

Flagship Heritage Attraction, Haverfordwest Castle Report 4: Delivery Plan



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1. Introduction

The research and consultations to date confirm strong support and a positive rationale for developing a regionally significant heritage attraction at Haverfordwest Castle. There is a strong strategic case for the development of a new visitor attraction at the castle site; it would contribute to regeneration plans in the town and provide a further visitor product in improving visibility and access to the county's heritage.

There is positive support from partners and the local community albeit with a clear recognition that the facility would need to work towards being revenue neutral. It is acknowledged that development of the new attraction will be dependent on securing grant funding.

The Development Plan (Report 3) presents the preferred development mix, including:

- improving access and connectivity between the town centre and the castle;
- opening up the heritage assets of the castle, including provision of an outdoor events infrastructure within the Inner Bailey;
- conversion of the Governor's House into a quality self-catering unit
- development of the former Gaol Building to create a 5-star heritage attraction, Discover Pembrokeshire, which will maximise the opportunities that the site has to encourage visitors to participate in, appreciate and value the local culture and heritage;

The vision is set out below:

Haverfordwest Castle becomes a vibrant heritage attraction, which provides a family-friendly experience with a wide variety of activities for visitors of all ages and abilities. The new attraction will make Pembrokeshire heritage in its broadest sense more accessible.

The new 'Discover Pembrokeshire' attraction provides a 'taster' experience inspiring visitors to explore the rich cultural heritage and stories of the county. The Castle makes a significant contribution to the regeneration of Haverfordwest attracting both day and staying visitors. The range of visitors make the Castle an historic, social, cultural and recreational hub and have an important impact in terms of secondary spend in the town.

The Castle and other key built structures are in good condition, flourishing with activities and uses that respect their historic significance and contribute to its financial stability. Discover Pembrokeshire provides an interactive heritage offer in the form of an innovative and interactive experience for visitors and a high-quality catering facility that will give it mainstream appeal. The Inner Bailey becomes an established venue for high quality events, boosting the profile of the County Town as a visitor destination.

The long-term future of the Castle is secure and cared for by a competent partnership that places heritage and access at its core.

A key driver is to encourage investment into activities that broaden the appeal to new market segments and generate more day and staying visitors to the town and a higher level of spend by visitors. Central to the success of the scheme will be the development of high-quality public realm that serves to redefine the castle area, improve access and connectivity with the town centre and provide a unique sense of place for a range of distinct heritage-based activities.

The Delivery Plan sets out the key components to guide development and drive forward implementation, including:

- an outline Business Plan, which sets out income and expenditure projections based on the preferred development mix;
- external funding opportunities for the capital costs associated with the development scheme;
- suggested governance options to manage the development and delivery of the scheme and
- an impact analysis to demonstrate the scale of the potential impact if the project is delivered to its full extent.

2. Outline Business Plan

The Business Plan is based on the market characteristics and incorporates the income and expenditure costs associated with the future Haverfordwest Castle visitor experience, Discover Pembrokeshire. This represents the consolidated position (based on current known drawings).

This section also incorporates accommodation use within the converted Governor's House and events revenue related to a dedicated space for small to medium events within the Castle's walls.

2.1 Summary Financial Profile

The Development Plan lays out a long-term plan to develop the castle and the surrounding buildings into a flagship heritage attraction and reposition Haverfordwest as a new visitor destination. The total capital programme is £12,864,000¹, which is phased as set out below.

PHASE 1				
Item	Site purchase	Construction cost	Professional Fees	Elemental Cost
South Burgage Plots and Access Stair		140,000	28,000	168,000
Bridge Street Access and Landscaping	150,000	435,000	87,000	672,000
Completion of Castle Perimeter Walkway		260,000	52,000	312,000
North Stair Landscaping		50,000	10,000	60,000
Inner Bailey Repairs and Alterations		1,900,000	380,000	2,280,000
TOTAL	150,000	2,785,000	557,000	£3,492,000

¹ Report 3 Development Plan January 2019

PHASE 2				
Item	Site purchase	Construction cost	Professional Fees	Elemental Cost
North Stair Improvements and Landscaping		75,000	15,000	90,000
Governors House – Holiday Let		480,000	96,000	576,000
Gaol: Option 2		3,850,000	770,000	4,620,000
Gaol: Discovery Pembrokeshire Fit-Out		1,100,000	Inc.	1,100,000
Gaol: Town Museum internal fit-out		160,000	Inc	160,000
Outer Bailey Repairs, Alterations and Landscaping		380,000	76,000	456,000
TOTAL		6,045,000	957,000	£7,002,000

PHASE 3				
Item	Site purchase	Construction cost	Professional Fees	Elemental Cost
Castle Lake Car Park		1,975,000	395,000	2,370,000
TOTAL		1,975,000	395,000	£2,370,000

The timing of the phasing programme will be determined by the availability of capital funding. An indicative Funding Plan is set out in Section 3.

This section looks specifically at the income and expenditure projects for running the facility based on an assessment of market characteristics, including the local visitor attraction market.

2.2 Trading Profile

We set out below the five-year trading profile for the castle and the surrounding buildings based on the preferred development mix for the site. This model assumes a 12 month operation, although there could be adjusted operating times during the quieter winter months.

