless Ruin** – leave just outer walls with additional supports and safety fencing; cost c £900k ex VAT, 2-year duration, no grant assistance.
3. **Remain as existing** – retain hostel, bedrooms in principal wing plus front of house for tours – 58 beds. Annual cost £65k ex VAT and fees. Retain in SNH ownership.
4. **Maintain existing use & major restoration / repair / maintenance strategy and budget** – retain hostel, rooms and tours. £4,360,000 ex VAT but inclusive of fees and restoration costs. Could create 62 beds. Retain in SNH ownership. Would reduce vulnerability of building.
5. **Page & Park preferred option (option 7 from 2002 study)** – retain existing accommodation provision plus additional en suite rooms and flexible spaces for environmental education facilities. Cost £5,370,000 ex VAT, but including some fees and restoration costs. Retain in SNH ownership. Would reduce vulnerability of building but business plan high risk.
6. **Conversion to residential use with limited public access to principle rooms** – conversion to 8 apartments / houses varying from 1-6 beds, plus education areas and limited public access to principal rooms. Likely cost £4,950,000 ex VAT but including restoration and professional fees. Excluded additional £520,000 for creation of 14-bed “dormy house” outwith the castle, site development costs, landscape costs, restoration of related features, management of contents and local authority charges. Revenue generated from residential sales. Ownership proposed as mixed between SNH and special purpose vehicle and possibly private sale of apartments.
7. **Conversion to hotel use** – conversion to 20-bed hotel with separate shop, café / bistro, 3-bed managers apartment, staff accommodation and retained public access to principal rooms. Likely cost £5,462,000 ex VAT including restoration works and professional fees. Excludes £520,000 for separate “dormy house” etc. as above. Ownership by private enterprise or public-private sector partnership.
8. **Conversion of principal wing to “lodge house” and 6 private apartments** – creation of 2-storey lodge house with 7 letting rooms and a 3-bed managers apartment within the principal wing, and conversion of the rear wing to create 6 apartments / houses; retained public access of principal rooms. Likely cost £4,915,000 ex VAT but including restoration and professional fees. Does not include costs of “dormy house” etc. as above. Ownership by special purpose vehicle or public-private sector partnership.
9. **Conversion of principal wing to “lodge house” and 5 private apartments** - creation of 2-storey “lodge house” with 7 letting rooms and 3-bed managers apartment within principle wing plus conversion of

rear wings to 5 apartments / houses, enhanced café / bistro, shop and retained public access to principal rooms. Lift to create disabled access to first floor. Likely cost £4,940,000 ex VAT including restoration and professional fees. Excludes costs of “dormy house” etc. as above. Ownership by special purpose vehicle or public-private sector partnership.

10. **Conversion / extension of ground floor accommodation to create entertainment / education facilities** – conversion to create enhanced entertainment and education facilities in the ground floor and external courtyard. Lodge house as before with lift, 7 letting rooms, café / bistro and shop plus public access to principal rooms. Likely cost £5,450,000 ex VAT including restoration and fees. Dormy house costs and other charges excluded as before. Ownership by special purpose vehicle or public-private sector partnership.

Option 8 was identified as the preferred option. A statement of cultural significance was produced by Merlin Waterson with input from HS and NTS. This informed development of design considerations for the restoration proposals. Key stakeholder workshops were undertaken and as a result, planning applications were submitted.

Further work was done to develop costs and business plan for the preferred option, which had a total estimated cost in 2007 of about £13 million including all fees and charges. This included the additional fees, landscaping costs etc. excluded above, plus additional accommodation for staff and an uplift to reflect inflation, reflecting experience of commissioning contracts on Rum. Discussions were held with the Minister in 2008 but public funds were not committed to the project. Without pump priming from the public sector, external funding could not be secured.

2009/10	Final workshop and report by Prince’s Regeneration Trust (PRT) on lower cost scheme, retaining hostel within castle plus creation of accommodation units and visitor access to principal rooms.
2010	<i>Discussion and input from Historic Scotland and Highland Council regarding conservation plan.</i> <i>Repair works undertaken to tower and oriel windows. Plaster ceilings surveyed following collapse of corridor ceiling.</i>
2011	<i>Conservation / repair plan produced by James F Stephen Architects. The indicative cost of the whole repair plan £2.1M including fees etc.</i>
2012	<i>Phase 1 roof repair works undertaken plus treatment of dry rot discovered during works. Significant positive impact made to reduce water ingress. Cost £357,532.</i>

December 2012	<i>Business case final approval for installation of temporary hostel accommodation outwith the castle to manage risks and ensure continuous accommodation provision</i>
June 2013	<i>Hostel relocated out of castle building into separate temporary facility. Castle remains open for castle tours.</i>
July 2013	<i>Funding agreed for preventive conservator to initiate development of collection conservation strategy. Next phase of repairs to roof commissioned.</i>

Appendix 3 – Assessment of options for use of the castle

Option 1: Retain status quo – retain museum tours; deliver conservation / repair plan gradually as funding allows

- 3.1 This status quo option would involve closing off the rear wings of the castle and utilising the principal wing for public tours. Conservation / repair works would be undertaken gradually over a period of years, dependent on available funding.
- 3.2 **Objective 1 – securing a financially viable future** – this option does not meet this objective. The gradual timescale and piecemeal nature of repairs prolongs the danger to the building through water ingress, risking undermining the financial investment already made and incurring further damage to the building. It would also be more economical and reduce disruption to undertake repairs over one period to reduce on costs. This option also fails to address the long term future of the building, it is just a temporary holding pattern that leaves much of the building unused and risks further deterioration.
- 3.3 **Objective 2 – conserve and enhance heritage and public access to it** – this option does not meet the objective well. While conservation / repair works would be undertaken over time, the ad hoc nature of undertaking this work as funding allows could mean that it deteriorates faster than it can be repaired. With continued pressure on public funds and without a clear budget specifically for the castle, the conservation of the building cannot be assured. If an emergency repair were required, e.g. replacement heating system, the scale of funding required might not be available. Continuation of castle tours would allow for continued access. However, if a significant health and safety issue emerged and budget was not available to resolve it then access may have to be stopped to all or some of the building.
- 3.4 **Objective 3 – socio-economic development** – by retaining the public tours and therefore continuing to provide a visitor attraction on Rum, this option contributes to this objective by bringing visitors to the island who then support wider businesses in the area. It also provides jobs on the island to deliver his role. However, as noted above, with only ad hoc funding for repairs, there is a danger that health and safety considerations could affect ability to continue tours if repair works are not kept up. This option also just retains the existing visitors but does not allow for much growth.
- 3.5 **Objective 4 – support and link to wider island management** – the tour already provides an opportunity to promote the wider features of the island and NNR and this could be expanded to some extent. It therefore partially meets this objective in the short term.
- 3.6 **Summary** – this status quo option could partially deliver some of the objectives in the short-term but does not represent a real solution to securing a future for the castle in the long term

and risks further deterioration of the building and collection. While it would utilise existing budgets, it means that the castle would be repaired on an ad hoc basis, always competing with other initiatives. In the long term this would be less efficient and more costly.

Option 2: Implement conservation / repair plan (focused investment); retain museum and close off rear wing

3.7 This option is the same as option 1 in relation to use of the building, but under this option the conservation / repair works would be undertaken in one focused investment over a couple of years to bring the building into a fully wind and water tight state and undertake general repairs to significantly damaged parts of the interior.

3.8 **Objective 1 – securing a financially viable future** – like option 1, this does not meet the objective as it does not give any long term purpose or security to the building. It retains the current use of the building and does this more effectively than option 1 through a more focussed approach to repairs, which would be more efficient in rapidly making the building wind and water tight. It is still however a holding pattern rather than a solution that is sustainable in the long term.

3.9 **Objective 2 – conserve and enhance heritage and public access to it** – this option partially meets the objective. By undertaking a focused repair plan it prevents further deterioration of the building in the short to medium term and retains the building and collection together. However it does not offer a long term secure future for either. The focussed repairs reduce the risk of tours being stopped due to health and safety issues.

3.10 **Objective 3 – socio-economic development** – as with option 1, this option partially meets the objective by retaining current visitors to the island which also support wider businesses on Rum and surrounding areas. The focused repairs make this more secure than option 1, but it still does not allow for much growth in visitor numbers.

3.11 **Objective 4 – support and link to wider island management** - the tour already provides an opportunity to promote the wider features of the island and NNR and this could be expanded to some extent. It therefore partially meets this objective.

3.12 **Summary** – like option 1, this is a holding pattern rather than a long term solution and doesn't provide a sustainable or secure future for the castle. It is better than option 1 in undertaking the repairs through a focused investment, which is more efficient and halts any further significant degradation to the building.

Option 3: Restoration to museum and visitor accommodation

3.13 This option would involve focused repair and restoration of the castle. It would retain the collection in situ within the principal wings with conservation / restoration as appropriate. This would enable continued tours for the public and potential further development of the visitor experience to tell the castle's story. Other parts of the building would be converted to provide

visitor accommodation. There is a range of options for the accommodation, from fairly basic hostel to a higher end hotel. Given other bunkhouse developments being taken forward and the viability issues of operating within a listed building, it is more likely that accommodation in the castle would need to be medium - high end, and this option is assessed on that basis. The balance of space between the museum and accommodation would need to be considered as there are options here, e.g. the museum could be focused to fewer key rooms to allow more space for accommodation, though impacts on the collection would need to be considered.

- 3.14 **Objective 1 – securing a financially viable future** – this option depends on upfront funding being secured for the restoration and conversion. Previous proposals suggest it is unlikely that this upfront investment would be commercially viable so the scheme is likely to depend on public sector support. If this upfront investment were separately secured, the question would then be whether the accommodation and tours were commercially viable and able to generate sufficient income to invest in future maintenance of the building. Our experience of running a catered hostel and tours suggests this is not viable. However, higher end accommodation in a restored building with better facilities, plus a more developed tour experience, is more likely to be financially sustainable. This would depend on developing the market; tours are currently seasonal as day visits drop in winter due to poor weather and fewer boats. However, with accommodation in the building the castle could offer a better year-round attraction for staying guests, perhaps with themed events utilising the principal wings. Opportunities such as the commercial stalking lease could also offer greater viability to the accommodation business. This option therefore has the potential to deliver the objective.
- 3.15 **Objective 2 – conserve and enhance heritage and access to it** – with focused restoration / repair work this option would secure the heritage of the listed building and access to it. By retaining the principal wings largely intact for tours, this option would also conserve the collection and interior. We know from previous restoration proposals that the rear wings of the building are readily adaptable to offering accommodation in ways that are sensitive to the building's heritage.
- 3.16 **Objective 3 – socio-economic development** – this option continues to provide a visitor attraction on the island, encouraging day visitors who could also support other businesses on the island and surrounding area. This option also provides accommodation for further visitors, possibly attracting a different market to the other providers on the island and complementing their activity. Running these enterprises would bring jobs to the island, which would support community development. Some staff accommodation would need to be included given the shortage of housing on the island. This option could meet the need for stalking accommodation which is an identified need and could add to financial viability. This option could meet therefore this objective well.
- 3.17 **Objective 4 – support and link to wider island management** - the tour provides the opportunity to promote the island's wider heritage, as noted in previous options. The addition of visitor accommodation in this option offers the opportunity to make wider links, e.g. through offering commercial stalking, and other activities based on the NNR such as photography, wildlife watching, painting etc. This option could therefore meet this objective well.

- 3.18 **Summary** – this option has the potential to meet the objectives well. It is likely to require upfront funding through public sector grants to achieve the initial restoration as it is difficult to see this being commercially viable. However, with this in place, there is potential to develop a commercially viable business that could maintain the building and collection into the future, making a significant contribution to the development of the community and the socio-economic development of the Lochaber area. Some research would be required to explore the type of accommodation most likely to suit available markets and needs, including the commercial stalking market which is a current gap in provision.

Option 4: Restoration / conversion to museum and residential housing

- 3.19 As above, this option would involve focused repair and restoration of the castle. It would retain the collection in situ within the principal wings with conservation / restoration as appropriate. This would enable continued tours for the public and potential further development of the visitor experience to tell the castle's story. Other parts of the building would be converted to provide residential accommodation. There are a number of sub-options here depending on the type of accommodation provided – could be basic affordable, standard or high quality apartments, could be leased or sold, could be a combination of these.

- 3.20 **Objective 1 – securing a financially viable future** – as with option 3, funds for the repair and restoration / conversion would need to be found and it is questionable whether this would be commercially viable if included as part of the overall enterprise. Separate public funds may be required to pump prime the project. The long term viability would depend on the type of accommodation provided. Affordable leases would be unlikely to raise sufficient funds to maintain the building; affordable sales could provide some initial payback towards the restoration / conversion costs, or if this could be met elsewhere then this could provide an investment for future management of the building. However affordable values may not be sufficient to care for the building. Including a maintenance fee for tenants would impact on affordability. Affordable housing is therefore unlikely to be viable without significant on-going public subsidy, though from a community perspective there is a demonstrable need for this type of accommodation. Higher quality apartments could generate a higher sale value which might make the initial restoration more achievable. A maintenance fee may also be more achievable from people able to purchase or lease such apartments. This would offer a different type of accommodation than that currently available, though without on-island employment there is a high risk of them becoming second homes. This could be poorly received by the community, which is keen to grow and develop. There could be issues regarding lack of private outdoor space, though for holiday homes this might be less of an issue than for permanent residences. Development of the tours would provide extra income to the castle overall. A combination of museum and higher quality accommodation is most likely to be financially viable though this would need to be explored in detail. A mix of high value and affordable accommodation may be possible. This option therefore has the potential to meet the objective.

- 3.21 **Objective 2 – conserve and enhance heritage and public access to it** – with focused restoration and repair work, this option would secure the heritage of the listed building. As with

option 3, retaining the principal wings for tours would conserve the collection in situ, retaining the integrity of the whole and supporting public access to these key parts of the building. Previous restoration proposals included residential accommodation elements, so we know that the building could be readily adapted in ways that are sensitive to its heritage status. This option could therefore meet the objective well.

3.22 **Objective 4 – socio-economic development** – retaining the public tours would support the socio-economic development of the area by continuing to act as a significant visitor attraction, which has benefits to other businesses. Housing could also support the development of the Rum community, though a key demand is for affordable housing and this is less likely to be viable in the castle without on-going subsidisation. Second homes may be less valuable to the community than visitor accommodation which could bring wider benefits to other businesses. This option therefore partially meets the objective.

3.23 **Objective 5 – support and link to wider island management** – this option partially meets the objective by allowing links to be made to the NNR and island through the castle tour experience. It does not however support other links.

3.24 **Summary** – This option could partially meet the objectives. The key concern is its financial viability; if the accommodation element were high value apartments then the scheme would be more likely to be viable. The identified need on the island is for affordable accommodation which is less likely to be a viable option to meet the costs of repairing and maintaining the building. The likelihood of high value accommodation becoming second homes may concern the local community which is keen to grow and develop, however the accommodation may be suited to this given the lack of private outdoor space.

Option 5: Restoration / conversion to museum and mixed residents / visitor accommodation

3.25 As with options 3 and 4, this option would involve focused repair and restoration of the castle. It would retain the collection in situ within the principal wings with conservation / restoration as appropriate. This would enable continued tours for the public and potential further development of the visitor experience to tell the castle's story. The rest of the building would then be converted for use as mixed residential and visitor accommodation. As with previous options there are different ways this could be achieved and the viability is likely to depend on the value of the accommodation provided. This option differs from option 3 in that rather than just providing accommodation for live-in staff, the residential accommodation would be additional and might be for sale or lease.

3.26 **Objective 1 – securing a financially viable future** – as with options 3 and 4, this option has the potential to secure a viable future for the castle but viability will depend on the detail of the project. As with the two previous options, higher value accommodation both for residents and visitors is likely to be more financially viable, though the potential for higher value visitor accommodation to help subsidise more affordable residential accommodation is worth exploring. Also in common with previous options, the commercial viability of this option funding

the initial restoration may be questionable and this may require public sector support. Links to commercial stalking and other island activities should be explored as part of wider market testing.

3.27 **Objective 2 – conserve and enhance heritage and public access to it** – this option could meet this objective well by both securing the future of the building and also retaining the collection in situ. Public access would be retained both in the principal wing and visitor accommodation. We know from previous proposals that the building could be converted to these uses with sensitive interventions which would not damage its historic integrity. Retaining the collections for tours would also keep the unique value of the building as an late Victorian / Edwardian time capsule.

3.28 **Objective 4 – socio-economic development** - retaining the public tours would support the socio-economic development of the area by continuing to act as a significant visitor attraction, which has benefits to other businesses. The visitor accommodation would attract people to the island who would also be likely to make use of other services and would benefit wider businesses in the area en route to Rum, e.g. accommodation and hospitality services on the mainland, boat operators, etc. There is potential to explore whether high end visitor accommodation could help support the use of other parts of the castle to provide more affordable housing which would further support development of the Rum community and meet an established need. High value accommodation suitable for commercial stalking clients is also an identified need and would help maximise the benefits of this opportunity.

3.29 **Objective 5 – support and link to wider island management** - the tour provides the opportunity to promote the island's wider heritage, as noted in previous options. As with option 3, the visitor accommodation offers the opportunity to make wider links, e.g. through offering commercial stalking, and other activities based on the NNR such as photography, wildlife watching, painting etc. This option could therefore meet this objective well.

3.30 **Summary** – this option could meet the objectives well, with the mix of accommodation potentially enabling high end visitor provision to support more affordable residential provision. The viability of this mix would need to be explored in more detail, including the commercial viability of funding the restoration; public sector support may be required to get the project off the ground. Retaining the collection in situ for continued tours provides a further revenue stream, continues to attract day visitors to the island and helps support wider businesses. The inclusion of visitor accommodation facilitates further links to the NNR. This option is worth exploring further.

Option 6: Conversion to housing / remove museum

3.31 This option would involve removing the collection (see management of collection options) and converting the whole building to provide residential accommodation.

3.32 **Objective 1 – securing a financially viable future** – this option could meet this objective by providing a secure future for the building. As with options above, the viability of this option will

depend on the type of accommodation provided. The question mark remains as to whether the upfront restoration work is commercially viable or would require public sector support. With the whole building available for conversion, this option could offer a mix of accommodation with higher value apartments potentially helping to subsidise some affordable provision. There are sub-options on whether the accommodation should be for sale or rent, and issues of how on-going maintenance would be secured.

3.33 **Objective 2 – conserve and enhance heritage and public access to it** – this option could potentially secure the future of the building but would not retain the collection in situ, thus losing the unique integrity of the castle as a time capsule of the Edwardian period. There would be no public access to the building or collection. Converting the whole building to residential accommodation would also require a much higher level of intervention and could result in a greater loss of the building's historic value. This option therefore only partially meets this objective.

3.34 **Objective 4 – socio-economic development** – this option only partially meets the objective. The conversion of the principal wings and loss of public tours would impact on visitor numbers which could affect businesses both on the island and in the surrounding area. The absence of further visitor accommodation could also impact on the visitor economy. This option could provide some much-needed residential accommodation for Rum, and with the whole building to convert it is more likely that some of this could be affordable accommodation which would help community development and meet an existing need. Higher value apartments might become second homes which may be an issue for a community trying to grow and develop.

3.35 **Objective 5 – support and link to wider island management** – this option does not meet the objective well, apart from potentially providing some accommodation for staff and others running businesses relating to the reserve. This option does not facilitate wider links between castle and island / reserve.

3.36 **Summary** – this option could potentially secure a future for the building, but does not deliver well against the other objectives. The loss of the collection impacts on the historic integrity which makes Kinloch special. Public access would be lost and the absence of tours and accommodation provision would impact on the visitor economy of Rum and the surrounding area. This option also precludes wider links being made between the operation of the castle and the wider reserve / island.

Option 7: Conversion to hotel / remove museum

3.37 This option would involve removing the collection (see management of collection options) and conversion of the whole of the rest of the building to provide visitor accommodation as a hotel.

3.38 **Objective 1 – securing a financially viable future** – this option could potentially secure a future for the building. As with other options, the commercial viability of the initial restoration works would need to be explored but some public sector support may be required. This option

would utilise the whole building and may therefore be more viable commercially. Viability would depend on the market and, as with options 3 and 5, targeting at the higher end is likely to increase viability and appeal to the stalking market which is a recognised need on Rum. The availability of the whole building under this option could though allow more of a range of accommodation to be offered, e.g. some mid-range rooms or self-catering apartments. There would be a need to provide some staff accommodation to support this option as a high value hotel would require considerable staffing.

3.39 **Objective 2 – conserve and enhance heritage and public access to it** – as above, this option could potentially secure the future of the building but would not retain the collection in situ, thus losing the integrity of the castle as a time capsule of the Edwardian period. While there would be public access to staying guests to experience the building, the loss of the collection and tours would lose much of the real experience of Kinloch’s heritage. Converting the whole building to visitor accommodation would also require a much higher level of intervention and could result in a greater loss of the building’s historic value. This option therefore only partially meets this objective.

3.40 **Objective 4 – socio-economic development** – the loss of the public tours would result in loss of a significant visitor attraction on the island, which is likely to impact on day visitor numbers with consequent impacts on wider businesses. However, there would be a positive impact on the visitor economy through staying guests. The hotel would generate jobs on the island and support community development by bringing additional workers. It could also support wider businesses on the island such as guided expeditions, cycle hire, commercial stalking, etc.

3.41 **Objective 5 – support and link to wider island management** – this option could support provision of accommodation for commercial stalking guests and other ventures linking to the reserve, such as photography, guided walks and safaris, etc. It could therefore support this objective well.

3.42 **Summary** – this option could secure a future for the building and be commercially viable; it also offers good potential to make links to the wider island and reserve. However the loss of the collection and high intervention required for conversion would affect the castle’s historic value. The loss of public tours could impact on the visitor economy of the island, though there would be a positive impact through an increase in staying guests. A hotel would generate jobs and bring workers to the island, supporting community development.

Option 8: Conversion to other uses

3.43 There are a number of potential other uses for Kinloch Castle; at our meeting with stakeholders we divided these into two broad categories:

- a. Open uses – those likely to be compatible with some forms of public access, e.g. education / training establishments, conference / wedding venue, retail, visitor centre, etc.

- b. Closed uses – those less likely to involve public access, e.g. private dwelling, retreat / religious establishment, rehabilitation / health clinic, etc.
- 3.44 These are broad definitions and the level of accessibility to the wider public would vary depending on the detail of the scheme. Some schemes might be compatible with continued access to parts of the building, e.g. retaining tours of the principal wing.

Option 8a: Conversion to other uses – open uses

- 3.52 **Objective 1 – securing a financially viable future** – the location and accessibility of the castle is a key factor when considering the viability of the open uses. Retail facilities would be unlikely to be viable in such a location on their own; a visitor centre would be unlikely to generate sufficient income to be viable and support the maintenance of the building unless attached to another use. Weddings have been held in the castle before and we receive requests each year for this function. The castle cannot take large numbers of guests but is certainly an attractive venue. This option would probably be most viable linked in to a wider hotel function, perhaps using parts of the principle wing for the ceremonies. There is an element of risk for both weddings and conferences, as getting to the island can be weather dependent. Businesses that require time-specific events could lose significant business if boats were cancelled, making the winter period particularly difficult. This is more likely to be viable only as part of a wider accommodation business rather than the sole enterprise. Education or training establishments could be more viable, particularly if running courses of reasonable length to allow for travel issues and potentially if linked to other mainland facilities to provide some backup. As with other options, the commercial viability of funding the initial restoration works would need to be explored.
- 3.53 **Objective 2 – conserve and enhance heritage and public access to it** – some of the uses identified here would probably require the whole building in order to be viable. This might require a high level of modification to the building and loss of the collection in situ. Wedding functions, if linked to other accommodation-related options might involve less modification, though the principal wing may need to be altered for ceremonies. These options could impact on the heritage value of the building, though the impact would vary with each use. Open uses would generally have some level of public access, though it may just be to parts of the building rather than the collection.
- 3.54 **Objective 4 – socio-economic development** – these open options are likely to generate jobs and require new workers based on the island, supporting development of the Rum community. The likely loss of public tours with some of the open uses would impact on Rum's visitor economy, but most uses would bring different types of visitor to the island.
- 3.55 **Objective 5 – support and link to wider island management** – open options are likely to facilitate strong links to the island. Education and training facilities could centre on natural and cultural heritage, rural skills etc. which could be a great benefit to the NNR. Conference facilities and visitor centre could likewise focus on Rum's special qualities. There is a strong potential for positive links to be made under this option.

3.56 **Summary** – of the open uses listed, the most likely to be financially viable would be weddings / conferences as part of a broader accommodation package (as in option 3, 5 and 7) or an education / training establishment, though this might require a high level of modification of the building. Open uses may not deliver heritage and access well, though this would depend on the detail of the proposal. Open uses could be positive for socio-economic development and for linking to the NNR / island.