Income	Year 1	Year 2	Year 3	Year 4	Year 5
General admissions	132,558	132,279	147,153	151,568	160,799
Catering - general visitors	53,263	52,817	54,402	55,990	57,534
Catering - events	13,708	17,500	22,750	22,750	22,750
Retail	27,631	27,659	28,868	29,662	30,642
Guided tours	2,500	2,750	3,000	3,000	3,500
Facility hire (meetings)	6,240	7,800	9,360	9,360	9,360
Facility hire refreshments (meetings)	5,477	6,847	8,216	8,216	8,216
Hire of site outside of core operating hours	6,000	8,000	10,000	10,000	10,000
Refreshments/food sales related to hire of facility	7,485	9,980	12,475	12,475	12,475
Education	4,950	5,958	7,624	7,645	8,489
Accommodation lettings (net position)	10,757	12,996	14,493	14,901	15,805
Events (net position)	7,672	8,468	11,934	13,388	13,350
Donations, grants and interest	2,000	2,500	3,000	3,000	3,000
Total income	280,242	295,553	333,275	341,954	355,920
Cost of sales					
Retail @ 50%	13,816	13,829	14,434	14,831	15,321
Catering @ 35%	27,977	30,500	34,245	34,801	35,341
Facility hire (functions and meetings) @ 10%	1,224	1,580	1,936	1,936	1,936
Total COS	43,016	45,910	50,615	51,568	52,599
Staffing					
Manager / curator	35,000	35,875	36,772	37,691	38,633
Visitor services (retail linked to reception)	49,572	50,563	51,575	52,606	53,658
Admin / bookkeeper (PT)	12,480	12,792	13,112	13,440	13,776
Catering @30% plus volunteers	23,980	26,143	29,353	29,829	30,293
Education (self led)	-	-	-	-	-
Marketing (PT)	12,500	12,813	13,133	13,461	13,798
Guides (volunteers)	1,000	1,020	1,040	1,061	1,082
Cleaning	17,280	17,424	17,424	17,424	17,424
Casual staff	8,400	8,568	8,739	8,914	9,092
Oncost - say 20%	32,042	33,040	34,230	34,885	35,551
Staff costs	192,254	198,238	205,377	209,312	213,308
Expenditure					
Central support (eg Trust / organisation)	15,000	15,450	15,914	16,391	16,883
Accountancy, legal and professional (included in central support)					
Advertising (incl. Marketing and promotions)	25,000	25,750	26,523	27,318	28,138
Insurance	20,000	20,600	21,218	21,855	22,510
Light, heat and water	12,000	12,360	12,731	13,113	13,506
Rates	tbc	tbc	tbc	tbc	tbc
Repairs and maintenance to historic fabric of building	3,000	5,000	7,500	10,000	12,500
Education materials	1,200	1,500	2,000	2,000	2,250
Hire of plant and machinery	1,200	1,236	1,273	1,311	1,351
Telephone, internet and IT	2,200	2,266	2,334	2,404	2,476
Print, post and stationery	350	361	371	382	394
Staff training, welfare and volunteer expenses	3,000	3,090	3,183	3,278	3,377
Safety and uniforms	800	824	849	874	900
Alarm	1,200	1,236	1,273	1,311	1,351
Bank charges @ 2%	5,605	5,911	6,665	6,839	7,118
Cleaning, sundry and refuse materials	3,040	3,131	3,225	3,322	3,422
Landscape maintenance (tbc)	1,500	1,545	1,591	1,639	1,688
Costs	95,095	100,260	106,650	112,038	117,863
(Does not include contingency or depreciation) Profit/loss	- 50,124	- 48,854	- 29,367	- 30,963	- 27,850

The repairs and maintenance cost represents an estimated figure for the built structures following development but does not include maintenance of the main castle walls. This assumes that the structure of the monument is brought back into a safe and sound condition at project commencement.

The schedule does not include an annual contribution from Pembrokeshire County Council or the Town Council, which already provides financial support to the Haverfordwest Town Museum. This could reduce or potentially remove the level of deficit.

In terms of the Town Museum, we have made the following assumptions:

- The Town Museum will decant from Governor's House to the Gaol building;
- Space has been allocated on the ground-floor, which is equivalent to the space they already occupy at the Governor's House;
- The Town Museum Trust will be invited to animate space within the new facility (160sqm) with a focus on the history and heritage of Haverfordwest;
- This provision will be rent-free with an expectation that any revenue support from the Town Council will be allocated to the overall facility;
- The new facility, incorporating the Town Museum and Discover Pembrokeshire, will be an integrated operation with one pay-point - all income will go into the central pot to cover operating costs;
- The business plan provides for a curator for the overall facility / operation (circa £35k)

A small proportion of the capital monies allocated for conversion of the Governor's House could be used for moving / up-dating the interpretive mix at the Town Museum. A good proportion of the display cases etc. at the Town Museum are good although moving to a new location provides an opportunity to reinterpret the Haverfordwest Museum collections and make them on a par with the Discover Pembrokeshire. The Museum Trust would need to take a lead role on a fund-raising exercise to up-date the Town Museum when it is relocated to the Gaol facility.

2.2.1 Income

Key income streams are centred on:

- Admissions
- Catering related to general visitors
- Catering related to events and functions
- Hire of facilities
- Education group visits
- Events
- Property letting income (self-catering holiday cottage)
- Donations

Admissions

Our assessment of visitor figures for the flagship attraction is based on an analysis of likely visitors from local residents and tourists in relation to the competitive profile for heritage and other attractions in the sub region and analysis of penetration rates. We believe the main market opportunity will be tourist led but there is an important element of local use to support the facility particularly during quieter periods.

Population	Number	Penetration %	Figure based on penetration	Repeat visits	Total number	Year One 10% boost on general and tourist visits
0 to 30	105,934	4.00	4,237	1.50	6,356	6,992
30 to 60	101,665	2.00	2,033	1.20	2,440	2,684
60 to 90	490,670	0.30	1,472	1.00	1,472	1,619
All tourism	6,261,478	0.30	18,784	1.00	18,784	20,663
Total general and tourist visits					29,052	31,958
Education visits					1,200	1,200
Event based visits					4,700	4,700
Overall Total Year One					34,952	37,858

In respect of the tourist market, we recognise it will be challenging to draw visitors away from the coast in large numbers and it will be important to explore joint offers with other nearby attractions to create a compelling package for a day out (i.e. create a Haverfordwest 'day out' offer).

Given the likely positive PR impact from the project, we consider it reasonable to expect a boost in Year One for general visitors and tourists relating to the novelty factor of a newly launched attraction.

The pricing strategy shows a competitive range of tariffs which in our view represents a realistic level in the current market place. We have assumed that the existing Town Museum will be incorporated within the overall attraction and will not attract a separate tariff, although the precise operational relationship between the 'attractions' will need to be defined.

Admission Prices	Year One		Year Two		Year Three		Split % of visitors
	£	Net VAT	£	Net VAT	£	Net VAT	
Adult	6.95	5.79	6.95	5.79	7.50	6.25	40
Child	5.50	4.58	5.50	4.58	5.95	4.96	20
Family	21.17	17.64	21.17	17.64	22.87	19.05	40

The overall offer will have a broad appeal but is likely to have a strong family focus, which is reflected in the estimated mix of visitors.

The income from admissions allows for a level of discounting equivalent to 10% of the total annual revenues.

Catering

Catering is an essential part of the offer. Reviewing best practice within UK attractions demonstrates the importance of a good quality catering offer but it is also important to ensure it complements the 'town' offer.

For general visitors, we have assumed an average spend of £1.67 net of VAT. Catering associated with event use is shown at £2.92 net of VAT. Catering associated with room hire for meetings is £3.29 net of VAT per user.

Over the 12-month season we have shown 6 evening catered sessions related to facility hire in Year One, which attract an average of 60 people per event catering spending an average of £20.79 net of VAT (including drinks) per person.

The hilltop location and unique character offer a strong opportunity to host social and other functions outside of the core operating hours of the attraction.

Retail

Average retail spend is set at 83p net of VAT per visit which can be serviced from a single till point alongside admissions (similar to the offer at a number of attractions to help achieve operational efficiencies).

Facility hire

The unique location offers opportunities for hiring out space for small-scale meetings and larger social functions. The available facilities represent a limited offer so as not to compete with other venues in the town, particularly the developing plans for the Old Post Office.

All room and centre hire usage would be pre-booked. The larger social functions would be held outside of the core operating periods (i.e. in the evenings).

Subject to agreement on the final dimensions of available spaces for use, facility hire for meetings is shown at twelve hours per week in Year One increasing to 18 hours per week in Year Five (i.e. 4 to 6 meetings lasting 3 hours each per week) @ £10.00 per hour net of VAT.

Hire of the attraction and wider site is shown at £1,000 net of VAT for an evening, at some 6 hires in Year One increasing to 10 by Year Three.

Education income

The education offer is based on self-led sessions. Income is set at £3.95 per child inc. VAT. The quality of the offer for schools will be important as it is acknowledged that many attractions do not currently charge for education visits.

Additional charges could be made for sessional guides who could be charged on a per booking basis and could be supplemented by volunteer support with nominal additional charges totalling some £1,000 per annum.

We have anticipated education numbers rising from 1,200 in Year One to 2,000 in Year Three and 2,250 by Year Five.

Donations

Once the centre is open we recommend that a list of small-scale projects are identified and these are actively promoted. Visitors will be encouraged to make donations to part fund the projects through online, contactless and traditional means. Donations are set at a modest £2,000 In Year One.

2.2.2 Costs and Expenditure

Key costs relate to:

- Cost of sales set at 35% for catering, 50% for retail and 10% for facilities hire
- The need for a manager / curator to oversee the whole operation of the attraction and site and we have allocated a starting salary of £35,000 for this post
- We have assumed the attraction will open seven days a week year-round although this may be adjusted according to the programmed range of activities and the audience mix. Visitor services staff have been allocated on the basis of at least two visitor service staff working at all times including periods for set up and close down supported by volunteers. Should there be the need to invigilate the Discover Pembrokeshire experience due to the presence of national collections, this would be done with volunteers. Should a member of staff be required, this would increase costs.
- There is also a marketing resource in terms of dedicated professional time albeit on a part time basis.
- Staffing: we have assumed on-costs of 20%.
- Cleaning is calculated on an hourly rate for an average of 3 hours per day
- Casual staff are allocated to assist with the activity program for the whole attraction
- Premises and grounds costs are identified separately (rates to be confirmed but may be eligible for relief if governance structure has trust status). Some savings on insurance costs could be achieved (such as premises cover) if added as part of a wider local authority policy.
- Costs related to services and supplies are set out. It is important to recognise we have included an allowance for central personnel support in terms of accountancy, legal and professional input.

2.2.3 Accommodation – holiday let

Our proposal includes a high-quality conversion of the Governor's House into Accommodation for holiday lets and to be let out to organisers when there are major events.

We have produced an income profile based on current levels for similar properties in Pembrokeshire based on short break tariffs.

We have also applied variable occupancy rates across the year with an overall average in line with the current levels in South West Wales (approximately 51% in Year One rising to c.62% in Year 3).

Accommodation Unit	No. of units	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	
Year 1	1.0	No of breaks	9	8	9	9	9	8	9	9	8	9	8	9	
Unit occupancy		25	30	40	60	60	60	70	80	65	40	30	55		
Tariff inc VAT		350	300	350	450	450	450	550	600	500	450	300	550		
Income		788	720	1,260	2,430	2,430	2,160	3,465	4,320	2,600	1,620	720	2,723	25,235	
Year 2		1.0	No of breaks	9	8	9	9	9	8	9	9	8	9	8	
Unit occupancy	30		35	45	65	70	70	80	90	75	50	40	60		
Tariff inc VAT	350		300	350	450	450	450	550	600	500	450	300	550		
Income	945		840	1,418	2,633	2,835	2,520	3,960	4,860	3,000	2,025	960	2,970	28,965	
Year 3	1.0		No of breaks	9	8	9	9	9	8	9	9	8	9	8	9
Unit occupancy		30	40	50	65	75	75	85	95	80	50	40	65		
Tariff inc VAT		350	300	350	450	450	450	550	600	500	450	300	550		
Income		945	960	1,575	2,633	3,038	2,700	4,208	5,130	3,200	2,025	960	3,218	30,590	

In terms of the letting income this is based on an average level of discounting of 10% on the stated 'rack rates.' Please see schedule below:

Income	Year One	Year Two	Year Three	Year Four	Year Five
Property letting income	18,926	22,158	23,401	23,869	24,347
Onsite sales (wood, basic provisions, welcome pack)	1,080	1,134	1,191	1,250	1,313
Total income	20,006	23,292	24,592	25,120	25,660
Costs					
Agency (100% sold via agency in Year One - decreasing to 40% by Yr 5)	3,785	3,324	2,340	2,387	1,948
Onsite sales @ 50%	540	567	595	625	656
Cleaning and laundry	1,574	1,852	1,955	1,994	2,034
Waste collection (assumes part of Castle operation)	200	204	208	212	216
Utilities	1,300	1,500	1,650	1,650	1,650
Insurance (allocated minimum sum assumes part of cp)	750	750	750	750	750
Marketing (website, social media, enewsletters)	600	600	600	600	600
Refurbishment	-	1,000	1,500	1,500	1,500
Grounds maintenance (part of Castle)					
Fire maintenance / H&S (part of Castle)					
Other (e.g. subscription to Netflix / Amazon Prime / Wifi)	500	500	500	500	500
Total costs	9,249	10,296	10,099	10,219	9,855
Profit / loss	10,757	12,996	14,493	14,901	15,805

The trading profile assumes that a letting agency will be employed in Year One but over time there will be an increasing proportion of direct sales.

Cleaning and laundry costs are based on changeover days related to the level of occupancy.

Overall a net positive contribution in excess of £10,000k per annum is shown in Year One

rising to c.£15,800 in Year Three.

2.2.4 Events profile

With the external space converted to a flexible events facility for performance and community use, we have set out the anticipated level of use of direct activities and third-party hire / bookings. The focus will be on outdoor events which would make use of the main attraction facilities in the Gaol building (subject to programming).

The forecast type and scale of activity is shown below for the first three years:

Event space		No of events	No of event sessions	Attendance per event session	Average ticket price	Total attendees	Total income
Year 1							
Direct events	Seasonal themes eg Halloween, Christmastime	4.0	-	150	6.00	-	-
	Music and performance	4.0	8.0	250	12.00	1,200	7,200
Third party ticketed events	Music and performance	4.0	4.0	250	12.00	1,000	12,000
	Music and performance and film	5.0	5.0	300	n/a	1,500	2,500
	Other eg food market, community and small festival use	1.0	1.0	1,000	n/a	1,000	1,000
Private hire	Hire venue for non ticketed private use	2.0	2.0	n/a	500	n/a	1,000
Sub total		16	20	1,700	518	4,700	23,700
Year 2							
Direct events	Seasonal themes eg Halloween, Christmastime	4.0	-	150	6.00	-	-
	Music and performance	4.0	8.0	250	12.00	1,200	7,200
Third party ticketed events	Music and performance	4.0	4.0	250	12.00	1,000	12,000
	Music and performance and film	6.0	6.0	300	n/a	1,800	3,000
	Other eg food market, community and small festival use	2.0	2.0	1,000	n/a	2,000	2,000
Private hire	Hire venue for non ticketed private use	3.0	3.0	n/a	500	n/a	1,500
Sub total		19	23	1,700	518	6,000	25,700
Year 3							
Direct events	Seasonal themes eg Halloween, Christmastime	4.0	-	150	6.00	-	-
	Music and performance	6.0	8.0	250	12.00	1,200	7,200
Third party ticketed events	Music and performance	6.0	6.0	250	12.00	1,500	18,000
	Music and performance and film	7.0	7.0	300	n/a	2,100	3,500
	Other eg food market, community and small festival use	3.0	3.0	1,000	n/a	3,000	2,000
Private hire	Hire venue for non ticketed private use	3.0	3.0	n/a	500	n/a	1,500
Sub total		23	27	1,700	518	7,800	32,200

The income associated with this level of activity is shown in the schedule below with small increments in Years Four and Five:

Income	Year One	Year Two	Year Three	Year Four	Year Five
Income	23,700	25,700	32,200	32,844	33,501
Total income	23,700	25,700	32,200	32,844	33,501
Costs					
Ticket sale costs	1,368	1,368	1,608	1,640	1,673
Casual staff	1,536	1,536	1,792	1,828	1,864
Stewards and security	2,304	2,304	2,688	2,742	2,797
Performance fees	6,000	6,000	6,000	6,000	6,000
Hire of equipment	500	500	500	500	500
Waste collection (within castle operation)	200	204	208	212	216
Utilities	500	500	500	500	500
Insurance (part of main policy)	750	750	750	750	750
Marketing (website, social media, e-newsletters)	2,370	2,570	3,220	3,284	3,350
Event content	-	1,000	1,500	1,500	1,500
Refurbishment	-	-	1,000	-	500
Grounds maintenance (part of Castle)					
Fire safety/ H&S (part of Castle)					
Other	500	500	500	500	500
Total costs	16,028	17,232	20,266	19,456	20,151
Profit / loss	7,672	8,468	11,934	13,388	13,350

Overall, the events activities generate a positive contribution to the overall operation and there are secondary income opportunities in terms of catering and other onsite spend.

We have assumed that security costs will be met by the third-party providers and hirers.

Summary

The proposed project will create an iconic heritage led project which will form an important part of the wider regeneration of Haverfordwest and contribute to a growth in importance of the County town as part of the destination appeal of Pembrokeshire.

The Business Plan shows that the overall development package is likely to require a level of subsidy particularly during the Years 1-5. The figures are cautious yet realistic. The core revenue generating activities for the Flagship Heritage Attraction include admissions and catering. The events and self-catering unit provide a good opportunity for income generating activities which will make a positive contribution to the financial position of the wider site.

We forecast overall a limited annual deficit reducing to some £28,000 by Year 5 (brought about by efficiencies and improved tourist profile in the longer term).