Option 8b: Conversion to other uses – closed uses

3.57 **Objective 1 – securing a financially viable future** - closed uses have the potential to generate income to secure a future for the building, however the feasibility of some is questionable. While the remoteness of the island would seem to lend itself well to these uses, the building's location within the village lacks the on-site privacy required. This makes it less attractive as a private dwelling, rehabilitation clinic etc. It may however be more acceptable for some retreat / religious uses where the rest of the island might complement the building for this purpose. The viability of such a use would need to be explored.

3.58 **Objective 2 – conserve and enhance heritage and public access to it** – closed uses would be likely to involve removal of the collection, though this would depend on the detail of the scheme. Most would also require modification of the building. By their nature, closed options are unlikely to allow public access. These uses are therefore unlikely to meet this objective well.

3.59 **Objective 4 – socio-economic development** – the loss of public tours would impact on the visitor economy of the island and surrounding area, with a likely reduction in day visitors. Some closed options would be accommodating guests and would therefore have some wider value in bringing people to the island however their benefits to wider businesses may be more limited if coming for a specific purpose. Closed options may generate some jobs on the island and support growth of the community.

3.60 **Objective 5 – support and link to wider island management**– there is less potential for explicit links to the NNR / island and its management under the closed options. As mentioned above, the NNR could provide a valuable component of a health or religious retreat.

3.61 **Summary** – some closed uses are unlikely to be compatible with the castle's lack of privacy on the island and may therefore not be feasible. There is some potential for closed uses such as religious or health retreats to provide a viable future for the building. This option does not however meet objectives for heritage and access or links to the rest of the island well.

Appraisal of options against objectives – scoring the options

3.62 The following table scores the eight options against the project objectives, taking account of the weightings. This provides a measure of the non-monetary benefits of each option, providing each with a utility point score in the bottom line of the table.

		Status quo		Status quo + repair		Museum / vis accomm		Museum / housing		Museum / mix accomm		Housing only		Hotel only		Open uses		Closed uses		
Objective	Weighting	Option 1 score	Option 1 weighted score	Option 2 score	Option 2 weighted score	Option 3 score	Option 3 weighted score	Option 4 score	Option 4 weighted score	Option 5 score	Option 5 weighted score	Option 6 score	Option 6 weighted score	Option 7 score	Option 7 weighted score	Option 8a score	Option 8a weighted score	Option 8b score	Option 8b weighted score	
1. Securing a financially viable future	30	2	60	3	90	8	240	7	210	8	240	7	210	8	240	6	180	5	150	
2. Conserve and enhance heritage and access to it	30	2	60	4	120	9	270	8	240	9	270	5	150	5	150	6	180	5	150	
3. Socio-economic development	30	3	90	4	120	9	270	6	180	10	300	4	120	6	180	6	180	4	120	
4. Support and Link to wider island management	10	3	90	3	30	9	90	4	40	9	90	1	10	7	70	7	70	2	20	
TOTAL			240		360		870		670		900		490		640		610		440	
Rank			9		8		2		3		1		6		4		5		7	

3.63 The table shows that options 3 and 5 both score over 800 points and are therefore promising in their ability to meet the objectives. Options 4, 7 and 8a score over 600 and therefore may have some merit. Options 6 and 8b score below 500 and have limited potential to meet the objectives. Options 1 and 2 both score very poorly as they are holding options rather than long term options.

Appendix 4 – Assessment of options for ownership

Option	Pros	Cons
1. SNH ownership	<ul style="list-style-type: none"> • Benefit of experience of castle and island 	<ul style="list-style-type: none"> • Historic buildings do not fit SNH's remit and therefore competes with core purposes • Most potential future uses of the building would not fit within SNH's remit • Limited funds • Have to buy in expertise in historic building conservation • SNH has no core operational need for the building
2. Alternative public body	<ul style="list-style-type: none"> • Retains in public domain • Secures public access • Transfer process relatively easy • In house expertise of body like Historic Scotland more efficient than buying in 	<ul style="list-style-type: none"> • No change in obligation on public purse • No new budget through changed ownership • May not fit transfer criteria (e.g. for HS would need to fit criteria as property in care) • Some options for use which could secure a future for the castle may not be appropriate to be run by a public sector body, may therefore limit options (though could potentially be achieved through franchise / lease)
3. Specially created charitable trust	<ul style="list-style-type: none"> • Management of the castle would be its primary purpose and therefore safeguarded in perpetuity • Could access wider funding • Could select trustees with 	<ul style="list-style-type: none"> • Without funds in place trustees would be hard to recruit due to liabilities, so public sector support still required • Would have no proven track record of delivery

	<p>specific required skills</p> <ul style="list-style-type: none"> • Could forge appropriate links with community as fellow charitable trust • Could include advisory panel of statutory bodies during early stages to provide support 	<p>which could impact on ability to secure funds</p> <ul style="list-style-type: none"> • May compete for funds with community trust and other similar bodies • Potential for conflict of interest for some possible trustees
4. Existing trust	<ul style="list-style-type: none"> • Able to access funds • Track record of caring for historic buildings • May be able to create economies of scale by linking to other initiatives • Kinloch could enhance portfolio 	<ul style="list-style-type: none"> • Existing trusts unlikely to take on Kinloch without secured finances • Scale of project might exclude some trusts – would not have resources to cope • Would still require public funds • Conservation deficit – more to be spent than worth)
5. Open market sale	<ul style="list-style-type: none"> • Removes burden from public purse (though may still be eligible for grants) • Sale of parts of the building to residents or for visitor accommodation businesses could then support other parts to remain in public ownership to retain tours 	<ul style="list-style-type: none"> • Any conditions attached to sale are no longer heritable, so any initial conditions re collection, access etc. could be easily lost. • Likely to lose public access if sold to private owner • Access and privacy issues plus listing make sale unlikely based on previous advice from agents • Proceeds of sale would go to SG and would not benefit Rum • Dual or multi ownership could create problems in relation to maintenance responsibilities

Appendix 5 – Assessment of options for management of the collection

Option	Pros	Cons
1. Retain with castle	<ul style="list-style-type: none"> • Retains historic integrity and value • Enables continued use as a visitor attraction to support socio-economic development • Supports on-going public access to see collection in situ where it tells a story about the island and period • Resource for learning / research 	<ul style="list-style-type: none"> • Requires castle to be in suitable condition to avoid deterioration • Will be costs for management, conservation / restoration, security etc.
2. Sell with building	<ul style="list-style-type: none"> • Retains historic integrity and value • Could enable continued access but dependent on new owner's wishes • Adds interest and value to the castle which may facilitate sale • Reduces liabilities for management to public purse 	<ul style="list-style-type: none"> • Costs to new owner of conservation of contents or any conditions for retention / management could be disincentive for purchase • While conditions about retention and management of contents could be made for initial purchase, they are no longer heritable so no guarantee of such conditions on subsequent sale – could result in collection being sold of separately • Proceeds of sale unlikely to benefit island community
3. Sell separately to raise funds	<ul style="list-style-type: none"> • Could raise funds to support conservation of building • Would reduce on-going costs of collection care • Sale of part of the collection could enable reduced tour to continue 	<ul style="list-style-type: none"> • Would negatively impact the historic integrity of the castle • Would reduce the value of the castle as visitor attraction and therefore impact on visitor economy • SNH would probably be obliged to offer the collection for transfer to another public body before being able to sell • Sale of part of the

		<p>collection could affect future funding for remainder as could be seen as poor management</p> <ul style="list-style-type: none"> • Collection doesn't lend itself to partial sale as most valuable items are also those of most interest and impact for tour • Any funds raised would go back to SG and would require agreement to be used for building; unlikely to be consented for use to fund other projects not associated with castle.
4. Transfer to museum / alternative body	<ul style="list-style-type: none"> • Could protect collection from degradation due to conditions of castle if remains unrestored • Could increase public access to collection if on view in more accessible location • Depending on body transferred to, could reduce cost of collection care to public purse • Could keep the collection in positive management and potentially in entire state for its historic interest, for research etc. 	<ul style="list-style-type: none"> • Would negatively impact on historic integrity of castle • Would reduce value of castle as visitor attraction and therefore impact on visitor economy • Collection contains few major valuable pieces therefore unlikely to be of interest as a whole • Existing pieces left to museum have hardly ever been exhibited public access reduced

Appendix 6 – Views from the Rum Community

In addition to the stakeholder workshop, the Rum community has undertaken extensive discussions among residents on the island to discuss the future of the castle. Here are some of the views and ideas generated:

“Kinloch Castle is an important draw for visitors, especially for day visitors (49% are just here for a few hours). With a big proportion of Rum visitors being older and not up for big walks, being able to access the castle as a destination remains important and should not be lost.”

“We should create a destination to offer conference/wedding packages. They could be kept relatively small and intimate but there is potential to make substantial income from be-spoke and tailored packages. There is also scope to offer residential courses/holidays such as photography/painting/wildlife watching.”

“Kinloch Castle is a waste of resources. It is an asset and should be viewed as such rather than as a liability. The possibility of using it as an events venue should be fully along with other opportunities including outdoor education facility. The grounds around the castle are also under-utilised from a landscape and design perspective and should be included in the options appraisal considerations.”

“Kinloch castle is an important attraction for the island and the space should be being used. SNH are not the most appropriate body to be running the castle. “

“The castle building should be turned into accommodation for residents and/or visitors. The other assets included within the scope of Kinloch castle should also be explored for their potential including the dairy, the tree nursery, the squash court and the walled garden. There is interest in renting these spaces by residents to create viable business uses for them and this should be a possibility.”

“As a Mountain Guide and resident who is hoping to provide accommodation to visitors in the future I think it would be a crime to squander the potential draw of the castle to tourists; not only that but the castle could be yet another community or private enterprise which helps Rum stand on its own feet and be sustainable as an economy and community beyond the aegis of SNH. I'd love for a community group to take over the management of the castle and turn it into a profitable venue - providing jobs, accommodation for staff & visitors and supporting various activities around the island. “

“There is already demonstrated support for Kinloch Castle on Rum to be an events venue. It has been the location of several weddings and played host to various celebrations and parties. People visit Rum for Kinloch Castle; it is an important asset to the community and supports various small businesses here on Rum. It is a key part of the human history story here and an iconic building, venue and destination.”

“The castle is important for the economic future of the Isle of Rum. It should be used to provide accommodation for visitors. There is scope for an outdoor education centre. The castle supports the Community Ranger service and there is potential for increasing this link and developing it further.”

Kinloch Castle

Feasibility Report





Signed  Michael Leybourne • RIAS For and on behalf of Savills	Dated 14 th June 2016
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Checked by:

Signed  Richard Henderson • BSc (Hons) For and on behalf of Savills	Dated 14 th June 2016
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Kinloch Castle – Isle of Rum – May 2016 Feasibility Report

Executive Summary

- This second stage feasibility study on Kinloch Castle, undertaken by Savills, was commissioned by Scottish Natural Heritage (SNH) to focus in on two previously identified options relating to the provision of a museum and residential accommodation of varying types.
- In appraising the existing situation the study draws on the considerable amount of work previously undertaken on the Castle during the last decade and identifies the substantial repairs SNH has instructed to ensure that the building remains substantially wind and watertight. It notes the critical issues facing the island specifically communications, the socio-economic situation and infrastructure and emphasises the importance of addressing these areas to allow the Castle project to proceed smoothly.
- With the aid of preliminary layouts, the study presents a potential arrangement which is flexible in providing a range of residential accommodation, (self-catering/ hotel accommodation, taster accommodation for potential residents) designed to meet changing circumstances and cater for a variety of events. The proposals note the importance of the Castle in attracting visitors to the island and identify the key areas of the castle which should be retained as the museum, accessible to the public and partially open for event use.
- The key funders are seen as the Heritage Lottery Fund and Historic Environment Scotland but other public sector funding will be needed to meet the full capital costs. Key to raising funds will be a person with appropriate and highly developed fundraising skills.
- A developed business plan demonstrates the financial viability of the project as well as pointing out the caveats and shows how a number of models and scenarios could work for the proposed layout and lead to a profit making situation over a period of time. Marketing and maintaining the standard of the product will be critical in achieving the final outcome.
- The overall cost of the project, excluding major external works is nearly £13M (excluding VAT).
- Based on the current settings for the financial variables in the model it is estimated that the business will reach breakeven in year 5 of operation and generate an annual surplus of £50k by year 10. A cumulative financial subsidy of approximately £237,000 would be required to cover expected losses in the first four years of operation.

- An endowment fund that will generate interest and therefore a continuing revenue stream will help reduce long term risks and provide a better chance of ensuring sustainability. If an investment return of 3% could be achieved, a fund value of approx. £800,000 would be required to generate an annual income of £25,000. This is the predicted value of the average annual income shortfall of the museum for the first 10 years.
- The preferred delivery vehicle is seen to be a building preservation trust with the appropriate stake holders represented on its board. Its charitable status gives it the greatest opportunity for raising money from the widest range of funding sources. It would be able to transition into a management trust to run the project once restoration and conversion was complete.
- There are significant issues associated with selling the building and any return is likely to be very limited.
- The castle has considerable potential for holding luxury, group and corporate events making use of the wide range of accommodation and event spaces.
- Ongoing revenue funding from a variety of sources to help top up the costs of maintaining the Castle will always be difficult but if properly managed could achieve a degree of success.
- The Castle grounds have the potential to enhance the activities in the Castle. The designed landscape to a degree can be used as a setting for events but any designs should be kept simple to keep maintenance costs at a minimum. The Gazebo and Squash Court have the potential to be small self-catering units. A decision on the future of the Steading building should be delayed until a decision on the future of the Castle is made. If the Castle project proceeds, the Steading building could usefully be used for activities associated with the building contract. The walled garden would be ideal for horticultural activities to the benefit of the Castle and community.
- From a socio-economic point of view a refurbished castle will inevitably help support the island and wider community, increasing economic activity and visitor numbers.
- There are a wide range of risks associated with achieving the objective of a restored and viable Castle but the option of 'doing nothing' could have significant negative socio-economic effects on the island and wider area.
- The overriding objective must be to achieve a sustainable solution for the Castle and this can only be done by ensuring that everyone including all stake holders involved in the project remain totally focussed on a successful outcome and are fully aware of the consequences of failure. ***The cost of failure to the island and wider community, the present custodian, the public sector, central government and all other stakeholders is likely to be considerably more than the cost of success.***



Telephone box to East of Castle



Rum from Mallaig

1 Introduction

Savills has been commissioned by Scottish Natural Heritage (SNH) to undertake a financial assessment/appraisal of the potential to move Kinloch Castle from SNH's ownership into wider public, charitable or private ownership.

This document addresses the next stage for Kinloch Castle following the hierarchy of preferences identified by the stakeholders in the 2013 Options for the future of Kinloch Castle project, namely to focus in on two similar potential solutions:

- Restoration to museum and visitor accommodation
- Restoration/conversion to museum and mixed residents/visitor accommodation

2 Previous work

There has been a considerable number of studies and research undertaken on this building. It is not the purpose of this report to revisit these although points made are referred to where relevant. The key studies are listed in appendix VI with the Princes Regeneration Trust's study dated 2014 being one of the most relevant and the most recent. This was an independently produced report which explored ways to secure a new future for the castle and benefits for the island community.

2.1 Key conclusions

The previous reports have clearly demonstrated that the heritage status and collection merit are indisputable.

Other key conclusions of previous reports were:

- Accommodation of various types is urgently needed on the island – *Therefore the commissioning of this report to focus in on how the Castle can be used primarily for visitor accommodation but also to assist with the needs of a developing community.*
- A dedicated trust may be the appropriate vehicle for managing and operating the building – *There is a necessity for ensuring that this vehicle is properly set up, is effectively*

overseen/supported and that there is an appropriate exit strategy should such a trust become unviable.

- The Castle is an important focus for visitors – *Indicating how critical it is to restore the Castle and identify a sustainable use so that it remains a focus for visitors and is held in trust for future generations not just for the Isle of Rum but also for the small isles and adjacent areas.*
- The Castle should demonstrate its previous Edwardian grandeur – *Therefore the need to retain the key areas of the castle as a museum accessible by visitors and allowing parts to be usable for events.*

2.2 **Princes Regeneration Trust (PRT) Study – 2014**

Below are some key quotes from this report:

- The study states that *“there could be a real opportunity to return the building to something close to its original use as a sumptuous Scottish lodge for events, parties and celebrations, a base from which to explore the island and enjoy a range of outdoor opportunities”* (p.5).
- It also suggests that *“Kinloch Castle is converted to high quality self-catered and catered accommodation where small or large parties can stay in the Castle, dining on top quality local produce, taking part in a range of activities, including deer stalking in truly magnificent scenery, bird watching, walking, sailing etc. and experiencing something of the grandeur, fun and eccentricity of Kinloch Castle”* (p.9).
- It quotes Merlin Waterson, a prominent architectural historian: *“For most of the last century Kinloch Castle was not only an anachronism, but was caricatured, sometimes ignorantly and unsympathetically. Paradoxically, the consequence of this is that it has been very little interfered with. There is now the opportunity to show that this is a building with the capacity to bring a new sense of purpose to the island, through learning, skills, creation and attracting visitors who want to understand the exceptional significance of Kinloch Castle and its part in the history of Rum”* (p.12)

Preliminary layout plans were also produced to go with the report showing how the Castle could be split into 6 self-catering units capable of accommodating 31 people and devotes over half of the ground floor and a third of the first floor to the museum. These plans can be seen in Appendix V and a list of the accommodation can be seen in Appendix III.

The current report builds on the findings of the PRT 2014 report and its recommendations. It develops a more robust and detailed business plan as well as offers an alternative layout with a higher level of flexible accommodation. This approach will generate a higher income for the building together with greater marketing opportunities thus providing the building with a much

greater chance of becoming sustainable together with the ability to react to changing circumstances.



Towards the Castle from the Slugan Burn

3 Context

This report has to make a number of assumptions regarding the evolution of a solution for the Castle. Critical to moving it forward to an achievable and sustainable end is the recognition that the castle project cannot be progressed in isolation. It is important that any solution is seen against key contextual elements, namely:

- community
- heritage/activities
- infrastructure
- communications
- environment
- profile
- Scottish Natural Heritage (SNH)

3.1 Community

The Castle presently plays an important role in terms of the viability of the community and could continue to do so. Through the Isle of Rum Community Trust (IRCT) the community now owns all of the village area including land in the vicinity of the castle but not immediately adjacent. The formation of the IRCT means the community can now have a more political role on the island. A viable community is closely linked to the future of the Castle, the uses it is put to and its potential to provide affordable accommodation, delivery of tourist related activities and employment. There is an aspiration to increase the population to a more sustainable level and enable the servicing of tourism and other related activities.

3.2 Heritage/activities

This section is also covered in the PRT's 2014 study (4.2, 4.4, 4.5 and 4.6).

The natural and the built heritage are the key reasons that visitors are attracted to Rum. Its wild terrain, volcanic and glacial history and diverse flora and fauna make it a destination for geologists, naturalists, walkers and explorers.

Deer stalking is a developing outdoor activity with SNH leasing out the stalking of stags but walking and mountain biking are also popular. Rum is host to the world's longest running research project into a deer population.

Kinloch Castle is the main built heritage attraction and a category A listed building (see listing in appendix I). This in itself elevates the building to the highest historic value in terms of buildings. Historic Scotland defines Category A:

Category A

Buildings of national or international importance, either architectural or historic; or fine, little-altered examples of some particular period, style or building type. (About 8% of total listed buildings.)

The previous reports and studies undertaken on the castle all emphasise and confirm this. Although the Architecture is not regarded as of the finest when compared to other country houses in Scotland (the Architects Leeming and Leeming specialised in cotton mills not mansions) its plan and layout are regarded as innovative for the time and due to the lack of later intervention it represents an untouched example of a country house of this period, especially its interior. One of its other key attributes is being an illustration of the capacity of late Victorian ingenuity in transporting to a remote Scottish island with minimal facilities all the grandeur, comfort and convenience that was available at that time.

The surrounding area from the pier to the castle, although now substantially deteriorated was originally finely landscaped and is included in the Inventory of Gardens and Designed Landscapes (Appendix VII).

Previous studies regarding the collection of furniture and fittings do not value any specific item particularly highly or as a collection together, but its value as a historic focus on a particular era is particularly unique.

The planned village lining the road from the pier to the castle and beyond to the farm also contribute to the special atmosphere but the Bullough Mausoleum (listing – Appendix IX) at Harris, the ruined remnants of crofting settlements and the Mesolithic farm on the shores of Loch Scresort are also important destinations. There are 19 scheduled monuments (see Appendix III) on the island with the origins of many dating back over 2000 years.

3.3 Infrastructure

The IRCT and SNH are both involved in the management of the water and electricity supply. SNH is largely responsible for the electricity supply and IRCT for water. The success of the castle is

reliant on these services being properly maintained and expanded to meet the potential needs of a developed castle as well as an increased population. As mentioned in the PRT's 2014 report (11.3) the infrastructure is presently inadequate to cope with potential future developments. With the development of the castle and the potential increase in housing in its vicinity the economics of increasing the capacity of water and electricity supplies as well as the possibility of providing a centralised sewage treatment works becomes very critical to the success of any development at the Castle. It is recognised that work is ongoing to address these issues.

3.4 **Communications**

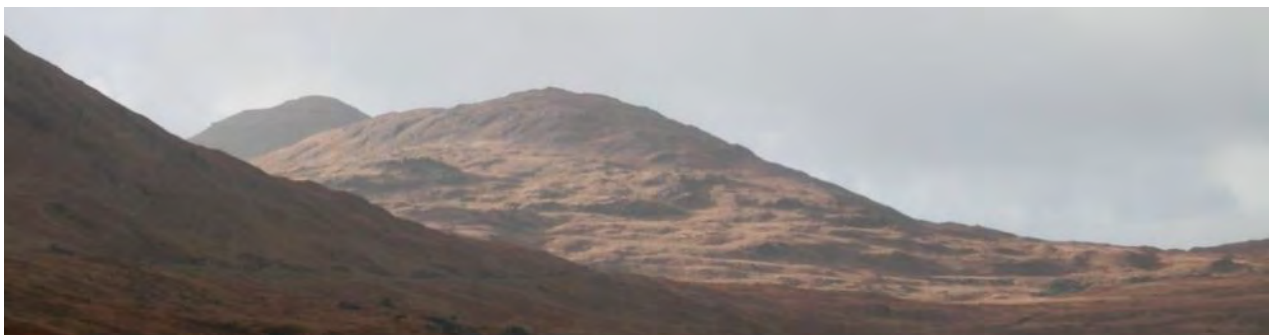
This is also covered in the PRT's 2014 study (4.1).

There is no air service to Rum and there is unlikely to be one in the foreseeable future except in the form of chartered helicopters to cater for specific events and occasions. There is no formal helipad on the island and helicopters presently land on the grassed area to the front of the Castle. If this is to become a more common way of providing transport for the public to the island a more thoroughly researched solution, addressing all safety issues, will have to be found.

Reaching Rum is normally from Mallaig via Caledonian MacBrayne's (subsidised) small isles ferry service which also goes to Eigg, Muck and Canna using a Ro-Ro ferry. In the summer other private operators offer passenger connections from Mallaig and other ports in the vicinity. These same operators can be hired to take larger groups on specific journeys and activities. In the winter there are frequent interruptions in the regular service due mainly to weather but also to the occasional break down. Visitors can also come to the island on their own boats but there is limited anchorage provision.

Train and bus services connect Mallaig to Glasgow via Fort William. Both take in the region of five and a half hours but the journey is through spectacular scenery (on a good day). The car journey can be done in around three and a half hours.

There is limited mobile phone signal on the island. Broadband has been made available.



The road to Harris

3.5 **Environment**

The weather is a key factor in reducing the window when viable visitor numbers can support economic activity on Rum. By October the autumnal storms and shortening daylight hours reduce the attractiveness of the island as a place to visit and it is not until April of the following year that visitor numbers begin to significantly increase again.

In the summer months, the high level of midge activity, especially on calmer days, probably influences the activities visitors undertake. Although this issue cannot be eliminated it may be possible to mitigate their effect to some extent.

3.6 **Profile**

The profile of a place is what sells it, attracts visitors and makes a place sustainable especially if its main source of income is dependent on tourism. The main element of Rum's profile is its natural heritage and remote island magic but this is enhanced by its built heritage specifically in the form of the Castle. The profile of the island and how it is presented to the outside world through marketing, PR, social media and digital advertising will become increasingly important. This will be the case not only for marketing the castle but for ventures and merchandising undertaken by the local community. *Rum's profile will need to be nurtured and its direction managed if it is going to have a positive impact on the economic situation of the island, the future of the Castle and the prosperity of its residents.*

3.7 **Scottish Natural Heritage**

As present custodian of the castle, SNH wishes to pursue a successful outcome for the Castle. As an organisation, its objectives are not related to the built heritage. Ideally it needs to distance itself from the Castle's operation and pass it on to a curator/owner who is better structured in the management of a historic building. The future and success of the Castle as a viable concern will be closely linked to SNH's overall management role on the island as they will continue to own and manage the Isle of Rum National Nature Reserve.



Edwardian cistern

4 Approach

4.1 Flexibility

The key objective for the castle must be to make it sustainable by generating income to cover maintenance and running costs without substantial impact on its historic character. At the same time the building needs to be able to react and deal with the changing circumstances which will be inevitable during its future as an operating enterprise.

The primary proposal is to incorporate flexibility, especially with regard to accommodation but also with the ability to adapt to other activities should there be an indication that they can be profitable and contribute to the sustainability of the Castle and the island economy.

4.2 Circulation

The present circulation areas are space consuming. On the first floor a corridor runs around the whole courtyard. To achieve more useable space to devote to accommodation parts of these internal corridors have been utilised and circulation is instead focused on the stairways with exits to the courtyard and covered external colonnade. It is suggested that the colonnade could be glazed in providing an enclosed and midge free circulation route around the building. Similarly the central courtyard could be covered over and provide protected circulation.

4.3 Consultation

Very preliminary consultations were had with Highland Council's Planning Department and Historic Environment Scotland to discuss potential intervention into the building. They were sent the preliminary plans and provided positive advice on their content which is included in Appendix XIX.



Billiard room



Lounge

5 Museum

5.1 Present museum

The museum is effectively the area to the South and East sides of the castle courtyard where the main function and sleeping areas are located. These are the areas which express the Edwardian

grandeur and extravagant lifestyle of their wealthy owners and are a time capsule from this period. Michael Davis of the Glasgow Building Preservation Trust, in his conclusion of his assessment of Kinloch Castle clearly notes this.

“Kinloch may not quite rate in art-historical terms beside the other survivals in Scotland (from this approximate period) of important country houses with important collections which relate strongly to the house e.g. Ardkinglas, Kinlochmoidart, Manderston or Mount Stuart, even if (as in the case of Kinlochmoidart) the collections may simply be of interest chiefly because of their association with the house.

However, in terms of socio-historical significance, Kinloch can be placed amongst these highly significant houses because of the rich documentation – visual as much as anything, though given added value by the literature and by archive information – it provides about its owners and their lifestyle, a lifestyle which sheds light on wider issues including landownership, land-use and, specifically in respect of Rum itself, the development of the island as a National Nature Reserve. Much of its appeal rests upon the lavish fit-out of its interiors, and the extent of material which has survived. Although some interiors are of outstanding interest, there is a convincing completeness about the house (excluding the former service areas) which is of high value. Some of this value derives from individual items of art-historical importance contributing to the whole, but the overall texture and top-of-the-range consumerism represented by many of the furnishings from leading suppliers is the most important quality.

Although there are clear issues of preservation/conservation at risk, operation of the property as a hotel has, by allowing public interaction with the interiors, added to the appreciation and value of Kinloch in a way in which operation as a museum could never have achieved.”

SNH has been responsible for organising tours of the significant parts of the building over recent years and although the income from tours per square metre for retaining these areas as a museum will generally be lower than other uses, the hidden income to the island community in attracting visitors to the island cannot be underestimated.



The dining room



The double height main hall

5.2 ***Proposed museum***

The intention for the museum would be to incorporate the key function rooms and the two master bedrooms. These would include:

- the double height main hall and gallery
- the lounge
- the billiard room *
- the dining room *
- the empire room (reception for ballroom) *
- the ball room *

The asterisked rooms would also be available as event space and these rooms will have to be treated differently with valuable items from the collection relocated as they may be damaged through higher levels of use.

The museum area would include the gun room as a retail space (and lift to first floor) and the room to the left of the main entrance as a reception for visitors. Staff toilet provision would be off this room and visitor toilets would be provided in the rooms beyond the gun room. A disabled toilet would be provided on the first floor in the room next to where the lift arrives.

It is suggested that the ball room could be used as an audio visual auditorium which offers a history of the island as well as an overview of the natural heritage and the castle including the involvement of the Bullough family. It could include some of the issues which surround how the family accumulated their wealth and the exploitation of textile workers in Lancashire. The ball room could also be used as a small cinema which might be an attractive proposition to residents through the winter and visitors on rainy/midgy days.

In generating material for the audio-visual in the auditorium, as suggested in the PRT 2014 study, it would be worth developing a virtual tour of the Castle, to be made available on the website, publicising the building to bring it to the attention of a much wider audience and hopefully encourage some to visit the building in the flesh.

Much of the work will be in the conservation of the fabric of the building and the items in the collection which will be retained for exhibition. The spaces which are to double up as event space will require work to ensure they are robust enough to cope with the additional wear and tear. There will be physical work to create the new visitor toilets but no major structural work should be involved. To ensure safe fire exit routes there may be a necessity to include additional fire doors and the fire proofing of flammable linings but it should be possible to do this without significant change to the character of these areas.

The proposals for this element are illustrated in the associated preliminary sketch plans.



Edwardian toilet and tiling



bedroom in oak wing

6 Accommodation

6.1 *Existing situation*

Rum is an isolated island with limited accommodation (a B & B and 20 bed bunk house) and relatively few houses. It receives a considerable number of visitors who come to the island with differing objectives and a variety of needs. There is an obvious need for visitor accommodation ranging from self-catering to individually catered rooms. In addition it is difficult for aspiring residents to find a suitable place to live whilst they decide whether Rum is the right place for them. There also may well be the need for accommodation for visiting writers and artists (in residence) whilst they deliver a project or commission on the island.

6.2 *Flexible accommodation*

Other than day-trippers, people coming to Rum require accommodation. Each visitor has different requirements and over the years the types and numbers of each type of accommodation will vary as the island develops and the economy changes. Rather than come up with two options that address those identified in the brief it is suggested that a solution, that can cope with both and be adaptable to meet changing circumstances, is developed. To this end the solutions proposed in the associated preliminary plans offer the potential for a variety of accommodation. These include:

- Luxury self-catering
- High standard self-catering
- Self-catering
- Individual rooms
- Accessible units
- Affordable units

To achieve this, the preliminary plans show a range of ten units which can flexibly provide a range of accommodation depending on demand. Each bedroom and living area has its own en-suite and allows the option of each unit being let out as a unit or as individual bedrooms. This suggests that 27 bedrooms and 54 bed spaces are achievable in the 10 units. Apart from the top range of luxury units, any of the units could also act as taster flats for potential island residents or temporary homes for artists in residence.

It is also assumed that one flat would have to be provided for a building manager although if this person was from the local community it could free up another unit for letting. For similar reasons there may also be a need to provide short term accommodation for staff required to service the units.

This approach would allow for the building to operate as a hotel in the future or at least have the ability to accommodate a pop up event.

The building will also be a useful facility for accommodating family groups over from the mainland and celebratory events. In winter reduced rates are likely to make this particularly attractive. The tea room and bar would also provide an alternative meeting point for the community.

7 Capital Funding

7.1 Capital costs

The layouts produced to go with this report have been analysed by a quantity surveyor (QS) with assistance from a Mechanical and Electrical (M and E) consultant. They followed consultations with the Architects, presently undertaking conservation work on the building (James F Stephen Architects).

The QS has produced up to date budget costs for the conservation and conversion work and suggest that at today's costs, bearing in mind the work is to be carried out on a remote Scottish island, this will be over eleven million pounds (£11,187,930.74) with fees, major external works (see below), internal furnishings collection storage fees and VAT being additional. These budget costs are outlined in Appendix IV but do not allow for inflation beyond December 2016. Also,

£100,000 should be allowed for the temporary storage of the collection whilst building works are carried out;

£200,000 should be allowed for the furnishing of the units (to ensure that the 'A' status of the majority of units can be achieved);

£1,400,000 should be allowed for statutory and consultancy fees.

This will take the overall cost of the project, excluding major external works (such as: major upgrading of roads around castle; works to the kitchen gardens, Lady Monica's garden, the gazebo and the squash courts; enhancement of the existing adjacent landscape; and works to enhance the electricity and water supply) to nearly **thirteen million pounds (£12,887,930.74 excluding VAT)**.

As stated above these costs do not include VAT. On works to an existing building VAT would normally be charged at the standard rate of 20%. This issue should be researched further to see if the works can be zero rated or at least taxed at a reduced rate. This extract from an article on the [buildingconservation.com](http://www.buildingconservation.com) website suggests that some of the work could be eligible for a reduced rate of 5%:

(Link to article <http://www.buildingconservation.com/articles/vat-update/vat-update.htm>)

Reduced 5 per cent rate

- 1) conversions which result in a change in the number of dwellings, including a conversion from a non-residential building to a new dwelling or dwellings
- 2) renovation of a dwelling that has not been lived in for at least two years
- 3) installation of certain energy saving materials including solar panels, ground source or air source heat pumps, draught proofing windows and doors.

It is important to note that some items will always remain 20 per cent rated for VAT such as fitted furniture other than kitchen furniture, certain gas and electrical appliances and carpets. For each VAT relief there are also various conditions to meet in terms of the type of dwelling concerned and the planning status.

The costs do include for a covered courtyard, courtyard paving, a replacement conservatory and vertical glazing to the perimeter canopy. These elements will cost in the region of one million pounds and could be omitted to reduce the contract costs but are works which would greatly enhance the amenity of the building, and its attraction as well as operation, in this environment, including the provision of sheltered midge free areas around the building.

Assuming the building is kept heated it is believed that much of the collection could be carefully crated and kept on site in rooms where limited intervention is occurring. No allowance has been made for restoration of collection items and a specialist assessment (building on Rob Thomson's collection strategy) should be carried out.

It is unlikely that the building, once established, will be able to generate a surplus adequate to service all but the smallest of loans taken out to top up capital funding and in its early years any managing trust will need to build up reserves and possibly require a subsidy until it is established. It must be noted that £1M of private debt funding could require between £60k and £80k per annum for servicing the debt, depending on the level of interest charged.

The objective must therefore be to source 100% capital funding from external sources so as to give the project the best chance of succeeding.

If money can be sourced from central government (or other sources) for an endowment fund that will generate interest and therefore a continuing revenue stream, then this will help reduce long term risks and provide a better chance of ensuring sustainability. This has been achieved in situations where other trusts have been set up, notably the Shetland Amenity Trust (<http://www.shetlandamenity.org/>) and the Penicuik House Preservation Trust (<http://www.penicuikhouse.co.uk/>). The endowment fund was particularly important at Penicuik as the building is roofless and its income generating ability limited. It also significantly assisted in the convincing of other potential funders that the project was sustainable and therefore worth supporting. However with interest rates at their present low a substantial sum is likely to be required to generate any reasonable return.

By way of example, an endowment fund could be used to fund the potential financial losses of the museum. The appended (Appendix XXI) mini profit and loss summary for the Museum shows only the income from the museum less the specific costs relating to the museum and an estimated proportion of the running costs. This indicates that the average annual income shortfall for the first 10 years could be approx. £25,000 p.a.

The appended endowment fund income sheet (Appendix XXI) shows the likely value of the endowment fund required to finance this from investment income. This indicates that, if an investment return of 3% could be achieved, a fund value of approx. £800,000 would be required to generate an annual income of £25,000. If the return was 2% then an endowment fund of

£1.25M would be required. Correspondingly, if the investment return was 5% a fund of £500,000 would be required.

These are only indicative values. The Trust would need to take appropriate financial, legal and tax investment advice relating to endowment funds before taking any material actions in this area.

7.2 *Fundraisers and strategy*

In the first instance funds will be required for the fundraisers as fund raising is a time consuming and costly task. The fundraiser needs to be enthusiastic, committed, organised, flexible and have the right attitude. They will have to develop an appropriate strategy to raise the funds and have to make clear to funders:

- **What** it is they want to do?
- **Why** they want to do it and **Why** it is important?
- **When** they want to do it?
- **How** they are going to do what they are going to do and **How** much it will cost?
- **Where** it is going to happen?
- **Who** it is for and **Who** is involved in doing it?

Each funding application will require a feasibility study to address the above points, tailored to each individual funding organisation. In this situation much of the basic work has already been undertaken and it will only be necessary for the fundraiser to update, collate and modify the available material.

The fundraiser must identify the funders who are most appropriate for the project and which require the least effort in relation to the potential success and return. Proportionally the amount of effort in applying to a small trust to achieve a relatively small amount of funding can be the same as that required for an application to a larger funding organisation that will eventually offer a much higher level of grant.

7.3 *Funding sources*

In the first instance, once the body responsible for taking the project forward has been formed and the objectives for the Castle have been clearly stated, it will be necessary to find funding for the project development and fundraising tasks. The Architectural Heritage Fund (AHF) (<http://www.ahfund.org.uk/index.php>) has been specifically set up to address the needs of charities tackling the restoration of a historic building although their grants and loans are unlikely to meet the costs of a prolonged fundraising programme. This is likely to be the case with Kinloch Castle. The public sector will have to identify additional funding or support to assist with the progressing of these early stages. The HLF also provide start up grants which complement the AHF funding package but it is unlikely that the current owners would be eligible.

The PRT 2014 study in their appendices provided a table of potential funders which is shown in Appendix XVI.

A similar project, Lewes Castle (which the author of this report was involved with during the 90's and it is only now coming to fruition) being undertaken in Stornoway on the Isle of Lewis, is the nearest comparable to Kinloch Castle although the communication links to its location are better and the local population considerably larger making servicing and maintaining a building of this size easier. A brief description of this project together with costs, funders and images is included in Appendix XVIII.

It should be noted that the other sources of funding for the Lewes Castle included the European Regional Development Fund (ERDF) and Scottish Ministers. The Highland Council Leader Programme (<http://www.highland.gov.uk/leader/>) part of the Scottish Regional Development Programme (SRDP) is about to be launched and the Kinloch Castle project could be eligible.

Kinloch Castle is publicly owned so the public sector should consider the extent to which it should contribute to the funding of the Castle's future. Highlands and Islands Enterprise (HIE) also assisted with Lewes Castle as did the local authority. For Kinloch Castle it would be worth approaching both HIE and Highland Council (HC) for funding and support as they are both organisations with a remit to support both the business and local communities.

Once the main fundraising programme gets underway, Historic Environment Scotland (HES) and the Heritage Lottery Fund (HLF) are likely to be two of the major sources of funding but it will also be necessary to raise funds from other sources and as can be seen in the Lewes Castle situation the demands of other organisations are increasingly following the route of the Heritage Lottery Fund in respect of the criteria to be met. The HLF and HES were highlighted in the PRT 2014 report and have been again approached to confirm their likely funding package. HES is likely to give up to 40% to a Building Preservation Trust but there is likely to be a ceiling and it will be dependent on funding availability as well as other competing funding applications. Following discussions with the HLF, the Heritage Enterprise programme (<https://www.hlf.org.uk/looking-funding/our-grant-programmes/heritage-enterprise>) is probably the most appropriate one to apply for in that the key outcomes are relevant in this situation. The quote below is from the HLF website:

Heritage Enterprise can help communities repair derelict historic places, giving them productive new uses. By funding the repair costs and making these buildings commercially viable, we hope to breathe new life into vacant sites. Not-for-profit organisations work with private partners to generate economic growth and create jobs and opportunities in those places that need it the most.

This programme can provide up to £5 million towards the project. It will be important for any fund raiser to approach early and work closely with the HLF to confirm the most appropriate way forward when applying to one of their grant programmes.

There is a very useful website: <http://www.resourcingscotlandsheritage.org/getting-started-resources/> which provides excellent advice on fund raising for Scotland's heritage and it is highly recommended that this resource is used as the project moves into the next stage. Below are some of the listed links from this website for advice regarding a number of funding options, both capital and revenue.

- [Legacies](#)
- [Trusts and Foundations](#)
- [Crowdfunding](#)
- [Corporate Social Responsibility](#)
- [A Mixed Fundraising Model](#)
- [Digital Fundraising](#)
- [Event Fundraising](#)
- [Community Shares](#)
- [7 Steps of Fundraising](#)
- [Case for Support](#)
- [Fundraising Strategy](#)
- [In Focus](#)
- [Marketing Your Organisation](#)
- [Legacy Fundraising Case Study](#)

8 Financial viability

8.1 Overview

The key objectives for the refurbishment of the castle are:

- To secure a future for the castle through the provision of accommodation, events and museum activities that is financially achievable in the short term and financially sustainable in the long term
- To conserve and enhance the historic and cultural heritage of the building and collection
- To maintain and increase public access to the building and its collection
- To support socio-economic development on Rum and the surrounding area

The key strategic drivers to be addressed to achieve the above objectives are:

- Identifying and selecting appropriate **target markets** for the castle
- Configuring the **castle layout** to match the expectations of the target markets
- Effective **marketing** communication with the selected markets and customers
- The creation of the right **funding package** available to refurbish the castle
- Selecting and adopting the correct **business model** to operate the castle

The mix of objectives above will make it difficult to generate a significant, commercial return on the level of investment required to refurbish the castle. Positioning the castle to generate a significant profit may address the financial sustainability of the project but is unlikely to achieve the heritage and socio-economic objectives i.e. a commercial operator would wish exclusive use of the property and may find it difficult to include the museum and collections as a significant proportion of the building.

A financial model has been developed to highlight the key variables to be controlled so as to, initially, reach a break even position and then go on to generate a £50,000 annual surplus from the building.

This model demonstrates that both scenarios are achievable if the key financial assumptions are achieved. The key financial risks to this are:

- The capital funding is not available from public funds for the refurbishment
- The property is unable to attract enough high value events to the island
- The accommodation does not achieve the required occupancy rates

Based on the current settings for the financial variables in the model it is estimated that the business will reach breakeven in year 5 of operation and generate an annual surplus of £50k by year 10. A cumulative financial subsidy of approximately £237k would be required to cover expected losses in the first four years of operation.

8.2 Target markets

This feasibility report assumes that the museum and collections will comprise a significant part of the refurbished building. Additional facilities will be added to improve the visitor experience.

It is also assumed that the castle will be refurbished and furnished to a 4 or 5 star standard to attract target markets and potential customers who are prepared to pay a premium for accommodation and services that are not currently available on the island.

It is not possible for the refurbished castle to be “all things to all people”. For this reason, the following customer groups have been selected as representative potential customers for the castle in this report. These customer groups have been identified as the groups most likely to recognise the value of the services being offered and be willing to pay a premium price from them.

- Day visitors to the island
- Residential, self-catering couples/small family groups
 - Early/semi-retired active couple – Silver market
 - Younger professional couples
 - Couple with two small children

- Residential, self-catering groups (10 to 20 individuals)
- These groups of individuals are assumed to be “self-contained” in that they will organise their own activities and catering when on the island.
- Residential groups (up to 40) who require exclusive catering during their stay.

These groups would visit for a complete “managed” experience including accommodation, catering and organised activities, as required. They could include:

- Stalking parties
- Wedding and celebration groups
- Wildlife and mountain biking groups
- Corporate groups – team building, incentive schemes, etc.
- Educational courses
- Island residents who require temporary accommodation for up to six months

8.3 **Layout of Castle**

The proposed layout of the castle interior has been designed to match the expectations of the above customers and allow maximum flexibility of use for the foreseeable future. The developed layout is very preliminary and although various relevant agencies have been approached the design is still subject to a more detailed assessment in respect of Building Regulations and addressing any potential issues raised by the local planning authority.

The following is a summary of what the above customer groups might require when visiting the castle:

- a. Day visitors to the island.
An interesting and comfortable visitor experience. A well signed and explained museum layout with friendly and knowledgeable guides. Shop, café and toilets.

The following groups all require residential accommodation. To maximise the revenue potential of the accommodation it has been assumed that the guest areas would be refurbished to a 4 or 5 star standard. This would also create a point of differentiation with other accommodation currently available to visitors to the island.

- b. Residential, self-catering couples/small family groups.
Comfortable, self-contained accommodation with one or two bedrooms and separate areas to cook/eat and relax.

- c. Residential, self-catering groups (10 to 20 individuals) (i.e. groups on the island together for an educational seminar, mountain biking or other outdoor activities).
Comfortable bedrooms with shower and toilet facilities for each room and access to an area where the group as a whole can relax, cook and eat.
- d. Residential groups (up to 40) who require exclusive catering during their stay (i.e. deer stalking group, corporate event, wedding party or group attending a celebration event).
Comfortable bedrooms with shower and toilet facilities for each room and access to areas where the group as a whole can dine and relax.
- e. Island residents who require temporary accommodation for up to six months.
Comfortable, self-contained accommodation with one or two bedrooms and separate areas to cook/eat and relax.

The accommodation can be configured in different ways depending on how it is to be used by guests. For example, Unit 4 comprises two en-suite double bedrooms, a living/dining area with kitchen and a separate bathroom/toilet. This design allows the unit to be let as:

- a single unit for guests requiring a two bedroom apartment
- a short term let (up to six months) as a two bedroom flat for visitors to the island for an extended stay
- three individual en-suite double bedrooms, by locating a double bed in the living area and converting it to a third bedroom, for guests who are part of a larger visiting group.

This principle has been applied to create nine letting units that can be converted into a total of 25 individual bedrooms, if required.

As well as separate areas that will only be used by the museum for visitors some of the museum space could also be used by visiting groups attending private events. For example, a group of 20 attending an intimate wedding would have the use of the requisite number of bedrooms as accommodation, the Ballroom as the dining/event venue and the Empire room as a reception area for the event. The kitchen adjacent to the dining room could be used for catering.

An example of the flexibility of the proposed layout is included at Appendix XII of how the Castle could be used simultaneously by:

- day visitors to the museum
- 2 families in self-catering accommodation
- A group of 10 who were catering for themselves
- A group of 20 attending an event that included dining, and
- An island resident using one of the units as a short term let

The layout allows these different users to use the building simultaneously but it will be essential that this is organised by an experienced accommodation manager for it to function well and ensure all of the visitors have an excellent experience of visiting the castle. Unit 1 on the floor plan has been set aside as on-site accommodation for this manager and has been excluded from the net revenue calculation.

8.4 **Marketing**

To be effective in attracting enquiries from potential customers a clear marketing message will need to be created to match the revised Castle services and accommodation offering with the expectations, need and wants of potential customers.

This marketing message will then require the appropriate marketing expertise, supporting materials and collateral so that it is effectively delivered. An estimated marketing budget of £20,000 has been assumed in each of the first two years of operation to pay for the expertise to develop appropriate marketing materials and promote the castle to the target customer groups. As the expected volume of enquiries and visitor numbers grow an annual marketing budget of £15,000 for the ongoing promotion of the castle and its facilities from year three, has been included in the financial model. The final marketing budget would be discussed and negotiated with any marketing organisation contracted to deliver the marketing objectives.

To get maximum effectiveness from the marketing budget the marketing communications plan will need to be designed within the context of the overall marketing activities already being implemented to raise the profile of Rum and the wider area.

It would be very difficult for the castle, with a limited marketing budget, to single-handedly significantly increase the number of visitors to the island. If the communication plan is positioned within other messages from other organisations and businesses the overall uplift in visitor numbers could be substantial i.e.

- National – encourage more people to come to Scotland
- Regional – encourage more of these visitors to come to the West of Scotland
- Area – encourage more of these visitors to come to Mallaig, Skye and the Small Isles
- Island – encourage more of these visitors to come to Rum
- Castle – encourage more island visitors to come to the Castle

Within this model the marketing budget would be focussed on the lower elements in this list but would build on the marketing investment by other organisations and businesses who are focussed on the higher elements.

A similar, focussed approach would be needed to encourage other visitor groups to the island if the Castle is to achieve its target numbers and occupancy rates.



Scenery on road to Harris

8.5 **Business model**

There are seven key areas of responsibility relating to the refurbishment and subsequent operation of the building that need to be made clear in the business model before any design for the refurbishment of the building can be finalised. The business model allocates the key areas of responsibility to the relevant organisations that will be partners in the delivery of the project.

In one extreme business model, a single body could be responsible for all areas in the business model throughout the whole development process. This could be an organisation currently involved with the Castle and Rum or a commercial partner, which would be involved in the ongoing operation of the Castle.

An alternative, and more likely, approach would be to partner with appropriate organisations that already have relevant experience and expertise to deliver some of the key areas of responsibility. This approach would require a structure similar to the following:

- 1 **A Managing Trust** would be set up to own, refurbish and maintain the property.
- 2 An **Operating company** would be responsible for coordinating any partners and delivering the key areas of responsibility that is not contracted out to franchise partner organisations. It is likely that this company would be owned by the Managing Trust, and
- 3 **Franchise Partners** would be identified and contracted to deliver in areas of responsibility where the Managing Trust or Operating Company do not have the relevant experience.

This approach would allow the project to have access to the best expertise when required but would reduce financial risk by minimising the core overhead required if all areas of responsibility were to be delivered by the Managing Trust or Operating Company.