3. Funding Plan

This section outlines the external funding opportunities for the development of the project, including the Discover Pembrokeshire attraction. It outlines the main sources of funding to support delivery of the scheme.

3.1 Funding Landscape

The Development Plan provides a robust framework of projects, which will transform the destination appeal of Haverfordwest Castle and contribute to the sustained economic, social and environmental revitalisation of the town. Implementing the projects has the potential to achieve a step change in repositioning and changing the perception of the town as a visitor destination.

The analysis indicates that implementation of the Development Plan will require public sector investment to realise this potential. Securing funding for regeneration and heritage projects is not easy, takes time and requires significant resource investment in project and business case development. This has only got more challenging with the cuts in public expenditure in recent years.

In today's funding landscape, the options for major heritage projects are inevitably more limited. Leaving the EU and the strategic review of Heritage Lottery Funding means a level of uncertainty regarding funding sources for major heritage projects. EU regeneration funding has been widely used to support employment, business growth and economic regeneration in Welsh communities. This includes the Structural Funds and Rural Development Plan in Wales and annually amounts to £295m and £80m respectively. Combined with additional match funding from wider sources, this is a significant funding pot that will cease at the end of 2020.

The UK Government has pledged to establish a UK Shared Prosperity Fund (UKSPF) to replace EU regional aid funding from 2021. To date, only scant detail has been given on this proposed fund. However, the principle of public funding setting the scene and context to encourage private sector investment and address market failure will still hold.

3.2 Funding Plan

The financial pressures on the public purse have meant that local authorities now have to explore other funding routes. An early priority will be to prepare a funding strategy to take forward the preferred development options for Haverfordwest Castle. To this end, there are a number of funding routes which need to be considered by Pembrokeshire County Council and / or the 'delivery body', which are outlined below.

3.2.1 External funding sources

There are still a number of possible funding opportunities, which will be subject to the timescale of any development project going forward and the conditions of the awarding body at the time of application. It is a competitive environment, but elements of the scheme

could be attractive to funding organisations subject to their rules and the arrangements and legal management entity that is established between partners.

The key funding sources are outlined below.

Heritage Lottery Fund

The Heritage Lottery Fund (HLF) is the main source of grants for the restoration of historic buildings and for projects that involve engaging people in heritage. In early 2019, the Heritage Lottery Fund will begin a new, five-year Strategic Funding Framework that sets out how they will distribute National Lottery good causes money to the heritage sector. In addition, the UK Government has recently published its Tailored Review of performance and the Mendoza Review of Museums in England. Both of these recommend new ways of working, including simplifying the grant giving processes and operating even more efficiently, getting the most value from National Lottery funding.

The financial year 2018/19 will be a transitional year, when HLF expect to distribute a budget of c£190million. The following changes to HLF grant-making will take immediate effect (and run until the new funding framework opens in Jan 2019):

- HLF will fund Heritage Grants over £5m (major grants) in 2018, based on applications already submitted;
- HLF will not fund new 'major grants' (Heritage Grants over £5m) in 2019, so there is application deadline in 2018;
- During the final quarter of the financial year (January to March 2019) HLF will only be making Round Two awards; and Round One grants of up to £100,000 to give time to prepare applications under the new Strategic Funding Framework arrangements

The new funding portfolio will be launched in January 2019, which will be a simpler and more flexible funding offer, with a single open programme for all types of heritage project. HLF will offer grants from £3,000 to £5 million, with proportionate processes and requirements at different levels of grant. Alongside this open programme, new strategic campaigns will be launched during the Strategic Funding Framework period – those for 2019 and 2020 will be announced in January. HLF will also announce their approach to major awards over £5 million during 2019.

HLF will continue to encourage applications for projects that will engage a wider range of people with heritage, and also welcome the types of projects previously supported through targeted programmes, such as those focusing on landscapes or parks, engaging young people, or increasing the resilience of heritage organisations, through the new open programme. In the past, HLF projects seeking less than £1 million had to provide matching funding of at least 10% of project costs, and projects seeking £1 million or more had to provide matching funding of at least 25%. At least 5%, in either case, must come from the resources of the organisation making the application. Few schemes get 90% funding from HLF. It is likely that a match-funding element will continue to be included within the new programme funding.

HLF is planning to introduce a new Expression of Interest stage for larger grants (over £250,000) to give an early steer on whether projects should be invited to apply.

The preparation of an integrated Heritage Lottery bid for the castle provides an opportunity to sustain momentum and drive forward the masterplan. Learning, participation and community engagement (including volunteering) are key strands of Lottery funding decisions and Haverfordwest Castle will need to present an integrated project application with these themes at the fore. An opportunity exists to use Heritage Lottery funding to transform the castle for present and future generations to experience and enjoy the facility. Clearly, the application will be determined by which programme offers the greatest opportunity.

In our view the HLF application represents a core funding source on which to implement the project, with a strong focus on learning, participation, regeneration and volunteer engagement. A 'Bid Team' needs to be established to map out a process for preparing a HLF bid (in particular an Expression of Interest) in light of the new Strategic Funding Framework.

Visit Wales / Welsh Government

Visit Wales is able to provide a range of funding support, including:

- The Regional Tourism Engagement Fund (RTEF)
- The Tourism Product Innovation Fund (TPIF)
- Tourism Amenity Investment Support (TAIS)
- Micro Small Business Fund (MSBF)

A relevant fund is the **Tourism Amenity Investment Support** scheme (TAIS), which is available for public, third sector and not-for-profit organisations. Financial support of between £25,000 - £128,000 is available; the cap on total eligible project expenditure is £160,000 (mandatory intervention rate of 80%). The focus is to use the funding for capital project to:

- Develop quality sustainable tourism facilities
- Add value to visitor experience
- Deliver quality innovation and a sense of place.

The fund is operated via an annual call programme with full spend to be captured by December 2020. A third and final round of funding is likely to be launched in spring 2019.