This report assumes that the responsibility for the operation of the business areas will be shared with partner organisations. Each will deliver their areas of responsibility and have a revenue sharing agreement with the in-house organisation. The following table summarises the allocations of responsibility included in the financial model:

Business model		Assumed responsibilities in this report		
		Managing Trust	Operating company	Franchise Partner
Area of responsibility				
Property				
1	Ownership	X		
2	Refurbishment	X		
3	Ongoing maintenance	X		
Operations				
4	Museum experience			
	- Day to day operations		X	
	- Shop			X
	- Cafe			X
5	Accommodation		X	
6	Catering			X
7	Event management			X

Detailed service level agreements defining the appropriate standards will be required with all partner organisations to contract revenue sharing and key responsibilities.



The Bullough Mausoleum in Harris

8.6 Financial summary

The following table gives a high level overview of the financial results generated by this financial model. The net revenue figures are analysed in more detail at 8.7 below. A detailed profit and loss summary is included in Appendix XIII.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10
	£'000	£'000	£'000	£'000	B/even £'000	£'000
Total revenue	82	102	126	167	179	234
Direct expenses	5	6	7	10	10	15
Net revenue	77	96	119	157	169	219
Overheads						
Salaries	64	64	64	64	64	64
Running costs	110	110	105	105	105	105
Total overheads	174	174	169	169	169	169
Net profit/(loss)	(97)	(78)	(50)	(12)	0	50
Cumulative loss	(97)	(175)	(225)	(237)	(237)	

As indicated in the financial table above, a cumulative financial subsidy of approximately £237k would be required to cover expected losses in the first four years of operation until the breakeven position is achieved. Government and development organisation grants relating to some employment costs and marketing investment may be available during the early years of operation of the castle following the completion of the refurbishment.

See table in 8.7 for an analysis of net revenue streams which relate to the above table.

8.7 Key business model assumptions

The financial model has been built to show the impact of changing the assumptions for each of the key financial variables.

As shown at 8.6 above, the financial model calculates net revenue, after direct expenses, for the following revenue streams and deducts the estimated salaries and running costs to give the annual profit for the year:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10
Net revenue stream	£	£	£	£	B/even £	£
Museum						
Entrance fees	13,333	15,400	16,867	18,400	20,000	29,000
Guide books	250	809	1,107	1,610	2,188	5,075
Café – rental	500	578	688	805	900	1,813
Shop - rental	54	315	413	575	750	1,450
Museum total	14,138	17,101	19,074	21,390	23,838	37,338
Accommodation	60,000	72,400	90,450	121,000	127,592	147,800
Venue/catering	3,100	6,200	9,300	14,900	18,000	34,500
Fund raising	0	0	0	0	0	0

Net revenue	77,238	95,701	118,824	157,290	169,430	219,638
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The above revenue stream calculations assume that the in-house operations team is responsible for running the museum and managing accommodation. It has also been assumed that the operating business will receive a revenue share from the partners operating the museum shop and café and the catering for events held on site. The model assumes that the in-house operating team will comprise a full time business manager, with a part-time assistant, responsible for the overall running of the operations on site, a museum manager from April to October and a part-time gardener/handyman.

It is also anticipated that the ferry and other transport services will react to increased demand and provide additional capacity as required.

The detailed net revenue workings are attached at Appendix XIV. The detailed financial assumptions are included at Appendix XV.



Stained glass in main entrance hall



Lady Monica's bedroom



9 Delivery vehicles

9.1 ***Building Preservation Trust***

As has been suggested in the PRT's 2014 study (11.1), a Building Preservation Trust furnished with the appropriate skills and influence (through its board of trustees), appears to be by far the most effective delivery vehicle for a project of this sort as it has the capacity to attract funds from the widest possible range of sources due to its charitable status. A clear set of objectives, acceptable to the Office of the Scottish Charity Regulator needs to be established centring around '*the advancement of the arts, heritage, culture or science*'. It will then have the potential to raise a significant part of the capital for project development, renovation and conservation works thus reducing the burden of any loan repayment on the body that finally ends up with management responsibility.

Crucial to the success of the building preservation route would be the employment of an experienced project officer/fundraiser who has previously worked on historic buildings. His knowledge and contacts will be essential in the raising of funds, the procurement of consultants and contractors and the general project managing of the work through to completion. Consideration need to be given to the project officer's location and accommodation and in fact it may be that he would be better located remote from but within striking distance of the island, at least during the development and fund raising stages as the project officer will need to be in contact with key agencies who are not island based. If SNH were able to provide accommodation at their Fort William offices it would help reduce costs at the earlier stages of development and would enable the project officer to be in contact with and receive support from SNH officers who have previously worked on the project. Support from an existing preservation trust with a good track record in saving historic buildings would also be beneficial.

9.2 ***Management Trust***

It is suggested that the Management Trust would be derived from the Building Preservation Trust but it is likely that the managing officer will require a different range of skills than the development officer employed during the earlier stages. It will be necessary to consider carefully the creation of separate trading companies to manage the range of activities under the control of the management trust so that the arrangement complies with all legal requirements. Specialist legal advice should be taken with regard to compliance with charity law.

9.3 ***Alternative ways forward***

Although not tested, if the private sector had seen the potential in the building at a reasonable cost of development, the Castle would, by now, be a thriving concern but the amount of private investment required and the length of time required for paying back loans associated with the development, restoration and conservation of a project of this sort would, more than likely, make it a prohibitive venture for a private company. There are also risks and downsides associated with selling to the private sector. It has already been identified earlier that the castle is an important part of the islands future and if any potential use made it less accessible or if the company that buys the Castle failed it could have significant implications.

The National Trust for Scotland (NTS) and HES both hold properties in care for the nation. Their taking Kinloch Castle into care could be another route for seeing the property properly cared for. The National Trust own Canna the island West of Rum but it is a highly subsidised operation. At present, because of current re-structuring of their organisation and the high level of risk associated with Kinloch Castle they do not feel able to consider taking the property on. HES's Properties in Care section also have resource issues and have indicated that they would also find it too much of a burden to take on a project of this sort at this time.

Whilst consulting with the NTS they indicated that they were investigating ways of being more innovative in their approach to the development and running of projects to reduce the upfront money required and pass more of the burden onto the private sector. This may be applicable to properties close to centres of population but difficult to implement in remote areas.



Kinloch Castle from the North East

10 Potential for sale

Kinloch Castle's location on a remote inner Hebridean island could potentially be attractive to an individual looking for a quiet and private refuge away from people but as the surrounding land available with the property is limited and there are neighbours close by as well as rights of way across the eastern and western boundaries it is unlikely to realise a particularly high price. There are no comparables for a building of this sort and therefore it would be unrealistic to try to put a valuation on it save to say, that in its present state, and with the current situation on the island it is likely to be on the low side. There would also be a very limited market for this type of building. It should be pointed out that if the building was sold its contribution to the island economy could be severely curtailed and as mentioned earlier, public accessibility to this unique building could be significantly reduced. If the Castle was to be sold to the private sector any sale should be subject to appropriate conditions to ensure that it remained accessible and that an appropriate exit strategy was in place.

The building could be sold to a specialist Building Preservation Trust such as the Landmark Trust who specialise in buying, restoring and letting in the self-catering market, historic buildings similar to Kinloch Castle (<http://www.landmarktrust.org.uk/>). They were approached and they indicated that the Castle would not be suitable for their organisation.

If the building is divided into the units as shown on the associated preliminary layout plans and the completed unfurnished units were put up for sale they could realise the prices indicated in the table below.

Floor	Apartment	Accommodation	Issues	Value Low £	Value High £
Ground	1B	Kit/Din, Liv, wc, Bed and ensuite Bath	Awkward layout. North	80,000	90,000
Ground	2A	Liv/Din, Kit, 2 Beds with ensuite Baths, wc	South West.	120,000	130,000
First	3A	Liv/Din, Kit, Bed with ensuite Bath, wc	Odd bedroom location	80,000	90,000
First	4A	Kit/Liv/Din, 2 Beds, 3 Baths (2 ensuite)	South West.	140,000	150,000
First	5A	Liv/Din, Kit with Bath off, Bed with ensuite Bath	Poor kitchen	80,000	90,000
First	6B	Liv, Kit/Din, Bed, 2 Baths (1 ensuite)	North West	80,000	90,000
First	7A	Liv/Din, Kit, 2 Beds, 3 Baths (2 ensuite)	Poor kitchen	90,000	100,000
First	8A	Liv/Din, Kit, 2 Beds, 3 Baths (2 ensuite)	Courtyard view	110,000	120,000
Second	9B	Liv/Din, Kit, Bed with ensuite Bath, wc	Top floor	80,000	90,000
Second	10C	Liv/Din, Kit, wc, 3Beds with 3 ensuite Baths	no window in Bed 3	100,000	110,000
				960,000	1,060,000



stag sta king

11 Events

The castle has significant potential as a venue to host a wide range of events. These events could range from a luxury wedding or celebration though to a group of individuals who wish to visit the island together. The proposed layout of the castle would allow a group to have exclusive use of the whole castle (excluding the museum space) or to only have access to those parts of the castle that they need to deliver the type of event they want.

11.1 Luxury celebration events

The proposed layout of the castle could host intimate, luxury celebration events for parties of approximately 30 people. These would require specialist caterers to be brought in as part of the delivery of the event. Bespoke transport to the island such as helicopters or chartered sailings could also be part of the offering.

It will be imperative that these events are marketed well to the target market and delivered to the highest standards. It is likely that partnerships with specialist marketing and event management companies would be needed to deliver this.

11.2 **Group events**

A group of individuals who wanted to visit the island could be offered communal spaces they could use during their stay where they could cook, dine and relax together in addition to the sleeping accommodation they would require. These groups could include mountain bikers, walkers, stalkers, fishermen or wildlife enthusiasts.

11.3 **Corporate events**

Corporate events could be hosted on the island. The format of these events could easily be tailored to client requirements. Some events may require more formal dining where as others may only require informal catering, or a mix of both.

In addition to delivering high quality accommodation during their stay, event management partners could be contracted to deliver corporate team building or business development activities, if required.

12 **Ongoing revenue funding**

The website referred to in 7.3: <http://www.resourcingscotlandsheritage.org/getting-started-resources/> is also one of the best information resources to employ for this type of fundraising. It provides good advice on who to approach and the techniques required.

It is important to identify a **target** for the amount of revenue funding required on an annual basis. At Kinloch the museum is likely to operate at a loss bringing in less money from entrance fees, events and retail than it costs to maintain, service and heat the areas it occupies. The difference in its operating cost and its income is therefore the appropriate target to aim for so it effectively stands on its own feet. It is also the part of the building, as opposed to the accommodation areas, that can potentially raise funds from other sources (see also endowment funding in 7.1).

There are a number of funding sources but it must be emphasised that sourcing revenue funding is more difficult than capital funding and requires a different approach and strategy. Most people and organisations providing funding prefer to fund an identifiable event or project which is time constrained and do not particularly like to fund ongoing core activities.

Therefore the rewards that are offered to revenue funders and the thanks they receive are particularly important.

Funding trusts and foundations might help fund specific events, educational projects that occur within the museum and thus indirectly can provide revenue funding by increasing footfall and entry fees.

Corporate funding from commercial organisations can be a little erratic depending on the economy and the success of different lines of business. Corporate funding in remote rural areas can be particularly difficult due to its isolation from large population areas and fundraisers will have to be imaginative in encouraging funding from this source through the offering of special privileges, use of selected areas of the museum for corporate events and discounts (which do not affect Castle profit margins) for the accommodation and entry to the museum.

Individual donors are probably the most likely source of a continuing and relatively reliable funding source. It might be possible to work with the 'Friends of Kinloch Castle' to develop this avenue. Special graded memberships could be developed which as with corporate funders would offer something in return for an annual subscription adjusted for the gold, silver and bronze benefits.

It is critical that the fundraiser is organised and attentive with the revenue funding process and the donors who are giving. A properly maintained record of individual donors needs to be maintained, recording amounts received, thanks given and privileges provided. Fundraisers must be relentless in implementing their fundraising strategy and in achieving the target set.



New bridge over Slugan Burn



poly-tunnel in walled garden



West side of the walled garden

13 Castle grounds

13.1 Description

There is a description of the gardens in the PRT's 2014 study (4.3). As mentioned earlier the site is on Historic Environment Scotland's Inventory of Gardens and Designed Landscapes (see Appendix X). Although the bones of the gardens are still observable and the walls of the Walled Garden are reasonably intact it has not been maintained for a considerable period and would require substantial work to bring it back to its previous glory. Originally the grounds included a small golf course, a Japanese garden, Lady Monica's garden and a water garden. The main elements of the original garden are illustrated in Appendix XI.

The walled garden is now heavily overgrown with trees and contains an unused poly-tunnel. The original top-soil was apparently imported from the fertile fields of Ayrshire. The nearly three metre high stone walls appear to be in reasonable condition although there are sections which have collapsed. The glass houses which were originally to the North of the garden are long since gone.

At the North end of the sea wall to the East of the castle there is a small two storey octagonal gazebo (see Appendix VIII for listing) and close to the walled garden there are the remains of a racket court.

SNH have waymarked a number of paths around the old gardens and built a new bridge over the Slugan Burn.



Looking East across garden area to Castle



feature on sea wall



East gate to walled garden



The golf course and gazebo to East



garden remnants to South



Lady Monica's garden now a playground

13.2 *The designed landscape*

Gardens are expensive to maintain and although they can provide an additional enticement for visitors it is unlikely that an investment in a full restoration would bring, anywhere near, a reasonable return. However the setting of the Castle is important and an attractive external space adjacent to the building would be beneficial, especially if celebratory events are to occur at the Castle and the space was primarily to provide photo opportunities. In this instance it might be appropriate to create a small, but simple, Japanese inspired, Edwardian style garden to the South side close to the Slugan Burn which was easy to maintain.



The gazebo



The racket court

13.3 *The gazebo and racket court*

The Gazebo on the sea wall and squash courts adjacent to the walled garden have the potential to be developed as a small self-catering unit. In discussions with the Landmark Trust, the Gazebo was considered for development but size and location were the main factors for its rejection. It may, however, be more appropriate to keep the building under the control of the body tasked with managing the Castle.



Steading from the South



steading courtyard

13.4 *The steadings*

Although not within the garden/defined landscape or strictly within the brief for this study, the steadings courtyard buildings are an important element in the designed ancillary accommodation for the Castle. They also have the potential to provide accommodation and although not listed their undisturbed character is important especially as they are close to the garden areas and relatively close to the Castle itself. They are substantial buildings around a central courtyard providing a weather protected central space which is a useful attribute in Hebridean weather. They are presently still in the ownership of SNH.

These buildings have good potential for conversion to residential accommodation either for holiday lets, staff accommodation or for taster flats for potential residents and as with the gazebo and

squash courts it would make sense to have these kept under the control of the body controlling the Castle. This increases the economy of scale generated from managing and marketing a portfolio of lettable accommodation and reduces the level of competition in the market for self-catering accommodation during the early stages of development of this type of accommodation on the island.

Should it be decided to sell this complex of buildings it is highly recommended that this exercise is delayed until the completion of possible works to the castle as they will provide an excellent and discrete storage compound for contractors undertaking work on the castle and save the costly need for unsightly temporary storage units being imported to and sited on the island.

13.5 *The walled garden*

The walled garden is probably the only part of the gardens which might have the potential to provide a small return, subject to appropriate investment and work. It is highlighted in the 2015 Community Land Use Plan for Rum as a potential site for a horticultural business. Conservation work would be required to the walls with collapsed areas being rebuilt and trees cleared, which is a substantial task in itself. Once this was done the area would be suitable for horticultural use and the production of vegetables for the local community, consumption in the Castle and potentially across the Small Isles. The construction of appropriately designed poly-tunnels would allow growers to significantly extend their season and make the venture more profitable. The Gulf Stream ensures that the temperatures are warmer than on the mainland and the walls provide protection from the equinoctial storms.

Probably the most sensible way to take this part of the garden forward would be through a long term but protected repairing lease which restricted its use in line with its designated status and allows the land to be taken back into the control of SNH should a business fail. Potential entrepreneurs, both private and community should be able to obtain support for an enterprise of this sort through Highlands and Islands Enterprise:

<http://www.hie.co.uk/community-support/>

<http://www.hie.co.uk/business-support/>



Date stone

14 Socio-economic impact

A full socio-economic impact assessment is not within the scope of the current brief. This will need additional specialist knowledge and skills.

The World Business Council for Sustainable Development has developed a framework and methodology for assessing socio-economic impact. A broad overview of this framework has been used below to summarise the initial observations on the potential socio-economic impact of developing the castle.

The refurbished castle will help increase the employment and skills on the island and wider area and will increase economic development activity as a result of becoming involved in the supply chain and from increased visitor numbers.

Socio-economic impact		
	Direct – Castle and Island	Indirect – Mallaig and the Small Isles
Links to community		
	The castle refurbishment will create many opportunities for the local community to become involved during the refurbishment and subsequent operation.	Potential to link the refurbishment of the castle to wider, integrated community development activities to improve links among those involved.
Environment sustainability		
	The continued operation of the island as a nature reserve will help develop and sustain the environment of the island.	The castle and island will be an enhanced asset to help develop environmental awareness and tourism in the wider area.
Infrastructure		

	The existing transport, telecom and utilities infrastructure will be developed to support the increased number of people visiting the island. This will be of direct benefit to the island community.	The increase in visitor numbers to the area en route to the castle and island will require key parts of the wider infrastructure to be developed to manage this increase in activity.
People		
	The refurbishment of the castle and delivery of the services and events when operating will result in additional jobs and skills training opportunities on the island for the community.	The island activities during and after refurbishment will create employment and skills training for local residents involved in the supply chain for the castle.
Supply chain		
	Island residents will have an opportunity to be involved in the supply of goods, services and labour during the refurbishment and when the castle is operating as an accommodation and event venue.	Local area residents will have an opportunity to be involved in the supply of goods, services and labour during the refurbishment and when the castle is operating as an accommodation and event venue.
Income		
	The income available in the local community will increase as a result of direct employment, involvement in the supply chain and increased numbers of visitors who will spend within the community during their visits.	The increases in visitors en route to the castle will result in increased spend in the wider area.

15 Summary

15.1 Key points

- The Castle has historic merit and its Category A status means every effort should be made to preserve it for the community, visitors and future generations. Together with Rum's scenery and wildlife it is an important focus for visitors and a key reason for their visit to the island. The Castle's preservation and accessibility is essential to the continuing development of tourism to the area and the island economy.
- Rum (especially when associated with the other small isles) is a unique destination with an enormous amount to offer both potential residents and visitors.
- The museum element is critical to the Castle in that it demonstrates to visitors the essence of the building and the grandeur of the Edwardian era that was available to the wealthiest members of that society. Even in its present state visitors indicate that visiting the Castle is a primary reason for coming to Rum.
- The need for accommodation on the island is paramount to the islands future in order to provide visitors and potential residents with a place to stay. The Castle is able to provide a significant amount of flexible accommodation which will also go a long way in helping the Castle to be sustainable.
- The layout developed for the Castle demonstrates that the building can offer flexibility and the ability to react to differing and changing demands. It can operate as a series of self-catering units of varying quality, or individual en suite catered accommodation. It can provide event

space and associated catering facilities. It can showcase the environment of high Edwardian society.

- The Capital costs to complete the restoration and conversion works as well as associated elements is likely to cost in the region of thirteen million pounds (excluding VAT and subject to caveats).
- The objective would be to raise 100% of the capital funding as the revenue likely to be generated by the identified activities is unlikely to be able to service a loan of any size.
- Efforts should be made to create an endowment fund which through interest generated will help sustain unsustainable elements of the project over the longer term.
- A building preservation trust is recommended as the most appropriate way of taking the project forward. Trustees should be from appropriate backgrounds, have the right contacts and experience to monitor the project and support the project manager, particularly at the outset. The project manager must be experienced at project managing work on historic buildings and be a consummate fund raiser.
- During the development phase capital fund-raising will be critical to the success of the project and a funding strategy should be developed at the outset and adhered to subject to regular reviews. Applications to funding bodies must be meticulously made with supporting information tailored to each funding organisation.
- Once the project is up and running a management trust should be formed. This could be formed out of the building preservation trust but the building management skills required may not be available to the trustees and staff that have been responsible for the development phase and this will need to be addressed.
- A revenue funding strategy should be developed and relentlessly followed, specifically for the museum where entry fees will not cover running costs. It will be important that those giving are acknowledged and made to feel they are receiving something in return. With both revenue and capital fund raising part of each strategy should identify the funding sources which are likely to provide more money in relation to the time invested in the fund raising process.
- It will be essential that the project has access to the best expertise when needed. This will include specialist consultancy skills during the refurbishment period but also for marketing, accommodation management and event delivery skills when the castle is operating.
- Bringing the right expertise to the right areas of the business not only underpins the successful delivery of the plan but will reduce the risk to the operation by having the best people and organisations bringing their expertise to the areas they know the best. This expertise can either be employed as part of the project or could be contracted with partner businesses and organisations bringing expertise when most needed.
- Finding the right funds at the right time from the right source will be critical to the successful delivery of the project. It is unlikely that the ongoing castle operations will generate enough of a cash surplus to service any significant levels of debt following refurbishment. The majority of the capital funding will need to come from grants and other sources that will not require to be repaid from operations.

- As well as raising the funding needed for the capital expenditure, the operations will also need support during the period from start up to break even.
- The quality of accommodation and services in the castle will need to be of the highest standard to ensure they appeal to the high value customer groups and markets that are being targeted. This will also ensure repeat visits and the longer term viability of the operation.
- As a sub-set of expertise, the successful marketing of the venue to the right target markets needs specialist expertise. If the required number of events booked or levels of occupancy cannot be achieved then the plan will result in failure.
- Venue marketing and accommodation booking are the key areas that are likely to benefit most from partnering with specialist providers of these services.

15.2 *Way forward, programme and risks*

It is assumed that SNH already have in place a project team in charge of project initiation and who will guide the project through the early processes providing support and guidance. It is expected that their role would decline once the project was clearly moving ahead. Their first task must be to set up the appropriate organisation to carry the project forward. The process to take the project from this initial stage to up and running will be a significant period (and the initial fund-raising stage can be pro-longed) as has been noted with the Lewes Castle project, (Appendix XVIII) but below is a possible time scale linked to key associated tasks.

In addition, this section states the key objectives of each stage, the associated risks and possible mitigation, which are also summarised in tabular form in Appendix XX.

1 Year 1

- 1.1 Confirm project team has all the appropriate skills to coordinate project initiation
- 1.2 Ensure infra-structure issues are being addressed to ensure that the building, once complete, can be properly serviced from the point of view of energy, water and sewage specifically but also with regard to the various communication networks such as water transport, telephone/mobile connections, broadband where applicable.
- 1.3 Set up project specific building preservation trust with trustees having the appropriate profile, contacts, drive and experience. Apply to the AHF for grants to assist with the fund raising process.
- 1.4 Consider the set-up of the management trust to succeed the preservation trust and understand the process of transition. Start thinking about potential private sector partners who could assist with the delivery of the services in the finished project and who might be able to provide capital in return for a favourable contract or lease.
- 1.5 Identify base for building preservation trust.
- 1.6 Employ highly motivated project officer with experience at project managing historic building work and with excellent fund raising skills.
- 1.7 Develop capital funding strategy and develop relationship with key funders (HLF and HES)

- 1.8 Assess funding sources in terms of effort in developing an application versus potential size of grant offer.
- 1.9 Using material already developed tailor feasibility studies to address the objectives of the various funding bodies from whom it is hoped money will be forthcoming.
- 1.10 Develop a brief for each consultant required to develop the project and obtain competitive fee proposals for taking the project through to completion (it is suggested that the RIBA stages of work are used for this exercise). The consultant team likely to be required for the project, at the very least, should consist of a conservation accredited architect or building surveyor (also acting as principle designer to deal with Construction, Design and Management (CDM) issues), a quantity surveyor, a structural engineer and a mechanical and electrical consultant. In addition a landscape architect might be required for works to the garden.
- 1.11 Submit applications. In the case of major applications this may be a two stage process. In the case of the HLF development, funding should be available for further associated studies which they will require to ensure that the project will address all the relevant conservation issues.
- 1.12 If money is available in the SNH budget continue to address the outstanding wind and watertight issues in respect of the building.
- 1.13 Identify sources of funding for an endowment fund to generate income for covering the identified potential losses of the museum once it is up and running so that it is not reliant on profits from other elements of the project.

Key objectives/risks/mitigation in year 1:

- *Ensure that infrastructure issues are being addressed/infrastructure development programme behind schedule or is underfunded/carefully select board members to Trust who have the appropriate networking skills and drive to influence and encourage infrastructure providers in the funding and implementing of the works on time.*
- *Confirm project initiation team/do not have appropriate skills/ensure careful selection and provide appropriate training.*
- *Set up building preservation trust/not successful in raising funds or managing early stages/ensure highly skilled fund raiser with building conservation management skills appointed.*
- *Complete first stage application to HLF/first stage application not successful/ensure that pre-application discussions are held with HLF and quality of application is high.*
- *Obtain capital for an endowment fund/endowment fund not achievable/look at other ways that the museum can be subsidised possibly by increasing profit margins of other elements*

2 Year 2 (assumes successful stage one application to HLF)

- 2.1 Continue fund raising.
- 2.2 Appoint consultants to take project to tender stage.
- 2.3 Use raised development funding to commission reports (such as a conservation management plan, maintenance plan and strategies for the likes of marketing, PR, conservation training etc.) required and identified during the preliminary stages.

- 2.4 Liaise with Highland Council (HC) and HES in respect of the design for the converted areas and the conservation of the building.
- 2.5 Continue fund raising.

Key objectives/risks/mitigation in year 2:

- *Appoint consultants and commission reports/consultants work and reports not up to standard/ensure brief, consultant selection and tendering process properly managed.*
- *Obtain preliminary council agreement regarding conversions/agreement not reached/ensure consultants have considerable building conservation experience.*

3 Year 3

- 3.1 Continue fund raising.
- 3.2 Monitor and ensure completion of reports commissioned in year 1.
- 3.3 Assist consultants in tendering works to appropriately experienced and resourced contractors.
- 3.4 Complete second stage application to HLF. (assuming all potential funding has been identified for project).

Key objectives/risks/mitigation in year 3:

- *Tender conversion and restoration work to contractors/returned tenders too high/ensure early accurate budget costing of production information by experienced quantity surveyor.*
- *Complete second stage application to HLF/second stage application not successful/ensure that pre-application discussions are held with HLF and quality of application is high.*
- *Continue fund raising/poor response to applications/ensure applications properly focussed to address criteria of individual funders and standard of application high.*
- *Achieve 100% funding/100% funding not being achieved/review funding strategy and consider other methods of capital funding including loans, appeals, membership with rewards of free stays.*

4 Year 4 (assumes successful stage two application to HLF and funding in place)

- 4.1 Accept contract recommended in tender report. This is likely to be a two and a half year contract at the very least.
- 4.2 Ensure that consultants are dealing with all health and safety issues associated with the construction work.
- 4.3 Begin monitoring building works through to completion.
- 4.4 Start management trust activities setting up any separate trading companies.
- 4.5 Develop the marketing strategies and begin implementing the revenue funding strategy.
- 4.6 Ensure profile of the project is continually highlighted, work on issues relating to the running of the building once it is up and running, such as financial management and fraud prevention.
- 4.7 Ensure governance procedures are appropriate for the activities to be undertaken. Consider the health and safety issues of running and maintaining the building and prepare appropriate plan.
- 4.8 Review business plan and revise as required.

4.9 Work with other local agencies to jointly raise the profile of the project, Rum and the Small Isles developing dynamic networks which can be sustained and enlarged to make it as far reaching as possible.

Key objectives/risks/mitigation in year 4:

- *Accept contract for building work/contractor does not perform and costs begin to escalate/ensure consultants are enforcing contract administration and financial management procedures appropriately.*
- *Deal with health and safety issues (CDM)/health and safety issues arise/ensure that all pre-contract CDM procedures are followed and implemented on site.*
- *Set up management trust/trust does not deal with marketing strategy, governance issues, business plan reviews, revenue funding strategy adequately/ensure project officer with appropriate skills is employed to deal efficiently with these issues*
- *Raise profile of the project/profile not significantly increased/ensure discussion are held with relevant agencies, organisations, community groups and their knowledge and advice is passed to marketing organisation so that all profile raising activities and information can be robustly included in all promotions.*

5 Year 5

5.1 Continue monitoring building works.

5.2 Continue with relevant management trust issues ensuring the appropriate board of trustees are in place and if necessary start the recruitment process for a building manager.

5.3 Start implementing marketing strategy to insure reasonable occupancy rates and numbers of events in first year.

5.4 Begin making business arrangements with private sector companies who are likely to provide additional services such as pop up catering, special transport arrangements, bar and tea room service.

5.5 Continue implementing revenue funding strategy

Key objectives/risks/mitigation in year 5:

- *Implement marketing strategy/marketing strategy meets with limited success/ensure product is properly described, target groups as well as range of promotion are appropriate, website is up to standard and skills to update as well as manage are of a high quality and customer service is highly responsive as well as courteous.*
- *Make business arrangements with private sector companies/arrangements do not work out/ensure agreements are clear and balanced as well as legally binding*

6 Year 6 and ongoing

6.1 Continue monitoring building works to completion.

6.2 Exploit completion of project with maximum publicity welcoming first guests with appropriate fanfare.

- 6.3 Ensure customer care strategy is implemented and all full and part time staff are made aware of the importance of client satisfaction.
- 6.4 Start implementing maintenance as well as health and safety plans.
- 6.5 Continue implementing revenue funding strategy.
- 6.6 Start making money and enjoying the building.

Key objectives/risks/mitigation in year 6:

- *Maximise publicity on completion/not enough publicity/ensure that as many appropriate media organisations are contacted.*
- *Implement customer care strategy/customer care strategy does not work/ensure proper staff training from experienced provider.*

Overriding objective/risk/mitigation:

- *Achieve a sustainable Castle/Castle project fails/ensure that everyone including all stake holders involved in the project remains totally focussed on a successful outcome and are fully aware of the consequences of failure. **The cost of failure to the island and wider community, the present custodian, the public sector, central government and all other stakeholders is likely to be considerably more than the cost of success.***

16 Conclusion

This report and all earlier reports emphasise again and again the significance of Kinloch Castle and the importance of preserving and developing it, not simply for its historic value and interest, which is indisputable, but because it will become an important and critical iconic regeneration vehicle for Rum, the Small Isles and the adjacent mainland. When complete, its rejuvenated state will substantially increase the number of visitors who will focus in on it to visit the museum, stay in the luxurious accommodation, enjoy an event or celebration, run an educational course or simply enjoy a cup of coffee in the courtyard. These visitors will also go on to access other parts of the island supporting various businesses in the process and so the island community will have the capacity to grow its economy and therefore its prosperity together with the potential to make it self-reliant. This prosperity will inevitably be shared with surrounding areas and they will benefit indirectly from any investment in the Castle.

The proposals presented in this report provide the best opportunity for making the Castle sustainable at this point in time, whilst preserving its historic character and the key elements of its Edwardian grandeur. The flexible approach will make it capable of adapting the deeds of the moment as well as to changing circumstances. The project should be progressed as soon as possible as maintaining it in its present unprofitable and resource draining state is going to cost more money in the long term.

In a country such as Scotland it is important not to let peripheral areas, especially an area such as the Hebrides, decline. These are very important parts of Scotland which given the appropriate level of investment will continue to be an enormous cultural resource and beautiful natural destination

for all visitors and future generations whilst ensuring the survival of the existing and developing communities which are essential if these areas are to survive and remain accessible to all, especially those who have to spend most of their time in urban areas.



260516

Appendix I

Listing

ISLE OF RHUM, KINLOCH CASTLE

Reference: LB14125

Status: Designated

Summary Information

Category: A

Date Added: 05/10/1971

Location

Local Authority: Highland

Planning Authority: Highland

Parish: Small Isles

National Grid Reference:

NGRNM 40163 99544

Coordinates: 140163, 799544

Description

Leeming and Leeming, London. Dated 1897; completed 1906. Large rectangular castellated, Tudor 2-storey mansion built around inner court. Principal fronts to east and south, the east entrance front having square off centre tower rising above roofline. North, east and south elevations encircled by continuous arcaded verandah with glazed roof masked by crenelated wallhead. All red Arran stone, bull faced squared rubble with tooled ashlar dressings. Projecting off-centre entrance porch in base of 3-storey tower in 11-bay east front; tower with substantial stair turret corbelled out at 1st floor height at SE angle, and further bartizan at NE. Segmental headed porch entrance flanked by engaged columns with parapet above flanked by angle ball finials and approached by widely splayed flight shallow steps with low balustrade and terminal urns. Angle drum towers rise above wallhead at each corner terminating in corbelled and crenelated wallheads. 3 canted bay windows rise full height to right of entrance porch (lighting entrance hall). Regular fenestration, the windows mullioned and transomed with plate glass glazing. South garden front has French windows leading from drawing room to projecting terrace (formerly glazed as conservatory). Further entrance left of terrace, leading to library, gun room and secondary stair. Centre rear (west) high round-headed entrance to inner court and service area flanked by engaged columns rising full height and terminating as turrets, and further bowed oriels corbelled out at 1st floor and rising one storey as semi-circular crenellated dormers. 6 flat roofed dormer windows at west and 3 further dormers north. Ridge stacks with diminutive crenellated cornices; crenellated wallheads; slate roofs. Interior: lavish and ornate Edwardian interior with original fittings and furnishings. Entrance lobby giving on to large inner hall rising through 1st floor with encircling gallery to 3 sides; all panelled with panelled ceiling with strap work design and drop pendants. Ingle nook with ashlar chimney piece to fireplace, window seats built into canted bay windows rising full height with stained glass, neo-Jacobean carved frieze to base of balustraded gallery. Principal staircase opens off to left with panelled stairwell, carved square balusters and terminal

newels with urn finials. Drawing room: white painted drawing room with panelled dados, fielded panelling to door within pedimented door case, deep inglenook framed with carved and panelled semi-circular arch with ornate decorative plaster work within spandrels and projecting bracketed cornice. 2 chimney pieces, 1 within inglenook, with Adamesque chimney pieces and original basket grates; plaster cornice and strap work detailing to ceiling. Dining room; rich mahogany panelling with reeded pilasters with Corinthian capitals linking dado to picture rail; panelled doors, scroll pediments to door pieces; decorative plaster ceiling. Small pantry fitted with cupboards with inlaid doors in drum tower alcove; further small "inglenook" dining area suitable for 2 or 3 persons. Ballroom: high barrel ceilinged ballroom with white painted panelled dado and small musicians' gallery. Further ground floor public rooms include gun room with fitted gun cupboards, billiard room and library. Inlaid parquet flooring throughout. Principal bedrooms in south front including Lady Bullogh's bedroom with Adamesque chimney piece. One bedroom in SW fitted with Jacobean panelling and fittings said to have been taken from Wandsorh House and fitted at Kinloch circa 1906. Various bathrooms fitted with original sanitary ware; large baths with showers, all encased in mahogany panelling, each with 7 taps and contemporary decorative tiled surrounds.

Statement of Special Interest

Kinloch Castle built by Sir George Bullough grandson of James Bullough and son of John Bullough (d.1891) who made their fortune as makers of textile machinery in Lancashire (Howard and Bullough, Globe Works, Accrington, Lancs). George (later knighted) inherited at about 21 years of age, and built the present castle where he entertained lavishly, particularly before 1914. He died in 1939, and is buried on the west side of Rhum at Harris. His wife, Monica Lily, 1869-1967, retained Kinloch Castle; there being no male heir, it passed to National Trust and then to Nature Conservan thereafter. Remarkable interior to mansion which retains all its lavish Edwardian fittings Much of the panelling by James Shoolbred and Co, London, who also supplied much of the furniture.

References-Bibliography

Clive Aslet, THE LAST COUNTRY HOUSES (1982) pp.185, 321.

Clive Aslet, "Kinloch Castle, Isle of Rhum", COUNTRY LIFE, August 9 and 16, 1984

Appendix II

Scheduled Monuments, Isle of Rum

1. Kinloch Farm, settlement 400m NE of Kinloch Castle, Rum SM6326
2. Harris Lodge, settlement 900m SE of, Rum SM6325
3. Bagh na h-Uamha, cross 150m NE of waterfall in An Uamh, Rum SM6329
4. Port-na-Caranean, settlement, Rum SM6327
5. Guirdil, cairn 250m ENE of, Rum SM6425
6. Guirdil, promontory fort 970m NE of, Rum SM6426
7. Loch Sgaorishal, shielings 800m SW of W end, Rum SM6427
8. Kilmory Lodge, fort 750m WNW of, Rum SM6428
9. Orval, deer traps E of, Rum SM8180
10. Orval, deer trap 700m SW of summit cairn, Rum SM8179
11. Kilmory Lodge, cairn 250m N of, Rum SM6429
12. Spectacle Lochan, deer traps 400m SW and 1000m SSW of, Rum SM6431
13. Salisbury's Dam, dam and associated works, Rum SM6430
14. Loch Monica, shielings SE of, Rum SM6432
15. Harris Lodge, settlement 300m NW of, Rum SM6433
16. Harris, settlement, Rum SM6434
17. Kilmory, settlement, old burial ground and cross shaft, Rum SM6891
18. Harris Lodge, cairn 550m ESE of, Rum SM6324
19. Bagh na h-Uamha, cave, Mullach Ard, Rum SM6328

Listed Buildings, Isle of Rum

1. ISLE OF RHUM, BAYVIEW LB14121
2. ISLE OF RHUM, BULLOUGH MAUSOLEUM, HARRIS LB14122
3. ISLE OF RHUM, KILN BY PIER. LB14123
4. ISLE OF RHUM, KINLOCH CASTLE BRIDGE OVER THE SLUGAN BURN LB14127
5. ISLE OF RHUM, KINLOCH CASTLE LB14125
6. ISLE OF RHUM, OLD PIER LB14124

Appendix III

Accommodation breakdown for PRT 2014 report and current report

Accommodation current report

Unit	Category	bedrooms (incl. living)	bed spaces
Unit 1	B	3	4
Unit 2	A	2	6
Unit 3	A	2	4
Unit 4	A	2	4
Unit 5	A	3	6
Unit 6	B	2	4
Unit 7	A	2	4
Unit 8	A	3	6
Unit 9	B	4	7
Unit 10	C	4	8
Totals	6A, 3B, 1C	27	54

Accommodation PRT 2014 report

Unit	Category	bedrooms (incl. living)	bed spaces
Unit 1	A	5	8
Unit 2	A	3	6
Unit 3	A	3	6
Unit 4	A	3	5
Unit 5	B	2	4
Unit 6	B	1	2
Totals	4A, 2B,	17	31

Appendix IV

Budget costs

KINLOCH CASTLE, ISLE OF RUM

DQ2831

FEASIBILITY COST

based on drawing numbers 1056152 sk - 02, 03 and 04.

Internal Work

Basement	£ 33,464.00
Ground Floor	£ 612,058.00
First Floor	£ 600,557.00
Second Floor	£ 196,915.00

Mechanical & Electrical Installations

As per Elders Consulting Engineers breakdown*	£ 1,908,615.00
Main Contractors oncost & profit*	£ 190,861.50

External Work

Glazed canopy to Courtyard	£ 300,000.00
New paving to Courtyard	£ 40,000.00
Frameless glass to roof of colonnade	£ 365,000.00
Reinstate Conservatory (frameless glass)	£ 250,000.00
Builders work in connection with services	£ 15,000.00

Fabric Repairs	£ 1,691,000.00
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Drainage - Sewage treatment plant & associated works	£ 75,000.00
---	--------------------

	£ 6,278,470.50
Preliminaries	£ 1,569,617.63

	£ 7,848,088.13
Location Factor adjustment (excluding Mechanical & Electrical Installation)	£ 1,880,547.30

	£ 9,728,635.43
Project Risk/Contingency	£ 1,459,295.31

£ 11,187,930.74

* Elements marked with an asterisk include location factor adjustment allowance

Notes:-

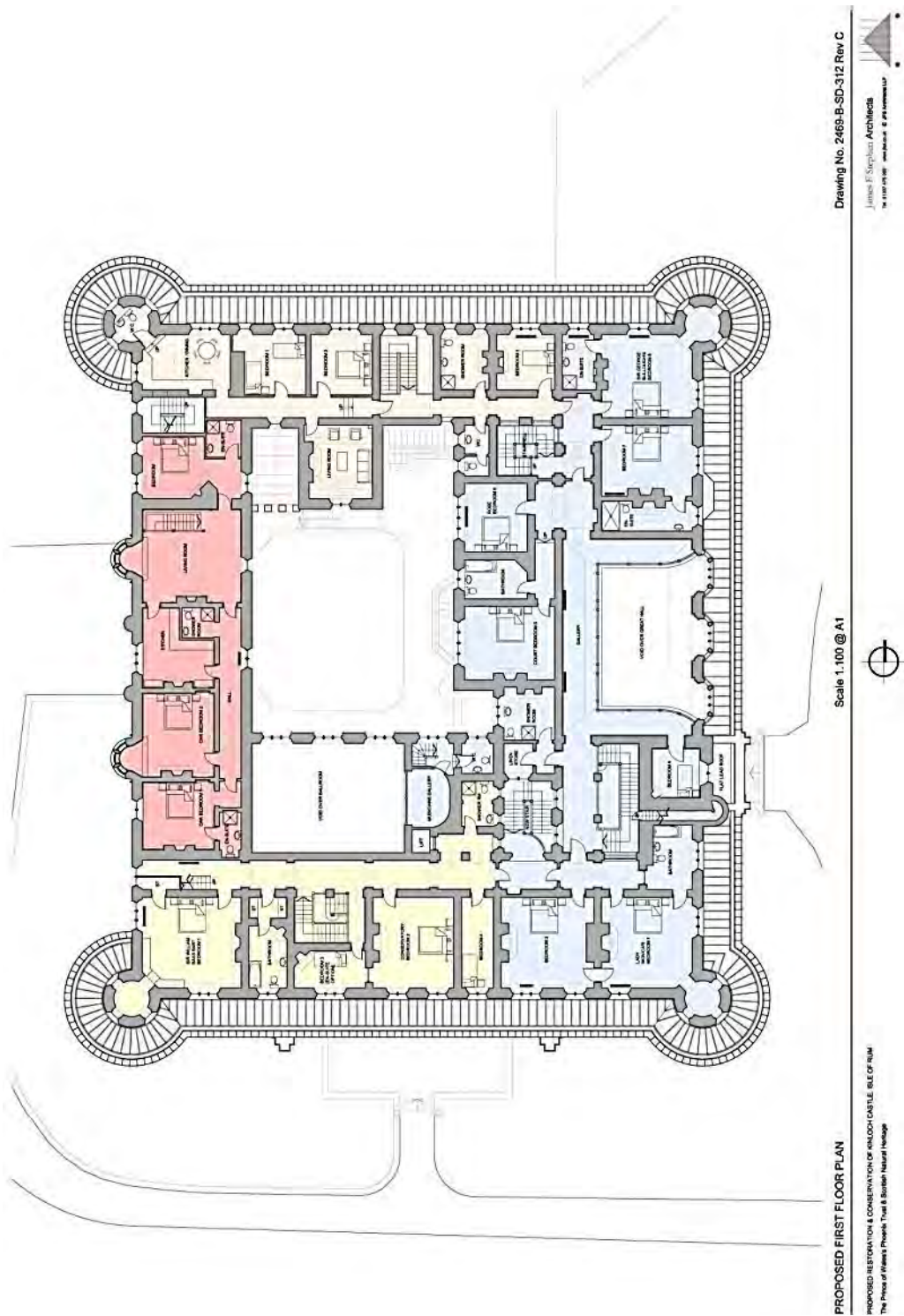
1. Costs are exclusive of loose furniture/fittings, professional fees and vat
2. Costs are exclusive of repair and restoration and curatorial conservation work including removal, storage, replacement and restoration.
3. Costs exclude any allowance for inflation beyond December 2016.
4. Drainage costs assume capacity allowance purely to hotel.

McGowan Miller Construction Consultants
4th April 2016

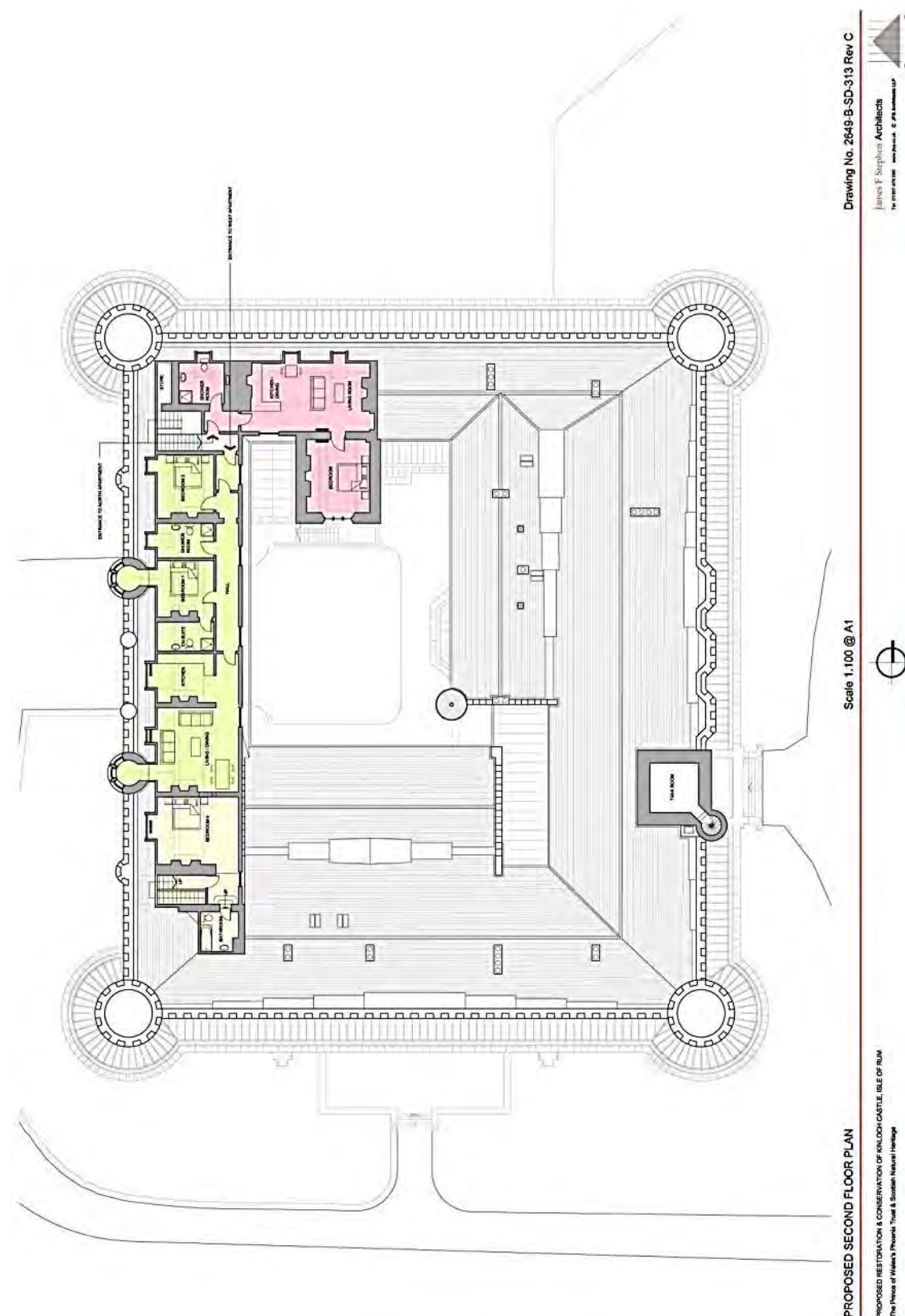
Appendix V

PRT 2014 Report - preliminary layouts (not to scale).