The investment in accessible, small scale tourism infrastructure at the destination level fits with the proposal to create quality events space within the Inner Bailey. The fund has been used to support event infrastructure (where the event is tourism related), and artwork or 'experiential' product at key destinations.

Visit Wales also manages on behalf of WEF0 the **Tourism Attractor Development Programme** (TAD), which is delivering a £62 million iconic tourism investment programme supporting 13 strategic, regionally prioritised tourism projects that will raise the quality and

perception of destinations in Wales. The Programme is delivered by Visit Wales as the lead beneficiary and 13 joint beneficiaries for the selected destinations. The Programme involves capital investment on a significant scale and, as such, it is anticipated that collectively the projects will deliver transformational change for the Welsh visitor economy. Visit Wales is currently evaluating the impact of the programme, which is likely to inform any future roll-out of the funds.

It will be important to engage with Visit Wales early in the New Year to discuss the project and potential funding support.

The Welsh Government's **Targeted Regeneration Investment Fund (TRI)** totalling £190m (of which £44m is notionally allocated to SE Wales) is the latest iteration of support for Wales' most deprived communities in order to deliver its 'Prosperity of All' programme. It requires regional 'actors' active support for a limited number of local initiatives which will deliver impacts in terms of the stated objectives and themes:

Prosperous & Secure

- Support people and businesses to drive prosperity
- Tackle regional inequality and promote fair work
- Drive sustainable growth and combat climate change

Healthy & Active

- Deliver quality health and care services fit for the future
- Promote health and well-being for everyone
- Build healthier communities and better environments

Ambitious & Learning

- Support young people to make the most of their potential
- Build ambition and encourage learning for life
- Equip everyone with the right skills for a changing world

United & Connected

- Build resilient communities, culture, and language
- Deliver modern and connected infrastructure
- Promote and protect Wales' place in the world

The initial focus of TRI Programme investment in Pembrokeshire is on Haverfordwest. The TRI budget is fully committed in Pembrokeshire, however, PCC is engaged with WG to re-profile the expenditure commitments, as there are timeframe issues with some of the projects previously put forward and approved for inclusion within the TRI programme. Any potential underspend could be allocated to support Haverfordwest Castle.

Cadw

Cadw offers grants as a contribution towards the costs of repairing and restoring historic assets as well as match funding towards community, local authority and third sector led projects. Cadw will consider grant offers to:

- Owners for buildings that are of outstanding architectural interest, 'at risk' or where the funding will have substantial community regeneration benefits. The rate of grant allocated will usually be no more than 50% of eligible works up to a maximum of £50,000. Applications are considered on a case by case basis.
- Owners of scheduled ancient monuments to protect and enhance them. Such grants generally take one of two forms. The first involves a grant to the owner or someone acting on his/her behalf for works which will benefit the monument. The second is based on a 'management agreement' between Cadw and the occupier of a monument which lasts for a set number of years. Under such an agreement financial help is given for positive works on a regular basis, such as fencing, scrub clearance, erosion repair, and stock control.
- Local authorities towards conservation works which are part of local authority and Cadw Town Scheme Partnerships (TSPs) or the Heritage Lottery Fund's Townscape Heritage Initiative.
- Heritage organisations to help meet the costs of their work in Wales.

Cadw's Historic Buildings grant scheme is supporting the Welsh Government Strategy "Prosperity for All", by offering grants as a contribution towards the cost of repairing and restoring historic community assets, such as Village and Community Halls, Institutes, Libraries etc. Places of Worship which are open for wider community use may also apply.

The focus for Cadw's grant will be on historic building repair schemes which will help save listed buildings that are at risk and/or stimulate regeneration opportunities and deliver benefits to Welsh communities. One of the ways in which these benefits can be provided is through skills development and access opportunities. Cadw would normally fund the costs of up to 50% of grant eligible works up to a maximum of £50,000; however, each application will be considered on a case by case basis.

It will be important to continue to engage with Cadw to discuss the project and potential funding support.

Other sources

There are a range of charitable funding organisations, which offer grant and/or loan support for heritage projects. A number of Trusts operate in Wales including the Architectural Heritage Fund (AHF), a registered charity set up to promote the conservation and sustainable re-use of historic buildings for the benefit of communities across the UK.

The AHF provides grants and loans for projects undertaken by charities and not-for-profit organisations. The AHF's lending resources are now worth nearly £13m as a result of successive government grants, donations and accumulated surplus of income over expenditure. Of particular relevance is the Project Development Grant (PDG), which offers a maximum of £30,000 to assist an organization to cover some of the costs of developing and co-ordinating a project and taking it forward towards the start of work on site.

The AHF also provides loan facilities to eligible charities and other not-for-profit organisations to provide working capital throughout a restoration project for bridge funding

or to kick-start activities.

A selection of potential Trusts and Charitable Foundations is set out below.

Organisation / Trust	Contact
Architectural Heritage Fund	http://ahfund.org.uk/
Castles Studies Trust	http://www.castlestudiestrust.org/
Bernard Sunley Charitable Foundations	http://www.bernardsunley.org

Local authorities are excluded from applying to a number of Trusts and Charitable Foundations, which may impact on governance arrangements.

3.2.2 Existing resources

The Council will also need to consider how best to utilise its own resources (circa £12,000pa), which are currently allocated to support the management and maintenance of the castle.

Regenerating Pembrokeshire's town centres continue to be a key corporate priority, which has been a major driver for establishing the £20m capital fund to address key regeneration sites and issues in Haverfordwest. The County Council will use the fund for economic development and regeneration (catalyst / enabler for development). The County Council has demonstrated support for heritage-themed attractions and has confirmed that it is to commit more than £1 million to the redevelopment of the South Quay site in Pembroke.

3.3 Funding Matrix

The Funding Matrix Table provides an indication of the potential capital requirements through a phased development approach, as set out in the Development Plan.