Feasibility Report



Appendix VI

Kinloch Castle – list of earlier reports and publications relating to the Castle

	HS – significance
	SNH – Kinloch Castle – publication
	Glasgow Building Preservation Trust – assessment
2002	Page and Park?
November 2007	PRT – outline business plan
2009	PRT – summary of work completed to date
February 2012	James Stephen – repair and maintenance strategy
June 2013	Options Appraisal Briefing Pack
December 2013	Rob Thomson – collections
June 2014	PRT – preliminary feasibility
July 2015	Highland – Community Land Use Plan
	SNH – stage 2 – business case development

Kinloch Castle

Feasibility Report

Appendix VII Gardens designation

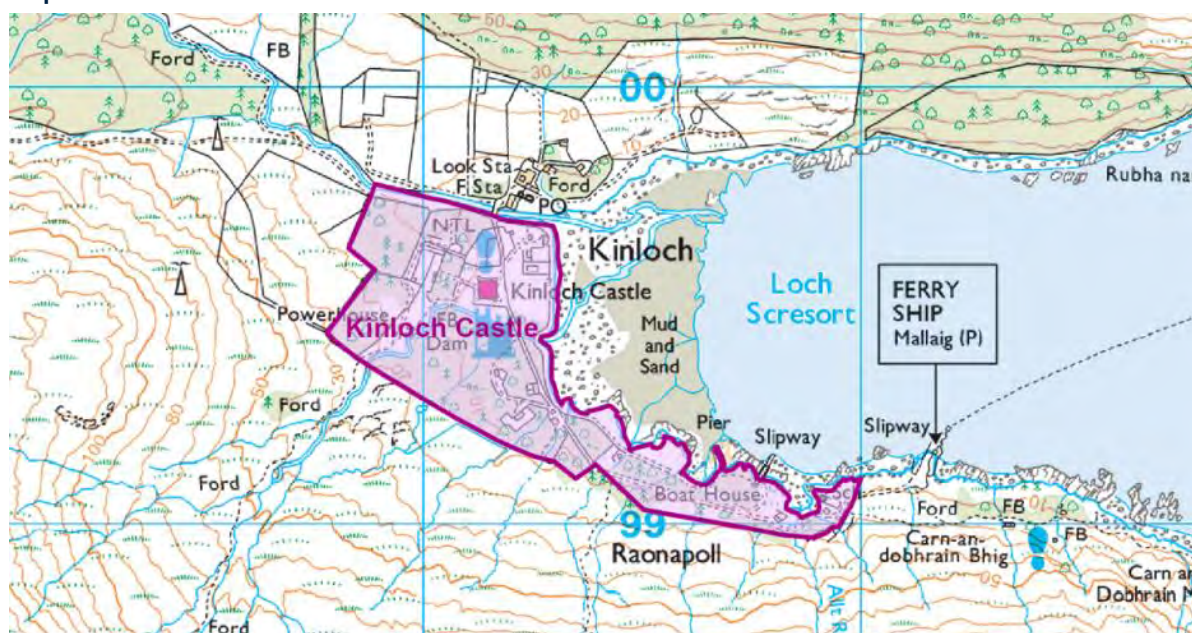
Inventory -Garden & Designed Landscape

KINLOCH CASTLE

Reference: GDL00242

Status: Designated

Map



Summary

Information

Category: N/A

Date Added: 31/03/2003

Location

Local Authority: Highland

Parish: Small Isles

National Grid Reference

NGRNM 40223 99378

Coordinates 140223, 799378

Summary

Although now abandoned as a garden, the site represents an important aspect of the history of the island of Rum. Described as a 'monument to colossal wealth, ego and acquisitive greed... It perpetuates only the memory of the worst kind of island lairds...' (Davis, 2002).

Type of Site

Castle and policies 1897-1912, incorporating earlier plantations. Garden remnants contemporary with, and complementing the Castle. The designed landscape is an integral component of Kinloch's architectural and cultural composition.

Main Phases of Landscape Development

1879-1914

Importance of Site

A site included in the Inventory is assessed for its condition and integrity and for its level of importance. The criteria used are set out in Annex 5 of the Scottish Historic Environment Policy (December 2011). The principles are represented by the following value-based criteria and we have assigned a value for each on a scale ranging from outstanding value to no value. Criteria not applicable to a particular site have been omitted. All sites included in the Inventory are considered to be of national importance.

Work of Art

Value:

Outstanding

Despite the loss of the pleasure gardens, the configuration of the policy woodlands and surviving features of the designed landscape complement Kinloch Castle. Together, they form an important period piece, giving the site outstanding value as a Work of Art.

Historical

Value:

Outstanding

The historical development of Kinloch is inextricably linked to the social and economic history of Rum – its changing fortunes as a sporting estate, connection with the Marquis of Salisbury, then the Bullough family and its 20th century decline through absentee landownership. It has outstanding Historical value as an unusual, well-preserved and important representative of social history.

Horticultural, Arboricultural, Silvicultural

Value: Little

The garden and designed landscape retain little of Horticultural value.

Architectural

Value: High

Kinloch Castle (listed category A), an early 20th century castle with innovative technological features, and the estate village of Kinloch are of high Architectural interest. The Castle is the only example of a country house designed by Leeming & Leeming. The layout of Castle and village amply illustrates a planned 'model' layout of a Highland estate.

Scenic

Value: Outstanding

Rum is a major component of The Small Isles National Scenic Area and thereby is of outstanding Scenic value.

Nature Conservation

Value: Outstanding

The designed landscape includes a variety of habitats important for birdlife. Rum's varied landscape and wildlife habitats are widely recognised in the island's designation as a significant nature reserve.

Archaeological

Value: Outstanding

Kinloch Castle policies are archaeologically sensitive and recognised as being of outstanding value due to the Mesolithic settlement site found there. This is one of the earliest known human settlement sites found to date in Scotland.

Location and Setting

Kinloch Castle lies 30km (19 miles) west of Mallaig, overlooking Loch Scresort on Rum's east coast.

The Castle stands on the low coastal strip of land at the eastern end of Kinloch Glen, just south of the point at which the Kinloch River issues into Loch Scresort. To the north, the land rises steeply to Mullach Mòr (304m) and to the south to Hallival (591m). There are spectacular views from the Castle eastwards to the mainland and Skye. The landscape of Rum is mountainous with high, craggy peaks and sawtooth ridges. This distinctive skyline forms an important backdrop to the sea-views of Kinloch Castle. The extent of the designed landscape of c 100ha (250 acres) is that established by the late 19th century, and includes Bullough's plantations.

Site History

Until the 18th century, evidence points to Rum's sparse population. A report on the Hebrides in c 1580 for King James VI noted only two townships on Rum. The island was described as '*an ile of small profit... the hills and waist glennis are commodious only for the hunting of deir*'. Franciscan missionaries visiting in 1625 considered it '*so wild and mountainous as to make habitation difficult*'. During the 18th century however, the population rose steeply, reaching a maximum of 443 in 1795 (Old Statistical Account, 1796).

The owner of Rum, Alexander Maclean, 14th of Coll, bought Muck in 1814 for £9,975 with the intention of exploiting its kelp in the production of soda ash for explosives. Due to the Napoleonic Wars, this trade was buoyant; however with the onset of peace in 1815, demand fell, the trade collapsed. Maclean, or his son Hugh, in an attempt to settle their financial difficulties, leased Rum as a sheep-walk to a kinsman, **Dr Lachlan Maclean**. As a single tenancy, the whole acreage of arable and grazing on Rum was needed to maximise the stocking rate. By 1828, Maclean had cleared all islanders from the land and transported them to Nova Scotia, save for one family left at Carn an Dobhran, on the south shore of Loch Scresort. Maclean's clearances left him without manpower or shepherds, so islanders cleared from Mull and Skye were settled on Rum. By 1831, the population was 134.

Maclean built Kinloch House, known as *Tigh Mor*, and described as a '*plain, strongly-built stone house, with a steep roof, and with a porch, and with a small wing at each end... The rear and ends of the house are shaded by trees, and the lawns in front slope gently down to the shore of the bay. The south side of the lawn is flanked by the garden, and the north side partly by trees*' (Waugh, 1883 quoted in Magnusson, 1997, p.21). Part of this sycamore plantation still survives to the north-east of Kinloch Castle, near the site of Kinloch House.

Following the collapse of the sheep enterprise and the 1836 famine, Maclean left Rum. Then in 1845, Hugh Maclean of Coll sold Rum to **James Gascoyne-Cecil, 2nd Marquis of Salisbury** (1791-1868) for £26,455. A High Tory, with a traditional outlook based on rank and privilege, he was nevertheless interested in innovation where his estates were concerned. He recorded his achievements as landlord, builder and agriculturalist, signing the end of each record '*All done by me!*' (Cecil, 1973, pp.197-8). He embarked upon an extensive scheme to transform Rum into a typical Victorian estate. It was stocked by 5,000 sheep organized into nine hirsels around the island, each supervised by a shepherd. New cottages and a stone pier at Kinloch, were built. Roads were made to Kilmory and Harris. A quarry was opened and large tracts of land were drained in an attempt at reclamation. Salisbury restocked the island with deer (extinct on Rum by the late 18th century) and introduced other game. An ambitious scheme which failed, attempted to transform the Kinloch River into a first class salmon and sea trout river.

In 1850, Salisbury conveyed Rum to his eldest son, Viscount Cranborne (1821-65). When he died in 1865, the 3rd Marquis of Salisbury inherited it. In 1870, he sold it to Farquhar Campbell of Aros, who probably built *Tigh Ban*, or 'The White House' as a shooting lodge for visitor accommodation during the season. From 1879 the shooting was let, at £800 per annum, to **John Bullough (1838-91)**, a wealthy Lancastrian industrialist. Bullough, educated at Queenwood College, Hampshire, an Owenite school, and at Glasgow University, had inherited his father's position in Howard's & Bullough. Under him, their Globe Works at Accrington became the most innovative and productive textile machine producers worldwide. Having purchased Meggernie Castle, Glen Lyon (q.v. *Inventory*, Volume 4, pp.205-8) in 1884, Bullough purchased Rum in 1888 for £35,000 from James

Hunter Campbell, cousin of Farquhar Campbell. Bullough aimed to establish the whole island as a deer forest for sport and game. Thus he increased the sporting provision on Rum, improving the stock of red deer by importing new stock, introducing and breeding game birds, building new shooting lodges and establishing large-scale plantations around Loch Scresort, with 80,000 trees. He purchased the *Mystery*, a 43-ton, 55 ft. sailing yacht used for journeying to his private island. Bullough died in 1891, leaving Rum to his son George. His first building work on Rum was a mausoleum at Harris for his father. His major work was Kinloch Castle, designed by the London architects Leeming & Leeming. No expense was spared in the design, construction or furnishing of the modern Castle, which commenced in 1897. It is said that his instruction was that the new mansion should be as long as his yacht, the *Rhouma* (a phonetical version of a Gaelic pronunciation for Rum), which seems to have some foundation in fact (Davis, 2002).

Three hundred workmen from Eigg and Lancashire laboured to build the castle of pink Annan sandstone. The interior and furnishings were fitted out in a lavish Edwardian manner, mostly by James Shoolbred and Co. of London. It included the latest modern conveniences and comforts, including electricity (reportedly the second house in Scotland to have electricity), steam central heating, an internal telephone system and innovative plumbing systems.

Work on the gardens started in 1903 but the main phase of their construction was between 1905-12. By 1910-2 photographs show woodland, trees, lawns, hedges and herbaceous borders established, with the recently constructed Water Garden to the west of the Castle. A quarter of a million tons of best Ayrshire top soil was imported to improve the naturally marshy site and provide depth for the establishment of gardens, lawns, a bowling green and a nine-hole golf course, as well as avenues, roads and paths. A walled garden was built behind the Castle on the site of an earlier Walled Garden (1877, OS). On its north wall was a range of south-facing 14-sectioned hot houses for fruit manufactured by R. Halliday & Co. of Manchester. The north-facing side of the wall had a series of six domed houses (including a Palm House, Camellia House and fernery), a boiler house, a series of six potting sheds, mushroom sheds and workshops. A squad of twelve full-time gardeners was employed, with a head gardener who had worked at Alton Towers, Staffordshire. There is no indication of a garden or landscape designer for the landscape. The general layout was probably provided by Leeming & Leeming, and the gardens developed by the Head Gardener in consultation with Bullough himself. A series of Rum landscapes painted by Byron Cooper (1850-1933) were commissioned 1901-2, for display in the Castle.

Following Sir George Bullough's marriage, to Monica Charrington in 1903, there were further building works and many of the garden improvements, including the conservatory and Japanese garden may date to this period.

Kinloch Castle was used as a shooting lodge for two or three months of the year, its uses centered on fishing, stalking and lavish hospitality. Bullough purchased a luxurious twin-decked schooner-rigged 221 ft. steam yacht, the *Maria*, renamed the *Rhouma*. This was supplemented by the *Morn*, which acted as a tender in Loch Scresort. By 1900 Rum's population numbered 100.

Following the First World War the family's visits to Rum gradually grew rarer and Kinloch Castle's gradual decline began. Of the 40 able-bodied men on Bullough's staff, only two returned to the island after the war. In 1916, Bullough received a baronetcy in reward for a £50,000 loan to the Government at no interest. Sir George Bullough died in 1939 and the estate passed into the hands of Trustees. By 1951, the population had decreased to 28. Finally, in 1957, the Bullough Trustees sold Rum (excluding the mausoleum) to the Nature Conservancy for £23,000. The island was designated a National Nature Reserve and has since been managed by government conservation agencies – the Nature Conservancy (1957-73), the Nature Conservancy Council (1973-91), the Nature Conservancy Council for Scotland (1991-92) and thereafter Scottish Natural Heritage (SNH).

Landscape Components

Architectural Features

Kinloch Castle, designed by Leeming & Leeming, was built 1897-1906. It is a rectangular castellated two-storey mansion, 150ft in length built around an inner court. The east facing entrance front has an off-centre crenellated square tower, porch with

corner corbelled stair turret. An arcaded, glazed-roof, veranda, masked by a crenellated parapet, enclosed the three principal elevations. A domed conservatory was set at the south end of the Castle, linking the drawing room to a terrace.

Garden Gazebo, built after 1900, is a Scots Baronial, octagonal, harled-concrete gazebo with a corbelled bartizan at each corner.

Bridge over the Slugan Burn, built c 1900, is single-arched built of reddish concrete faced with bull- faced ashlar. A slightly projecting crenellated parapet leads to square ball finialed terminals.

The Home Farm lies north of the Castle. **Ivy Cottage**, north-east of the Castle, is pre-1890. At its core is the oldest still-occupied cottage on Rum, described in 1883 by Edwin Waugh. The **White House**, pre-1890, is now the SNH Reserve Manager's house and office.

Drives & Approaches

Before 1897, access to Kinloch House led along the shore, from the quay at Port Clach an t-Sagairt. Directly south of Kinloch it formed a straight approach road, against the shore. This approach to Kinloch Castle was the final stage in a voyage on the Bullough's private yacht the *Rhouma*. It was thereby laid out to be impressive; an 800-metre drive was laid out to the west of the shore road, linking the Pier and the White House along the way, with the Castle. It was lined by a sycamore avenue and furnished with massive timber gates, crossing Allt Slugan a' Choilich by the Slugan Bridge (Castle Bridge). The pre-existing shore road was retained.

Woodland

The policy woodlands surround the Castle to south and west. Apart from the surviving beech woodland associated with Kinloch House, the initial establishment of the policy woodlands dates to John Bullough's work in 1888-91, when some 28ha of 120 species were planted. The land was tile-drained and protected by deer fencing. This has resulted in mature woodlands with a single age structure.

From 1901-6 the policy woodlands were augmented to complement the Castle's setting. Deciduous plantings frame the Castle and the approach from the pier. Substantial mixed shelterbelts, predominantly of Austrian pine and Norwegian spruce, and outlying plantations on the loch shore were all situated to frame views of the Castle.

There has been little active 20th century woodland management, with the result that *Rhododendron* has now colonized widely. Many of the more ornamental species included in the original planting have been lost through windblow and the changes in ground conditions. Recent fencing of the plantations to exclude stock is aimed to allow natural regeneration and restocking. Species include Scots pine, sycamore, birch and European larch.

The Gardens

The Castle is elevated above surrounding lawns. All the lawns have been fenced and are now grassland, managed for pasture and hay.

East of the Castle, a castellated retaining wall divides the shore from the formal terraced East Lawn, set against the main elevation of the Castle. There are fine sea views across Loch Scresort. The Gazebo acts as a water gate, giving access from the East Lawn onto a formal sea-walk raised above the beach. The sea-walk incorporates the earlier drive to Kinloch House, but also serves as a route screened from the Castle itself.

The East Lawn, now sheltered to the north and south by woodland planting, was divided into two compartments (1900). After 1903, the northernmost compartment was laid out as Lady Monica's Garden. Elaborate wrought iron gates, incorporating a MB monogram (Lady Monica Bullough 1869-1967), lead in from the East Lawn. It now contains a play area. This is also the site of Kinloch House gardens, demolished by Bullough after 1877 (OS, 1877 6"; OS, 1898 6"). The square, rubble gate piers to Kinloch House survive. Alongside are the remains of ornamental stone seats from Lady Monica's Garden. Nearby, an overgrown terrace leads to a lawn, both surviving from the Kinloch House layout. The beech woodland to the north of the East Lawn was planted as a shelter for Kinloch House.

Kinloch River runs to the north of the Castle, issuing into Loch Scresort to the north of the beech wood. It forms the northern boundary of the Pleasure Grounds. On the North Lawn are the remains of two shrub beds and a Japanese stone garden lantern, perhaps relocated from elsewhere in the gardens. The northernmost compartment is now rough grazing. In the early 20th century, it was set out with walks leading to the Palm Houses.

To the south the pleasure grounds consisted of a Japanese Garden laid out along both banks of Allt Slugan a' Choilich, known locally as Rockery Burn. The South Lawn was retained above the burn by a castellated wall, which survives in part, and a raised, paved bandstand was set on the south bank. A Japanese bridge within the garden has been re-erected to mirror the original. Photographs survive showing the elaborate planting, of which little survives. Originally the Conservatory looked out over this area.

West of the Castle was the service entrance, service ranges and staff quarters. A raised earthwork bank, set with rockwork runs north-south across the area, but is now overgrown. To the west lies the Walled Garden, now used for grazing and storage. To its north lies the site of the ornamental glasshouses. All that remains are the sunken tanks, hot water pipes and foundations of the buildings in impenetrable undergrowth.

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About Designations

Inventory of Gardens and Designed Landscapes

We compile, maintain and publish an Inventory (a list) of gardens and designed landscapes of national importance under the Ancient Monuments and Archaeological Areas Act 1979. We assess sites for Inventory status against criteria published in the Scottish Historic Environment Policy, Annex 5, pp81-82.

The information provided gives an indication of the significance of the site. The Inventory record is not a definitive account or a complete description of the garden and/or designed landscape. The format of the Inventory record has changed over time. Earlier, un-amended records may not be current.

Enquiries relating to development proposals that may affect an Inventory site should be made to the local authority in the first instance. Local authorities consult us on proposals that they consider might affect an Inventory site or its setting, but they are not bound by our advice and remain responsible for making the final decision about a development proposal.

Find out more about the Inventory of Gardens and Designed Landscapes and our other designations at www.historic-scotland.gov.uk/heritage.

Appendix VIII Gazebo Listing

ISLE OF RHUM, KINLOCH CASTLE GARDEN GAZEBO

Reference: LB14126

Status: Designated

Documents

There are no additional online documents for this record.

Summary Information

Category: B

Date Added: 05/10/1971

Location

Local Authority: Highland

Planning Authority: Highland

Parish: Small Isles

National Grid Reference

NGRNM 40297 99557

Coordinates 140297, 799557

Description

Circa 1900. Octagonal harled concrete gazebo, with rendered concrete dressings; Scottish Baronial. Round-headed entrances with moulded jambs at east and west (east to shore, west to garden); east entrance closed by painted wooden gate. Both entrances flanked by square headed and cusped bipartites set in round-headed recesses. String course defines 1st floor; centre 1st floor bipartites above each entrance, topped by corniced plaque with coat of arms (east) and beehive crest (west). Cannon spout drains from wallhead.

Interior; empty interior rising through to 1st floor with no intermediate flooring.

Statement of Special Interest

Site at edge of castle garden at shore of Loch Scresort. Garden fronted by long low crenellated wall, now much overgrown.

References

Bibliography

Appendix IX Mausoleum Listing

ISLE OF RHUM, BULLOUGH MAUSOLEUM, HARRIS

Reference: LB14122

Status: Designated

Documents

Here are no additional online documents for this record.

Summary Information

Category: B

Date Added: 05/10/1971

Location

Local Authority: Highland

Planning Authority: Highland

Parish: Small Isles

National Grid Reference

NGRNM 33629 95653

Coordinates 133629, 795653

Description

Early 20th century, open Doric temple; tetrastyle; stands on concrete plinth approached by shallow steps. Temple all polished sandstone; local slate roof; apex crosses. 3 large table tombs, the centre of polished sandstone (John Bullough) and the flanking tombs of pink polished granite. Temple enclosed by series of squat round polished sandstone piers linked by chains.

Statement of Special Interest

Panoramic cliff top site. Tombs of:

1. John Bullough of Rhum and Merrerinie, born 1839 died 1891;
2. Sir George Bullough, Baronet of Rhum, died July 26 1939;
3. Monica Lily wife of Sir George Bullough of Rhum. Born April 27, 1869 died May 22nd 1967.

John Bullough (father of George) was first buried in mausoleum in hillside close to temple, the coloured mosaic front of which is partially visible.

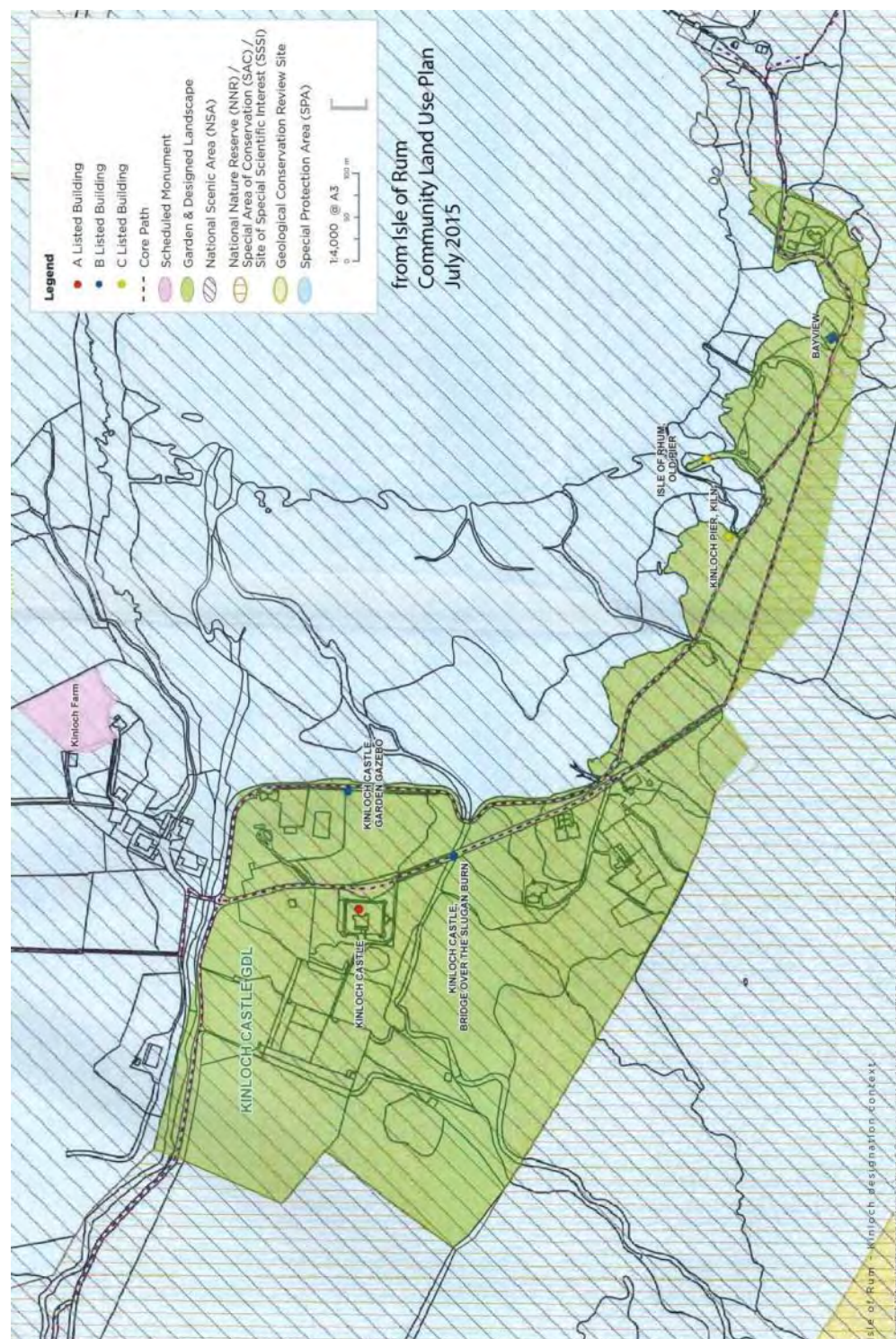
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Appendix X

Extent of designated gardens and designed landscape

Feasibility Report



Appendix XI

Original layout of gardens (rom Page and Park report – 2002)

Kinloch Castle

Feasibility Report



from Page and Park's 2002 study
Main Structural Elements of the Pleasure Gardens

Appendix XII Flexible Accommodation Example

Kinloch Castle – Flexible accommodation example

Customer group Accommodation	Day visitor	Self-contained unit	Self-catering group (GROUP OF 10)	"Event" group (GROUP OF 20)	Island resident Taster flat
Basement (Level 1)					
Kitchen	N/A	N/A	Seminar/education Kitchen/dining/relaxing	N/A	N/A
Ground floor (Level 2)					
Grand hall					
Dining room					
Billiard room/sitting					
Lounge					
Shop					
Tea room/bar	Tea room	Tea room	Meeting/bar/relaxing	Bar/relaxing space	Tea room
Ballroom	N/A	N/A	N/A	Dining/meeting space	N/A
Reception	N/A	N/A	N/A	Meeting/relaxing space	N/A
Unit 1					
Unit 2					
First floor (Level 3)					
Lady Monica's bedroom	Museum visit space	Museum visit space	Museum visit space	Museum visit space	Museum visit space
Sir George's bedroom					
Unit 3	N/A	1 bedroom suite	2 bedrooms	2 bedrooms	1 bedroom flat
Unit 4	N/A	2 bedroom suite	3 bedrooms	3 bedrooms	2 bedroom flat
Unit 5	N/A	1 bedroom suite	2 bedrooms	2 bedrooms	1 bedroom flat
Unit 6	N/A	2 bedroom suite	3 bedrooms	3 bedrooms	2 bedroom flat
Unit 7	N/A	2 bedroom suite	3 bedrooms	3 bedrooms	2 bedroom flat
Unit 8	N/A	2 bedroom suite	3 bedrooms	3 bedrooms	2 bedroom flat
Top floor (Level 4)					
Unit 9	N/A	1 bedroom suite	2 bedrooms	2 bedrooms	1 bedroom flat
Unit 10	N/A	3 bedroom suite	4 bedrooms	4 bedrooms	3 bedroom flat
Summary					
1 bedroom suite/flat		3			3
2 bedroom suite/flat		5			5
3 bedroom suite/flat		1			1
Total bedrooms			25	25	

Tait Enterprise Development Limited

21 March 2016



Appendix XIII Profit and Loss report summary

Kinloch Castle

Financial feasibility model

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Number of visitors to the island	10,000	10,500	11,000	11,500	12,000	12,500	13,000	13,500	14,000	14,500

Profit summary

Net revenue										
Gross revenue	82,088	101,648	126,288	167,380	179,495	192,833	207,200	219,983	228,583	233,613
Direct expenses	4,850	5,947	7,464	10,090	10,066	11,638	12,266	13,112	13,376	13,975
Net revenue	77,238	95,701	118,824	157,290	169,430	181,196	194,934	206,871	215,206	219,638

Overheads

Salaries										
Property manager	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Museum manager	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Admin assistant	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Other (maintenance, gardening, etc)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Salaries	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000

Running costs

Rates	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Utilities	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Insurance	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Marketing	20,000	20,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Administration	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
R&M inc. statutory testing	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000

Running costs

Running costs	110,000	110,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000
Total overheads	174,000	174,000	169,000	169,000	169,000	169,000	169,000	169,000	169,000	169,000
Profit / (loss)	-96,763	-78,299	-50,176	-11,710	430	12,196	25,934	37,871	46,206	50,638

Cumulative profit / (loss)

Cumulative profit / (loss)	-96,763	-175,062	-225,238	-236,948	-236,518	-224,323	-198,389	-160,518	-114,312	-63,675
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Tait Enterprise Development Limited

18/03/2016

Appendix XIV Revenue summary

Kinloch Castle

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total net revenue	13,333	15,400	16,867	18,400	20,000	21,667	23,400	25,200	27,067	29,000
Museum revenue										
Total entrance fee revenue	250	809	1,107	1,610	2,188	2,654	3,071	3,528	4,145	5,075
Guide book net revenue	500	578	688	805	900	1,000	1,138	1,013	1,470	1,813
Café rental revenue	54	315	413	575	750	875	975	1,080	1,225	1,450
Shop rental revenue	14,138	17,101	19,074	21,390	23,838	26,196	28,584	30,821	33,906	37,338
Total museum revenue										
Accommodation revenue										
Total Taster flat net revenue	500	1,000	1,200	2,000	3,000	3,000	3,000	4,000	4,000	5,000
Total category A accommodation net revenue	37,500	45,000	56,250	75,000	78,000	82,500	86,250	90,000	90,000	90,000
Total category B accommodation net revenue	22,000	26,400	33,000	44,000	46,592	48,400	50,600	52,800	52,800	52,800
Total accommodation net revenue	60,000	72,400	90,450	121,000	127,592	133,900	139,850	146,800	146,800	147,800
Event / venue hire revenue	3,100	6,200	9,300	14,900	18,000	21,100	26,500	29,250	34,500	34,500
Fundraising net revenue	0	0	0	0	0	0	0	0	0	0
Total net revenue	77,238	95,701	118,824	157,290	169,430	181,196	194,934	206,871	215,206	219,638

Tait Enterprise Development Limited

18/03/2016

Detailed net revenue workings

Kinloch Castle

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Kinloch Castle

Financial feasibility model

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total net revenue										
Museum revenue										
Entrance fees										
Number of visitors										
% of island visitors	20%	22%	23%	24%	25%	26%	27%	28%	29%	30%
Number of visitors	2,000	2,310	2,530	2,760	3,000	3,250	3,510	3,780	4,060	4,350
Average entrance fee										
Including VAT	£ 8.00	£ 8.00	£ 8.00	£ 8.00	£ 8.00	£ 8.00	£ 8.00	£ 8.00	£ 8.00	£ 8.00
Excluding VAT	£ 6.67	£ 6.67	£ 6.67	£ 6.67	£ 6.67	£ 6.67	£ 6.67	£ 6.67	£ 6.67	£ 6.67
Total entrance fee revenue	13,333	15,400	16,867	18,400	20,000	21,667	23,400	25,200	27,067	29,000
Guide books										
Number of visitors										
% of castle visitors	10%	12%	15%	20%	25%	28%	30%	32%	35%	40%
Number of guide books	200	277	380	552	750	910	1,053	1,210	1,421	1,740
Guide book price										
Including VAT	£ 3.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00
Excluding VAT	£ 2.50	£ 4.17	£ 4.17	£ 4.17	£ 4.17	£ 4.17	£ 4.17	£ 4.17	£ 4.17	£ 4.17
Total guide book revenue	500	1,155	1,581	2,300	3,125	3,792	4,388	5,040	5,921	7,250
Cost of guide books										
Cost per guide book	£ 1.25	£ 1.25	£ 1.25	£ 1.25	£ 1.25	£ 1.25	£ 1.25	£ 1.25	£ 1.25	£ 1.25
Total cost of guide books	250	347	474	690	938	1,138	1,316	1,512	1,776	2,175
Guide book net revenue	250	809	1,107	1,610	2,188	2,654	3,071	3,528	4,145	5,075
Café										
Subcontracted										
Number of visitors										
% of island visitors	20%	22%	25%	28%	30%	32%	35%	30%	42%	50%
Number of visitors	2,000	2,310	2,750	3,220	3,600	4,000	4,550	4,050	5,880	7,250
Average spend per visitor										
Including VAT	£ 3.00	£ 3.00	£ 3.00	£ 3.00	£ 3.00	£ 3.00	£ 3.00	£ 3.00	£ 3.00	£ 3.00
Excluding VAT	£ 2.50	£ 2.50	£ 2.50	£ 2.50	£ 2.50	£ 2.50	£ 2.50	£ 2.50	£ 2.50	£ 2.50
Total café revenue	5,000	5,775	6,875	8,050	9,000	10,000	11,375	10,125	14,700	18,125
Commission										
	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Café rental revenue	500	578	688	805	900	1,000	1,138	1,013	1,470	1,813
Shop										
Subcontracted										
Number of visitors										
% of island visitors	10%	12%	15%	20%	25%	28%	30%	32%	35%	40%
Number of visitors	1,000	1,260	1,650	2,300	3,000	3,500	3,900	4,320	4,900	5,800
Average spend per visitor										
Including VAT	£ 0.65	£ 3.00	£ 3.00	£ 3.00	£ 3.00	£ 3.00	£ 3.00	£ 3.00	£ 3.00	£ 3.00
Excluding VAT	£ 0.54	£ 2.50	£ 2.50	£ 2.50	£ 2.50	£ 2.50	£ 2.50	£ 2.50	£ 2.50	£ 2.50
Total café revenue	542	3,150	4,125	5,750	7,500	8,750	9,750	10,800	12,250	14,500
Commission										
	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Shop rental revenue	54	315	413	575	750	875	975	1,080	1,225	1,450
Total museum revenue	14,138	17,101	19,074	21,390	23,838	26,196	28,584	30,821	33,906	37,338
Accommodation revenue										
Taster flats										
Average weekly revenue	£ 120	£ 120	£ 120	£ 120	£ 120	£ 120	£ 120	£ 120	£ 120	£ 120
Average weekly servicing	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20
Number of units	1	1	2	2	3	3	3	4	4	5
Occupancy										
Number of weeks	5	10	6	10	10	10	10	10	10	10
%	10%	19%	12%	19%	19%	19%	19%	19%	19%	19%
Total income	600	1,200	1,440	2,400	3,600	3,600	3,600	4,800	4,800	6,000
Total cost	100	200	240	400	600	600	600	800	800	1,000
Total Taster flat net revenue	500	1,000	1,200	2,000	3,000	3,000	3,000	4,000	4,000	5,000
Category A accommodation										
Average weekly revenue	£ 800	£ 800	£ 800	£ 800	£ 800	£ 800	£ 800	£ 800	£ 800	£ 800
Average weekly servicing	£ 50	£ 50	£ 50	£ 50	£ 50	£ 50	£ 50	£ 50	£ 50	£ 50
Number of units	5	5	5	5	5	5	5	5	5	5
Occupancy										
Number of weeks	10	12	15	20	21	22	23	24	24	24
%	19%	23%	29%	38%	40%	42%	44%	46%	46%	46%
Total income	40,000	48,000	60,000	80,000	83,200	88,000	92,000	96,000	96,000	96,000
Total cost	2,500	3,000	3,750	5,000	5,200	5,500	5,750	6,000	6,000	6,000
Total category A accommodation net revenue	37,500	45,000	56,250	75,000	78,000	82,500	86,250	90,000	90,000	90,000

Kinloch Castle

Feasibility Report

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Kinloch Castle

Financial feasibility model

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Category B accommodation										
Average weekly revenue	£ 600	£ 600	£ 600	£ 600	£ 600	£ 600	£ 600	£ 600	£ 600	£ 600
Average weekly servicing	£ 50	£ 50	£ 50	£ 50	£ 40	£ 50	£ 50	£ 50	£ 50	£ 50
Number of units	4	4	4	4	4	4	4	4	4	4
Occupancy										
Number of weeks	10	12	15	20	21	22	23	24	24	24
%	19%	23%	29%	38%	40%	42%	44%	46%	46%	46%
Total income	24,000	28,800	36,000	48,000	49,920	52,800	55,200	57,600	57,600	57,600
Total cost	2,000	2,400	3,000	4,000	3,328	4,400	4,600	4,800	4,800	4,800
Total category B accommodation net revenue	22,000	26,400	33,000	44,000	46,592	48,400	50,600	52,800	52,800	52,800
Total accommodation net revenue	60,000	72,400	90,450	121,000	127,592	133,900	139,850	146,800	146,800	147,800
Event / venue hire revenue										
Self catering groups										
Venue hire per group	£ 300	£ 300	£ 300	£ 300	£ 300	£ 300	£ 300	£ 300	£ 300	£ 300
Number of group bookings	2	4	6	8	10	12	15	15	15	15
Self catering groups	600	1,200	1,800	2,400	3,000	3,600	4,500	4,500	4,500	4,500
Catered groups										
Number of events	1	2	3	5	6	7	8	9	10	10
Venue hire revenue	£ 2,000	£ 2,000	£ 2,000	£ 2,000	£ 2,000	£ 2,000	£ 2,250	£ 2,250	£ 2,500	£ 2,500
Venue hire per event	2,000	4,000	6,000	10,000	12,000	14,000	18,000	20,250	25,000	25,000
Total venue hire	2,000	4,000	6,000	10,000	12,000	14,000	18,000	20,250	25,000	25,000
Catering revenue										
Catering revenue per event	£ 5,000	£ 5,000	£ 5,000	£ 5,000	£ 5,000	£ 5,000	£ 5,000	£ 5,000	£ 5,000	£ 5,000
Catering commission	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Catering revenue	500	1,000	1,500	2,500	3,000	3,500	4,000	4,500	5,000	5,000
Catered groups	2,500	5,000	7,500	12,500	15,000	17,500	22,000	24,750	30,000	30,000
Event / venue hire revenue	3,100	6,200	9,300	14,900	18,000	21,100	26,500	29,250	34,500	34,500
Fund raising										
Membership revenues										
Memberships brought forward	0	0	0	0	0	0	0	0	0	0
New memberships	0	0	0	0	0	0	0	0	0	0
Number of members	0	0	0	0	0	0	0	0	0	0
Average annual membership fee	0	0	0	0	0	0	0	0	0	0
Total membership fees	0	0	0	0	0	0	0	0	0	0
Donations										
Number of donations	0	0	0	0	0	0	0	0	0	0
Average value of donation	0	0	0	0	0	0	0	0	0	0
Total donations	0	0	0	0	0	0	0	0	0	0
Income from legacies										
Legacy fund										
Opening value	0	0	0	0	0	0	0	0	0	0
Additions in the period	0	0	0	0	0	0	0	0	0	0
Closing value	0	0	0	0	0	0	0	0	0	0
Net income from fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average return	0	0	0	0	0	0	0	0	0	0
Total income from legacies	0	0	0	0	0	0	0	0	0	0
Total fundraising revenue	0	0	0	0	0	0	0	0	0	0
Fundraising expenses										
Fund raising manager	0	0	0	0	0	0	0	0	0	0
Fundraising expenses	0	0	0	0	0	0	0	0	0	0
Total fundraising expenses	0	0	0	0	0	0	0	0	0	0
Fundraising net revenue	0	0	0	0	0	0	0	0	0	0
Total net revenue	77,238	95,701	118,824	157,290	169,430	181,196	194,934	206,871	215,206	219,638

Appendix XV Detailed financial assumptions

Kinloch Castle – Feasibility report Summary of key financial assumptions

The financial model has been built on the following financial assumptions.

Any change to the assumptions would allow the financial model to be re-run to see the impact of the change.

All assumptions are at current values and no allowance has been made for inflation on the revenue or cost figures in the projected figures.

	Year 1	Year 5 (Breakeven)	Year 10 (£50k surplus)	Comments
Visitor numbers				
1 Number of visitors to the island	10,000	12,000	14,500	An increase in the number of visitors to the island will need to be linked to the marketing activity
Museum revenue				
Entrance fees				
2 % of island visitors visiting the castle	20%	25%	30%	Growth expected to be linked to enhanced island and museum experience for visitors
3 Average entrance fee (including VAT)	£8.00	£8.00	£8.00	The model assumes no increase in the average entrance fee paid by visitors
Guide books				
4 % of Castle visitors buying a guide book	10%	25%	40%	The design of the guide book, point of sale material and guide training will influence this
5 Guide book price (including VAT)	£3.00	£5.00	£5.00	The increase in price assumes the guide book will be redesigned to explain the castle refurbishment and museum experience
6 Cost to produce a guide book	£1.25	£1.25	£1.25	Estimated at 30% of net revenue
Café				
7 It has been assumed that the café would be operated by a third party in exchange for a rental calculated based on revenue. This would reduce the financial risk for the castle and create an additional opportunity for the island community. The revenue calculations are only based on visitors using the café for refreshments. There would be the possibility of the café operating as a bar or event space out with museum hours. This potential revenue has not been included in the financial model.				
8 % of island visitors who use the cafe	20%	30%	50%	Will be linked to marketing activity on the island

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Kinloch Castle – Feasibility report Summary of key financial assumptions

9	Average spend by customer (including VAT)	£3.00	£3.00	£3.00	Not included as a stretching target as no base information at the moment. Not included as a material element of the financial model
10	Commission on revenue paid as rental to the castle	10%	10%	10%	Low % as the risk is with the operator. Not included as a material element of the financial model
Shop					
11	It has been assumed that the shop would be operated by a third party in exchange for a rental calculated based on revenue. This would reduce the financial risk for the castle and create an additional opportunity for the island community.				
12	% of island visitors who use the shop	10%	25%	40%	Will be linked to marketing activity on the island
13	Average spend by customer (including VAT)	£0.65	£3.00	£3.00	Not included as a stretching target as no base information at the moment. Not included as a material element of the financial model
14	Commission on revenue paid as rental to the castle	10%	10%	10%	Low % as the risk is with the operator. Not included as a material element of the financial model
Accommodation net revenue					
Taster flats					
15	Revenue from Taster flats is assumed to be from short term lets to temporary workers or visitors to the island out of season when the main accommodation can assumed to be under occupied.				
16	Weekly revenue (excluding VAT)	£120.00	£120.00	£120.00	Equivalent of £500 per calendar month
17	Weekly servicing costs	£20.00	£20.00	£20.00	To include electricity use, consumables and cleaning
18	Number of units let	1	3	5	Included to show this could generate potential income but not a major revenue stream in the financial model
19	Number of weeks let per unit	5	10	10	
Category A accommodation – Luxury 5*					
20	The final price per week will be seasonal and will depend on the level of luxury incorporated into the refurbishment of the unit. Research of luxury self-catering accommodation shows a wide range or pricing depending on facilities, location and seasonality.				
21	Number of luxury 5* units	5	5	5	Linked to proposed castle layout plan
22	Average weekly revenue (including VAT)	£960	£960	£960	Assumed as mid-range of £650 low season and £1,250 high season

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Kinloch Castle – Feasibility report
Summary of key financial assumptions

23	Number of weeks letting per unit per year % occupancy	10 19%	21 40%	24 46%	Will need to be linked to marketing activity and expertise in delivering this type of accommodation
24	Weekly servicing costs	£50	£50	£50	To include hospitality pack on arrival, electricity use, consumables and cleaning
Category B accommodation – High standard 4*					
25	As above, the final price per week will be seasonal and will depend on the level of luxury incorporated into the refurbishment of the unit. Research of luxury self-catering accommodation shows a wide range or pricing depending on facilities, location and seasonality.				
26	Number of high standard 4* units	4	4	4	Linked to proposed castle layout plan
27	Average weekly revenue (including VAT)	£720	£720	£720	Assumed as mid-range of £500 low season and £950 high season
28	Number of weeks letting per unit per year % occupancy	10 19%	21 40%	24 46%	Will need to be linked to marketing activity and expertise in delivering this type of accommodation
29	Weekly servicing costs	£50	£50	£50	To include hospitality pack on arrival, electricity use, consumables and cleaning
Event / venue hire revenue					
Self-catering groups					
30	The model assumes that self-catering groups of visitors would pay a small premium of £300 per week for the use of the areas they will use as a group during their stay ie group kitchen/dining area and/or seminar room. These groups could include, for example, mountain bikers or wild life enthusiasts. The revenue from accommodation is assumed to be included in the 4* accommodation revenue and occupancy rates above				
31	Venue hire charge per group	£300	£300	£300	Per note above
32	Number of self-catering group visits	2	10	15	Link to marketing activity
Catered groups					
33	The model assumes that groups of visitors attending luxury events would pay for the use of the dining and reception areas they will use as a group during their stay. These groups could include, for example, intimate weddings, celebrations or corporate events. The revenue from accommodation is assumed to be included in the 5* accommodation revenue and occupancy rates above				
34	Venue hire charge per group	£2,000	£2,000	£2,000	The level of charge would depend on the size of the group and the services they require during their stay. This charge assumes a group of 20

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Kinloch Castle – Feasibility report Summary of key financial assumptions

							attending an intimate wedding who do not have exclusive use of the castle.
35	Number of catered group events	1	6	10			Link to marketing activity
36	Catering revenue – it has been assumed that the catering for these events would be supplied by a specialist event catering partner and the castle would receive commission based on the value of the event catering supplied.						
37	Catering revenue per event	£5,000	£5,000	£5,000			20 people at £250 per head for a two day intimate wedding – in line with event catering pricing
38	Catering commission received by the castle	10%	10%	10%			In line with event catering practice
Fund raising							
39	No revenue from fund raising, or costs of raising funds, has been included in the financial model. The following potential revenue streams have been acknowledged in the financial model but all assumptions have been set at zero for this iteration of the model						
Membership revenues							
40	Membership revenues would be calculated from the number of members each paying an annual membership fee. This could be possibly be subjected to Gift Aid to maximise income from this revenue stream						Would need expertise and marketing activity to generate a significant membership base. This could include visitors to the castle signing up as members during their visit and from direct marketing campaigns
Donations							
41	This would be calculated from the number of donations expected to be received in the year multiplied by the expected average value of a donation						As 38 above, this would need expertise and marketing activity to create an orchestrate an effective direct marketing campaign if this was to be a significant revenue stream
Income from endowments and legacies							
42	An endowment fund could be created from endowments and legacies that would generate an annual investment return that could be used to fund the ongoing running costs of the castle and museum						As 38 above, this would need expertise and marketing activity to create an orchestrate an effective direct marketing campaign if this was to generate a significant endowment fund
Fund raising expenses							
43	If fund raising income is to be included in the financial model going forward it would also be necessary to include the fees and expenses relating to raising these funds.						This could be salary based for an employee or fee based if a fund raising partner was to be appointed

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Kinloch Castle – Feasibility report Summary of key financial assumptions

Overheads					
Salaries					
44	Property manager	£30,000	£30,000	£30,000	The property manager would be responsible for managing accommodation and event bookings and ensuring the castle accommodation and event spaces are set up for guests
45	Museum manager	£10,000	£10,000	£10,000	Part time, seasonal position to manage the museum during the main visitor period. It is assumed that the museum manager would also be responsible for recruiting and managing volunteer guides, as required.
46	Admin assistant	£14,000	£14,000	£14,000	General administrative position to support the property and museum managers
47	Maintenance / gardening position	£10,000	£10,000	£10,000	General part time maintenance position. Could be an employee or the salary allowance could be used to sub-contract this to an appropriate island resident
Running costs					
48	Rates	£5,000	£5,000	£5,000	Estimate based on earlier reports. Actual figure would be dependent upon final discussions with the local council
49	Utilities	£25,000	£25,000	£25,000	Estimate based on earlier reports. Marginal use relating to accommodation assumed to be included in weekly servicing costs above. Actual figure would be dependent upon final configuration of the utilities in the refurbished building
50	Insurance	£35,000	£35,000	£35,000	Estimate based on earlier reports. Actual figure would be dependent on discussions with insurers when the layout and refurbishment costs have been finalised

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Kinloch Castle – Feasibility report Summary of key financial assumptions

51	Marketing	£20,000	£20,000	£20,000	Estimated allowance for marketing activity. Actual figure will depend on the level of marketing activity to be undertaken and how it will be managed
52	Administration	£10,000	£10,000	£10,000	Estimated allowance to cover general administration expenses ie telecoms, stationery, postage, etc
53	Repairs and maintenance	£15,000	£15,000	£15,000	Estimated allowance based on newly refurbished building. Managed by the maintenance employee/partner above

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Appendix XVI

PRT 2014 Report funding tables



THE PRINCE'S REGENERATION TRUST

Appendix J – Potential Funding Availability

TRUST	ELIGIBILITY	AIM	DEADLINES	GRANT
STATUTORY FUNDING / CAPITAL WORKS				
Historic Scotland – Building Repair Grants	Scotland only Building must be of sufficient outstanding architectural or historic interest. Building must be at serious risk from neglect or repair. Need to demonstrate need for repair grant	Under the agency's Historic Building Repair Grants Scheme, financial help is available to owners to meet the cost of high-quality repairs using traditional materials and specialist craftsman to conserve original features in buildings of special architectural or historic interest.	Accepts applications for grants throughout the year but considers them in 3 batches with closing dates of 31 January, 31 May and 30 September.	£ 10,000 and up to a maximum of £ 500,000
Heritage Lottery Fund – Heritage Programme	UK-wide	Offers grants for all sorts of heritage projects throughout the UK, for both development and capital works	Applications are reviewed every 3 months and have 2 stages	£3,000 - £5 million £5million+ are considered.
Heritage Lottery Fund – Heritage Enterprise Programme	UK-wide	Supports enterprising community organisations across the UK to rescue neglected historic buildings and sites and unlock their economic potential. Partnerships between 2 or more organisations are welcome.	Applications are reviewed every 3 months and have 2 stages	£100,000 - £5 million
Big Lottery – Growing Community Assets	UK-wide	Gives communities more control and influence over their own future through ownership of assets (land, buildings or equipment and energy).	No deadlines but contacting Big Lottery to discuss the project prior to applying is strongly encouraged	£10,000 - £1 million
TRUSTS & FOUNDATIONS				
CAPITAL WORKS				
The Monument Trust	UK-wide	Arts, architectural and environmental projects of national or regional importance, including galleries, museums, and historic houses and gardens. Proposals are particularly welcome for cultural projects which will make a major contribution to improving economically	Year round	£100,000 - £500,000



The Barcapel Foundation The Wolfson Foundation	Scotland & other parts of the UK UK-wide	depressed areas. The preservation and beautification of historic properties. To conserve the country's architectural heritage, including monuments and landscapes where these are of significant historical interest.	5th May 2014 for June 9 th meeting Spring round Stage 1 applications: before 5 January Stage 2 applications: 1 March Funding decision: June Autumn round Stage 1 applications: accepted before 1 July Stage 2 applications: deadline 1 September Funding decision: December	£10,000 - £50,000, up to £100,000 £50,000+
The Michael Uren Foundation The 29 th May 1961 Charitable Trust	UK-wide	The restoration and continued maintenance of historic buildings. General charitable purposes at the discretion of the trustees, but clearly stating support for capital & revenue costs of organisations. Funded heritage charities in the past.	Year round February, May, August and November yearly	£10,000 - £200,000 £ 10,000
The Robertson Trust	Scotland only	Conservation, heritage, community, culture	January, May and September	£500 - £100,000
CAPITAL FUNDING & COLLECTIONS				
The Garfield Weston Foundation	UK-wide	General charitable purposes, with preference to education, the arts, health, welfare, environment, youth, and other areas of general benefit to the community. Grants for heritage are made under the Education and Arts funding streams.	Year round	From as low as £1,000 to £100,000 maximum
The Pilgrim Trust	UK-wide	UK heritage – preservation and scholarship; historic buildings, artefacts and manuscripts	Year round	Usually £20,000 max
COLLECTIONS				
The National Heritage Memorial Trust	UK-wide	To save the most outstanding parts of the country's heritage at risk of loss to the nation (financial assistance towards the acquisition, preservation and maintenance of a wide range	Monthly, excluding August	No minimum or maximum





		of heritage treasures).		
The Dulverton Trust	UK-wide	The preservation of outstanding historic artefacts and buildings of national importance. The development of craftsmanship in the traditional techniques of repair and restoration.	February, June and October	£10,000 - £30,000
The Mercer's Company	UK-wide	Material or fabric conservation and refurbishment. Library and Archive conservation. Works of art and artefacts. Grade I & II* listed buildings.	Thursday 30 January 2014 Wednesday 21 May 2014 Thursday 16 October 2014 Applications should be submitted at least 4 weeks prior to deadlines	£5,000 - £10,000
The Leche Trust	UK-wide	The preservation of buildings and their contents and the repair and conservation of church furniture. Conservation in all its aspects. The preservation of the nation's countryside, towns, villages and historic landscapes.	20th December for February meeting 20th April for June meeting 20th August for October meeting	£5,000

Appendix XVII Mechanical and Engineering Consultant Report

Introduction:

The M&E feasibility assessments are based on the following layout proposals, including current updates:

Savills drawings:

1056152 sk-02

1056152 sk-03

1056152 sk-04

Levels of intervention – existing arrangement

Proportion of circulation space to accommodation – existing situation

Proportion of circulation space to accommodation – proposed arrangement

Background Information

Hydro Power Installation:

Various documents which record the history of the castle include reference to the original hydro-power installation.