Capital Costs: Summary Funding Matrix Table

Phasing	Capital Requirement £	Potential Mix of Funding Source (s)
Phase 1		
South Burgage Plots and Castle Access stairs	168,000	Heritage Lottery Funding
Bridge Street stairs (including acquisition costs)	672,000	Targeted Regeneration Investment
Castle Perimeter Walkway	312,000	Visit Wales – Tourism Amenity Investment Scheme
North Stairs and Path	60,000	Trusts / Foundations
Inner Bailey Alterations and Repairs (including events infrastructure)	2,280,000	Cadw PCC
Phase 2		
North Stair Improvements and Landscaping	90,000	Heritage Lottery Funding
Governors House – Holiday Let	576,000	Visit Wales
Gaol: Option 2	4,620,000	Trusts / Foundations
Discover Pembrokeshire internal fit-out	1,100,000	
Gaol: Town Museum internal fit-out	160,000	
Outer Bailey Repairs, Alterations and Landscaping	456,000	

Phase 3		
Castle Lake Car Park	2,370,000	Targeted Regeneration Investment / Transport Development Fund

Summary

Securing funding for regeneration and heritage projects is not easy, takes time and requires significant resource investment in project and business case development. This has only got more challenging with the cuts in public expenditure in recent years. Leaving the EU and the strategic review of Heritage Lottery Funding means a level of uncertainty regarding funding sources for major heritage projects. There are still a number of possible funding opportunities, which will be subject to the timescale of any development project going forward and the conditions of the awarding body at the time of application.

Under the direction of PCC, a Funding Strategy and Action Plan will need to be prepared to review and assess resource requirements to support the delivery plan. PCC will also need to consider its capital funding position as it is likely that any future external funding applications will require a level of match funding.

It will be important to review the HLF Strategic Funding Framework, which will be launched in January 2019 to assess the future requirements for heritage lottery funding.

It will also be important to engage with the Visit Wales, MALD and Cadw to discuss the project and assess future funding support.

4. Governance

This section considers the means by which the project could be implemented, setting out options for the ownership / operator and ‘developer’ role that are most likely to succeed including securing public support and the necessary grant funding.

4.1 Introduction

The size and complexity of the proposed heritage attraction demands a new governance structure to be put in place for its development and operation for the future. Effective governance can mean the difference between a successful visitor attraction that is viable and sustainable, to one that struggles.

Any future structure will need to balance minimising financial risk and liability with the ability to preserve the historic ‘asset’ whilst operating a visitor experience. Central to this will be the role and responsibilities of Pembrokeshire County Council (PCC), the current landowner of the site.

Discussion to date indicates that the County Council is unlikely to want to take on sole operational responsibility for the Flagship Heritage Attraction development. Any future governance arrangement could entail transfer, lease or disposal of the site to another body, which will need to secure:

- the sustainable regeneration of the site in the context of the development mix proposed;
- achieving appropriate succession to PCC in responsibility for the site which has significant heritage designations.

The advent of the Lottery, fuelling very significant building and refurbishment programmes, the growth of commercial sponsorship, increasing emphasis on earned income and the rapid decline of public funding for the sector, have all created complexity in the heritage sector. Although the overall number of charities in the UK has remained relatively static, and of course not all arts and heritage attractions are run by Trusts, there has been a significant trend in the establishment of Trusts to own and operate visitor facilities. However, there are now more rigorous reporting procedures which must be followed by charitable trusts.

4.2 The site: current position

The Haverfordwest Castle estate is owned by Pembrokeshire County Council, who are responsible for the general management, maintenance and up-keep of the property. Information provided by PCC confirm that the building maintenance costs for the castle are £4,780 (2018-19). The costs associated with the Gaol building (the former Records Office) include £6,810 for rates and approximately £550pa for electricity standard charges. No budget is included for grounds maintenance.

Haverfordwest Town Council has a 40 year lease with the County Council, which expires in

2036, for the management, maintenance and repair of Governor's House. The lease does not include the ground maintenance. Despite falling outside the lease agreement, the Town Council has a sub-lease with Haverfordwest Town Museum Trust, who operate the Town Museum. The museum performs an important role in presenting the history of Haverfordwest to locals and visitors, albeit in a low-key way to a relatively small annual audience.

From 1 April 2018, a change to the sub-lease was introduced which means that the Town Council now re-charge the Town Museum for the full lease charge (the museum previously occupied the property free of charge). PCC is aware of the breach of lease agreement.

The Town Council is awaiting a response from PCC on a number of revisions/queries raised on their proposed terms for an events licence for the castle grounds and former Records Office.

4.3 Future Governance Options

In considering governance arrangements and potential transferees, the following issues have been particularly focussed on:

- a) Legal and organisational structure
- b) Financial implications
- c) Skills and capacities to meet the responsibilities of ownership of the site and site management as a multi-faceted visitor attraction (including responsibilities in relation to the Scheduled Ancient Monument)
- d) Skills, capacities and commitment to deliver regeneration objectives
- e) Ability to manage and be accountable for public funds, and
- f) Capacity to provide a sustainable future for the site for the benefit of the public.

A number of options have been examined, which are summarised below.

Option 1: Proactive status quo.

This option would mean Pembrokeshire County Council, as landowner, taking on responsibility for developing and delivering the new attraction and for managing the estate. Part of the function, for example, catering and events, could be outsourced to other public and/or private sector organisations but the majority of risk and liability would be retained by the County Council.

The indication to date is that, whilst supportive (and indeed the major promoter) of the project, the County Council has little appetite for taking on additional responsibilities for the site.