More recent references outline the works undertaken circa year 2008 to modernise the 45kW of hydro turbine capacity, together with the installation of a 53kWh inverter arrangement operating in conjunction with a 3-phase deep cycle battery bank.

An additional arrangement of 2nr diesel generators with a combined rating of 98kVA accommodates seasonal peak loads in excess of the hydro turbine output.

The electrical output produced by the expanded installation serves the local community in parallel with the connection to Kinloch Castle.

It is understood that discussions have been developed which would see ownership of the hydro-power system transferred from Scottish Natural Heritage to a community management group.

Existing Installations within the Castle

The hydro-power installation provides the heating, lighting and small power installations which are currently active within the castle.

The low pressure hot water heating installation circulates around the building using the original flow and return pipework systems connected to traditional cast-iron radiators.

A detailed survey would be required to assess the capacity of the existing heating installation; it is meantime anticipated that the allocation of radiator output against individual rooms would be substantially below modern standards of comfort.

The electrical loads associated with the museum areas may involve little or no increase beyond the requirements of the original installations, however, the development of modern corporate/visitor facilities, combined with the formation of 'top-end' residential accommodation at first-floor and second-floor level will inevitably lead to a substantial increase in the overall connected load.

M&E Strategic Requirements

The strategy for the next generation of M&E installations has been assessed with the following in mind:

The ground floor museum and associated areas will only be occupied during an Open season of April-October.

A manager will be in residence on a year round basis.

A number of units will be in private ownership and may consequently be occupied on a year round basis.

An instruction will be required at an early stage of the detailed design phase to decide if the energy consumed in these units is to be chargeable to the owners.

A separate number of units will be available on a pre-bookable basis which may also be occupied all year round.

Outline Proposals

Mechanical installations:

Heating: the cast iron radiators in the historically sensitive ground level areas would be retained but connected to a new arrangement of flow and return heating circuits. These new circuits would be routed at high level within the basement level and otherwise concealed from general view at ground floor level. The new accommodation at first floor and second floor level would require a complete overhaul of the existing heating installations. The existing radiators would be re-used where appropriate and subject to a condition survey. Additional radiators would be selected in line with the style of the re-modeled accommodation.

Domestic Water Installations: the available survey photographs record the presence of a modern Byelaw-30 Type storage tank; the location is identified as being within the roof level tank room.

It is envisaged that the proposed number of new sanitary appliances will require a substantially increased amount of storage arrangement.

It is further anticipated that the pressure requirements of the new shower fittings will require pressure boosting at source, both in respect of the hot and the cold water services.

A new storage arrangement, possibly incorporating the existing tank, would be installed within a basement store and combined with a packaged variable-speed pressure boost unit to serve the new installations.

Hot water supplies would be provided by an arrangement of storage cylinders also located in the basement as part of a new energy centre.

The new hot and cold water distribution pipework would be designed in compliance with modern standards including the good practice guidelines associated with the control of legionella bacteria.

Mechanical Ventilation: The need for mechanical ventilation would be applied where a room has no access to an openable window.

The extract ventilation would generally be provided by stand-alone domestic type units, incorporating the facility for heat recovery where appropriate. Each of the installed units would be operated by a dedicated passive infra-red presence detector.

Electrical Installations

The hydro-power generation is widely documented and on the whole satisfies the electrical demand of the castle. However, in upgrading the property to multiple apartments this will place an additional burden to the already stretched system.

For example, each of the 11 properties cannot have a standard 10kW electric oven operating simultaneously.

An alternative such as LPG will require to be considered for cooking. This may then determine which fuel is also proposed for the heating system. It also raises the issue of how the pipework can be run within this Grade A listed property in accordance with current legislation.

Small Power Distribution: It is not clear from the available information the current standard of the electrical installation however past experience suggests properties of this type are prone to extensions and additions over the years until the system as a whole is either at capacity or at breaking point. It is highly unlikely that any original wiring could be retained (with the exception of the museum areas) as it may no longer satisfy current standards for occupation.

Following a detailed survey and taking account of the long term phasing plans we would propose a new distribution system is installed which will allow individual consumer units and separate metering of each of the apartments/residential properties.

The sub mains cabling is to run in the natural wireways of the building, concealed where possible. These would feed to individual consumer units in each property which in turn would supply all the electrical outlets in that area.

Small Power Outlets: Localised wiring replacement may also be required along with new switch plates and socket outlets to suit modern standards and 'top-end' expectations.

Lighting: The existing lighting (wiring, switches and fittings) will no doubt need to be replaced. Modern low energy and/or LED lamps will give the increased benefits of reduced consumption and lower maintenance.

Fire Alarm: For residential occupation it is expected that a modern fire alarm system will need to be installed. This will consist of localised detectors and sounders in both the communal and private dwellings.

Security: With the potential of the private residences being unoccupied for extended periods of time we would suggest local security systems are installed connected back to the manager's area.

Digital/Terrestrial Television: This will need to be investigated further if required.

Phone/Internet Access: This will need to be investigated further if required.

Lightning Protection: Due to the change of use of the building the insurers may insist on a new lightning protection system being installed. Also a calculation can be carried out to determine what level of risk of a strike the building has.

Lift: A new platform type lift has been included in the cost plan to provide access between Ground Floor and First Floor museum level.

Primary Energy Assessments

A preliminary assessment of the demands associated with the proposed development of the Castle produces the following initial loads:

- Mechanical Services: 250kW – 350kW
- Electrical Services: 70kW – 80kW

The energy requirements associated with the future development of the castle should necessarily look to maximise the application of renewable technologies.

It is envisaged that a separate study incorporating detailed financial appraisals would assess the Whole Life Costs associated with combinations of the following technologies:

- Hybrid photovoltaic thermal solar arrays
- Combined heat and power units
- Bore-hole ground source heat pumps
- Biomass heat generators

It is understood that the options considered as part of the previous 2008 turbine upgrade concluded that the construction of a reservoir as part of expanded electrical supply scheme involved excessive costs in establishing the associated civil engineering structures.

It is recommended that the infrastructure considerations attached to the current proposals should include a re-assessment of the reservoir strategy.

The feasibility costings incorporated as part of this M&E Study meantime include notional allowances for what is deemed to be a financially suitable strategy.

Appendix XVIII Lewes Castle, Stornoway

LEWES CASTLE MUSEUM & ARCHIVE PROJECT

- Initial use options appraisal and market testing stages - funded by the Comhairle at relatively low cost - mixed-use public and private uses and funding identified
- Architect-led feasibility stage commissioned with Comhairle funding – (Austin Smith Lord with Tourism Resources Company). This identified museum and small hotel/functions facilities as the preferred option.
- The proposals were approved by the Comhairle and further developed for an initial (Round 1) submission) to HLF.
- HLF awarded a Project Development Grant to allow further development of the project. This stage was funded 50:50 by the Comhairle and HLF and following procurement LDN architects were appointed. This included a full Conservation Management Plan, review of the brief, design to stage D and a range of other requirements for HLF submission.
- This resulted in a successful award of HLF funding (Round 1 grant plus ear-marked Round 2 award).
- Malcolm Fraser Architects appointed as Design Team lead and Redman Design appointed as Museum Interpretation and Design consultants.
- This work enabled submission of Round 2 bid to HLF which was successful and was the key to the rest of the funding package being secured over a period of time.
- Delivery of the project has been undertaken in phases over a period of 4 years with the main elements and cost items being:
 - Relocation of An Cotan (Childcare Centre) to release site for museum
 - Phase 1 - Castle Envelope Repair Works Contract
 - Phase 2 Main Works Contract including new-build Museum and Archive
 - Museum Fit-out Contract
 - Phase 3 – Upper Floor Repairs and Hospitality Fit-out (on site)
 - Phase 4 – Hospitality Operator Fit-Out

In summary the overall project cost for all phases is around £19.1 million with the Comhairle contributing £5.8 million and the rest (£13.3 million) from external funding sources.

The breakdown below is for Phases 1 and 2.

Project Cost Heading	Out-turn Cost
Phase 1 - Envelope Works Contract	2,133,495
Phase 2 – Main Works Contract	8,787,140
Museum Fit-Out	1,055,182
Professional Fees and Surveys	1,472,418
TOTAL	13,448,235
Funding	
Comhairle nan Eilean Siar	2,697,009
Heritage Lottery Fund	4,600,000
Historic Scotland	619,961
HIE	1,000,000
Scottish Ministers	1,551,265
ERDF	2,980,000
TOTAL	13,448,235

Phase 3 (approximately £5.0 million including fees) is being funded mainly by the Comhairle, HIE and Phase 4 (hospitality FF&E costing c. £600k) being funded by the private sector partner - Natural Assets with a subsidiary (Natural Retreats) as operator.

Assembling the funding package has been quite a prolonged and complex process and each funder has its own interests and requirements which have to be tracked through the delivery stages.

In summary the keys to the project have been:

- HLF funding - and advisory input
- Comhairle funding and political commitment
- Public benefit aspects – museum, archive and public access to the Castle
- Commercial elements including private sector funding and operational expertise

These have given us leverage with the other key funders.

Public benefit and ongoing viability are the keys to HLF funding and increasingly, Historic Environment Scotland and other government sources seem to be following the same approach as HLF. In other words if you can satisfy HLF in these areas you are more likely to succeed with other funders.

Of course, each project is different but these principles probably apply in most cases.

Iain MacLeod – Comhairle nan Eilean Siar

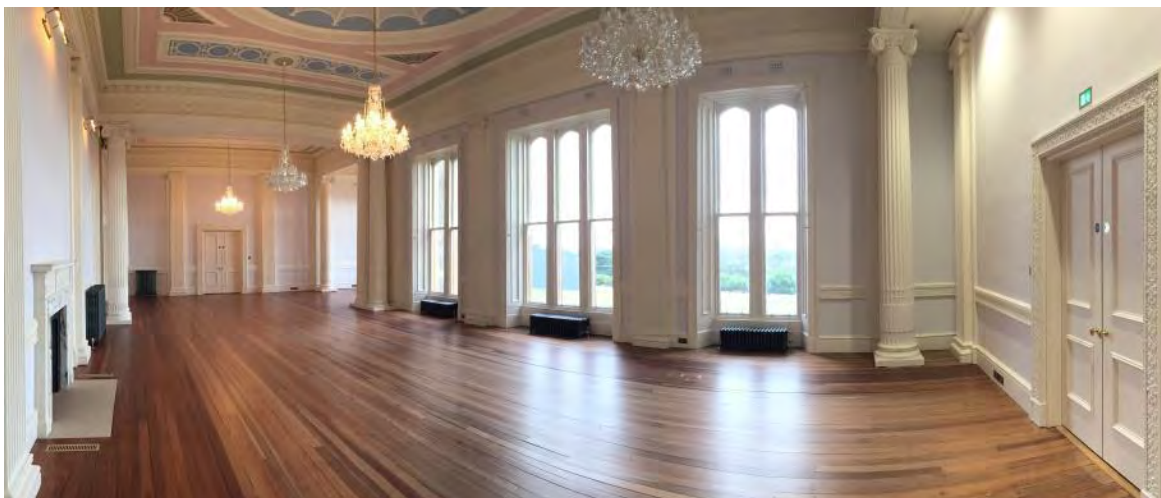
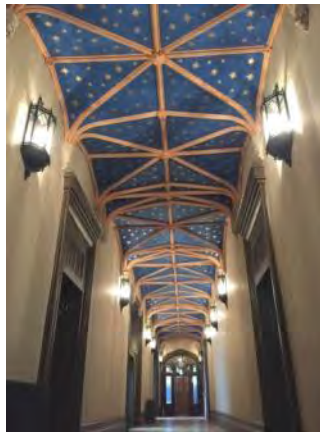
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Kinloch Castle

Feasibility Report



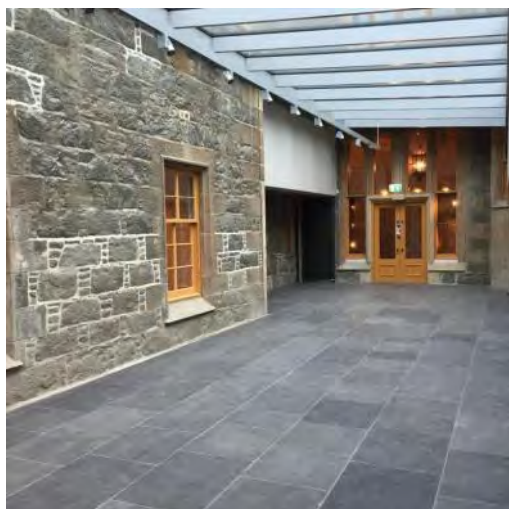
Images of Lewes Castle



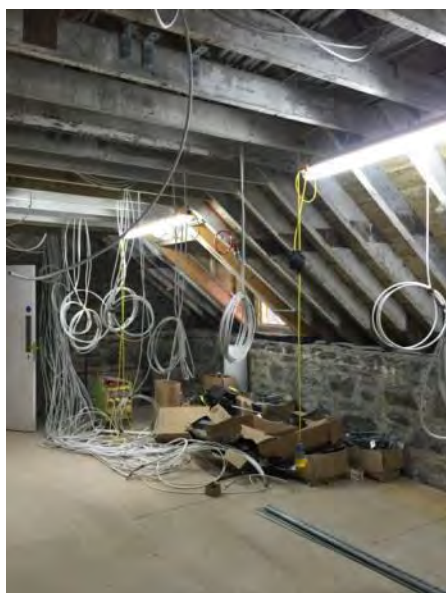


Kinloch Castle

Feasibility Report







Appendix XIX

Highland Council response to plans provided with this report

Kinloch Castle sketch proposals March 2016

Highland Council are supportive of the principle to reuse, repair and where possible upgrade Kinloch Castle, Rum.

The sketch plans issued on 8th march 2016 appear to indicate a mixed use solution comprising museum, shop, residential accommodation and holiday let units/rooms. In general this mix of uses is acceptable in principle, with any scheme being subject to all of the necessary permissions.

With regard specifically to the listed building we note that there are a number of interventions marked on the sketch proposals which will result in significant intervention including the replacement of some secondary stair cases, possibly glazing over the courtyard etc. Each intervention will need to be assessed in terms of the significance of the elements to be replaced or altered and the likely impact of the interventions proposed on the special historic and architectural interest of the listed building.

I note the introduction of a number of new bathroom and kitchen facilities throughout the castle. The service requirements including ventilation and extraction of these will take careful consideration and handling.

The conversion as proposed is likely to have a number of implications in terms of meeting the building standards requirements. These will need to be considered as part of the listed building consent to ensure that the full impact of the scheme proposed is considered and understood. This may include considerations in terms of windows and linings for thermal efficiency, floor and ceiling construction for both sound and fire proofing, existing doors and opening in terms of fire proofing and accessibility.

Alongside the more obvious elements of interest such as stairs, fireplaces, stained glass windows plasterwork etc. the castle has a number of small items of interest including bathroom fittings and sanitary ware it is expected that these will be retained, repaired like for like as necessary and reused in any scheme brought forward.

I note that the plans are also annotated for possible interventions including the reinstatement of a conservatory and the glazing over of the courtyard. These would depend entirely on design, detail and justification. Glazing the courtyard may have difficulties both as an alteration to the listed building (I think it was considered and discounted as part of the previous scheme) and in technical terms it may be a difficult solution to implement successfully.

In short we are overall generally supportive of the proposals so far but, as you will appreciate, would require significantly more detail before we could provide a full and comprehensive response to a specific scheme.

Kerry Hawthorne
Conservation Officer
22/03/2016

Appendix XX Risk Summary

OBJECTIVE	RISK	IMPACT	LIKELIHOOD	MITIGATION
Year 1				
Ensure that infrastructure issues are being addressed	Infrastructure development programme behind schedule or underfunded	Project cannot be operational on completion	Medium to low	Carefully select board members who can network and influence outcomes
Confirm project initiation team	Do not have the appropriate skills	Level of standard not achieved	Medium to low	Ensure careful selection and provide appropriate training.
Set up building preservation trust	Not successful in raising funds or managing early stages	Project would take much longer to complete and may fail	Medium	Ensure highly skilled fund raiser with building conservation management skills appointed.
Complete first stage application to HLF	First stage application not successful	Involves resubmission and possible failure	Medium to high	Ensure that pre-application discussions are held with HLF and quality of application is high.
Obtain capital for an endowment fund	Endowment fund not achievable	Potential loss making museum activities cannot be supported	Medium to high	Look at ways to increase profit margins of other elements
Year 2 (assumes successful stage one application to HLF)				
Appoint consultants and commission reports	Consultants work and reports not up to standard	Would delay project and may jeopardise further fund raising efforts	Medium to low	Ensure brief, consultant selection and tendering process properly managed
Obtain preliminary council agreement regarding conversions	Agreement not reached	Would involve resubmission and further delays	Low	Ensure consultants have considerable building conservation experience
Continue fund raising	Poor response to applications	Capital funding would be inadequate for project to proceed	Medium	Ensure applications properly focussed to address criteria of individual funders and standard of application high
Year 3				

Tender conversion and restoration work to contractors	Returned tenders too high	Time delay while further tenders submitted	Medium to high	Ensure early accurate budget costing of production information by experienced quantity surveyor
Complete second stage application to HLF	Second stage application not successful	Involves resubmission and further delays if not failure	Low	Ensure that pre-application discussions are held with HLF and quality of application is high
Achieve 100% funding	100% funding not achieved	Project halted whilst funding confirmed	Medium to high	Review funding strategy and look at alternative ways of obtaining funding
Year 4 (assumes successful stage two application to HLF and funding in place)				
Accept contract for building work	Contractor does not perform and costs begin to escalate	Would put project under financial strain	Medium	Ensure consultants are enforcing contract administration and financial management procedures appropriately
Deal with health and safety issues (CDM)	Health and safety issues arise	Could jeopardise project, cause delays and even legal issues	Medium	Ensure that all pre-contract CDM procedures are followed and implemented on site
Set up management trust	Trust does not deal with marketing strategy, governance issues, business plan reviews, revenue funding strategy adequately	Project struggles to progress with possibility of failure likely.	Medium	Ensure project officer with appropriate skills is employed to deal efficiently with these issues
Raise profile of the project	Profile not significantly increased	Financial returns would be put at risk and therefore project	Medium	Ensure careful selection of marketing team and that Trust, agencies, community groups pass their knowledge and advice on to generate appropriate robust promotions
Year 5				

Implement marketing strategy	Marketing strategy meets with limited success	Project does not achieve sustainability	Medium	Ensure product properly described, target groups/range of promotions appropriate, website up to standard with skills to update/manage of high quality and customer service responsive/courteous
Make business arrangements with private sector companies	Arrangements do not work out	Legal issues could arise	Low	Ensure agreements are clear and balanced as well as legally binding
Year 6				
Maximise publicity on completion	Not enough publicity	Won't get the customers required to bring in revenue	Medium	Ensure that as many appropriate media organisations are contacted
Implement customer care strategy	Customer care strategy does not work	Dissatisfied customers, numbers drop and loss of revenue	Medium	Ensure proper staff training from experienced provider.
Overall				
Achieve a sustainable Castle	Castle project fails	Building returns to state ownership at considerable financial loss, major chance of regenerating and supporting local community lost	Medium to high	Ensure that everyone including all stake holders involved in the project remains totally focussed on a successful outcome and are fully aware of the consequences of failure

Appendix XXI

Endowment Fund information relating to funding of potential losses with museum

Kinloch Castle

Feasibility Report

Kinloch Castle - Financial feasibility model

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Number of visitors to the island	10,000	10,500	11,000	11,500	12,000	12,500	13,000	13,500	14,000	14,500

Profit summary

Net revenue										
Gross revenue	82,088	101,648	126,288	167,380	179,495	192,833	207,200	219,983	228,583	233,613
Direct expenses	4,850	5,947	7,464	10,090	10,066	11,638	12,266	13,112	13,376	13,975
Net revenue	77,238	95,701	118,824	157,290	169,430	181,196	194,934	206,871	215,206	219,638
Overheads										
Salaries										
Property manager	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Museum manager	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Admin assistant	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Other (maintenance, gardening, etc)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Salaries	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000
Running costs										
Rates	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Utilities	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Insurance	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Marketing	20,000	20,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Administration	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
R&M inc. statutory testing	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Running costs	110,000	110,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000
Total overheads	174,000	174,000	169,000	169,000	169,000	169,000	169,000	169,000	169,000	169,000
Profit / (loss)	-96,763	-78,299	-50,176	-11,710	430	12,196	25,934	37,871	46,206	50,638
Cumulative profit / (loss)	-96,763	-175,062	-225,238	-236,948	-236,518	-224,323	-198,389	-160,518	-114,312	-63,675

Museum profit summary

Net revenue										
Gross revenue	14,388	17,448	19,548	22,080	24,775	27,333	29,900	32,333	35,683	39,513
Direct expenses	250	347	474	690	938	1,138	1,316	1,512	1,776	2,175
Net revenue	14,138	17,101	19,074	21,390	23,838	26,196	28,584	30,821	33,906	37,338
Overheads										
Salaries										
Property manager										
Museum manager	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Admin assistant										
Other (maintenance, gardening, etc)										
Salaries	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Running costs										
Rates	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Utilities	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Insurance	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Marketing	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Administration	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
R&M inc. statutory testing	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Running costs	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Total overheads	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Profit / (loss)	10 year Average £ 24,762	-35,863	-32,899	-30,926	-28,610	-26,163	-23,804	-21,416	-19,180	-16,094
Cumulative profit / (loss)		-35,863	-68,762	-99,688	-128,298	-154,460	-178,265	-199,681	-218,860	-234,954

Profit summary (Excluding the Museum element)

Net revenue										
Gross revenue	67,700	84,200	106,740	145,300	154,720	165,500	177,300	187,650	192,900	194,100
Direct expenses	4,600	5,600	6,990	9,400	9,128	10,500	10,950	11,600	11,600	11,800
Net revenue	63,100	78,600	99,750	135,900	145,592	155,000	166,350	176,050	181,300	182,300
Overheads										
Salaries										
Property manager	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Museum manager	0	0	0	0	0	0	0	0	0	0
Admin assistant	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Other (maintenance, gardening, etc)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Salaries	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Running costs										
Rates	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Utilities	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Insurance	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Marketing	18,000	18,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Administration	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
R&M inc. statutory testing	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Running costs	70,000	70,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Total overheads	124,000	124,000	119,000	119,000	119,000	119,000	119,000	119,000	119,000	119,000
Profit / (loss)	-60,900	-45,400	-19,250	16,900	26,592	36,000	47,350	57,050	62,300	63,300
Cumulative profit / (loss)	-60,900	-106,300	-125,550	-108,650	-82,058	-46,058	1,292	58,342	120,642	183,942