Pros	Cons
<ul style="list-style-type: none"> • Some in-house skills • Able to achieve some efficiencies in terms of purchasing power, marketing, HR, legal • Council maintains control 	<ul style="list-style-type: none"> • Limited desire to take on additional responsibilities • Financial risk and liability remain with Council • Limited experience of running visitor attractions • Project unlikely to move forward in the short term

Option 2: Transfer ownership and responsibility to another appropriate organisation

A further option would be to transfer ownership and responsibility to another (public or private) organisation. During the feasibility and concept development stage, a number of potential organisations have indicated a willingness to take on a more proactive role in terms of taking forward the FHA concept, including:

- Haverfordwest Town Council
- Cadw: Cadw does have an acquisitions policy. Indeed, Cadw has recently acquired Caergwrle Castle, Flintshire earlier this year from the castle’s current custodians Hope Community Council. This was Cadw’s first acquisition of a castle for over 25 years and an important driver was the historical significance of the castle – Caergwrle Castle was the last castle to be built by a native Welsh Prince. Initial discussions with Cadw indicate that Haverfordwest Castle does not fit its current acquisitions policy although the organisation has indicated that it would be willing to hear more about the Castle and future proposals before making a formal decision.

Further discussions are required to determine the level of interest from stakeholders and potential partners.

A further option is to place the property for disposal on the commercial market. There would undoubtedly need to be a range of conditions of sale around maintaining public access to key features, providing access for all, securing the future of the monument etc. However, there would inevitably be a loss of control from the Council’s perspective over operational activities and limited ability to ensure the Castle site makes a strong contribution to the local economy.

Some form of dowry or endowment to cover the Castle’s ongoing operational deficit would be required and could follow a similar approach to that historically used by The National Trust, known as the Chorley Formula². The capitalisation rate has typically been 30-35 times net annual operating costs.

Pros	Cons
<ul style="list-style-type: none"> • If Cadw were to take forward the project they would be a partner with strong financial resources and skills (i.e. could potentially be ‘bolted’ onto existing operating model). • Local community buy-in if taken forward by Town Council 	<ul style="list-style-type: none"> • Council loses control of flagship project • Unlikely to be attractive if project requires revenue subsidy • Likely to require an endowment ‘transfer’ payment

Option 3: Create a new Charitable Trust and transfer ownership, management & operational responsibility

More and more visitor attractions, museums and cultural facilities have adopted the Development Trust approach to governance, especially for public land and building assets.

A Development Trust must demonstrate, to the satisfaction of the Charity Commission, that it is independent and that the Trustees/Directors (rather than the Council) will determine how the charity will fulfil its charitable purposes.

The Development Trust Model offers a number of benefits:

- Creates a new governance model which combines commercial and charitable benefits
- Demonstrates the Council’s commitment to exploring new ways of funding services
- Allows for wider representation as Trustees at Board level to harness additional skills and expertise, whilst working collaboratively with the Council and other key stakeholders to maximise outcomes

² In 1968, The National Trust began insisting that any property they took on came with a sufficient endowment. This was formalised as the ‘Chorley formula’ (after Roger Chorley who created it and later served as chairman from 1991-1995) which calculates the endowment required, taking in to account expected high-level maintenance and repairs, likely revenues, worker’s wages and many other factors. The capitalisation rate has typically in the past been based on the net yield on the Financial Times All-Share Index

- Enables 100% of any surpluses generated to be reinvested to continually improve the visitor experience
- Is financially efficient in that it is:
 - a) 100% exempt from corporation tax
 - b) eligible for gift aid
 - c) tax attractive for corporate donations and sponsorship
 - d) eligible for legacies
 - e) eligible for grants only available to charities

The feasibility of a Development Trust depends on a number of key factors which correspond to areas of good practice or competence, including:

- A well-conceived start up process involving key interests in developing a bid to funders based on an outline business plan.
- Recruiting high-calibre people from public, private and voluntary sectors for the Board to develop a shared mission. They will be responsible for the governance of the Trust
- Establishing sound management practices
- Planning for financial sustainability from the start
- Following sound project management practices

It is likely that the formation of a Development Trust would require start-up / seed funding during pre-development, development and during the initial operating stage in terms of cashflow.

It is very important to consider the role and responsibilities of trustees. Trustees will play an essential role in the governance of the Development Trust. They have a lot to contribute to their success, e.g.:

- serve as a means of communication with communities and other stakeholders;
- bring valuable professional or other experience and
- help to ensure that charities are well-managed through the appointment of senior executive staff.

Pros	Cons
<ul style="list-style-type: none"> • Could attract expert commercial partner to deliver the day-to-day management of the visitor experience (admission, catering, retail, education, events, corporate offer etc) 	<ul style="list-style-type: none"> • Council loses some control of flagship project • May need dowry or revenue support mechanism in place to attract Trust

<ul style="list-style-type: none"> • Different funding pots open to Trusts vs Council • Commercial operator more flexible than Council in terms of operation of the visitor experience • Sharing risk • Potential to benefit from advantageous tax position including possible relief from NDR, helping to reduce operational expenditure 	<ul style="list-style-type: none"> • Difficult to attract a commercial operator if the project requires revenue support • Difficult to attract 'right' Trustees with mix of skills, experience and time needed to take on complex development project and operation of the end visitor experience • Liability remains with Council if project fails (i.e. it will come back in-house) • Significant resource commitment (cost and time) to set up a new Trust
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Option 4: Partner with existing charity already managing a museum and transfer full management and operational responsibility

There is currently no potential party able or willing to enter such an agreement. However, it is understood that PCC is currently considering whether to use the Pembrokeshire Church Act fund as a vehicle to purchase and manage Scolton Manor. If it progresses in this manner and acquires charitable status, it is possible that the PCAF could be a potential vehicle to manage and operate the Haverfordwest Castle site should the trustees of the PCAF be minded to do so.

Summary

It is considered that the project will be too demanding in terms of financial and staff resource to be undertaken by a single organisation alone. There are a lot of other players who need to be brought into the frame in terms of governance and next stages: Cadw, National Museum, PCNPA, Last Invasion Centre and other voluntary heritage groups, Picton Castle, Slebech, MHPA, many of which are represented on the FHA Partnership Group.

A not-for-profit Development Trust or development partnership that is eligible for public and Lottery funding would seem to provide one solution. A Trust could provide greater freedom to bring in new income and help share resources to provide financial security. It would have tax benefits and charitable status.

A mechanism that involves transferring the building and land required for development to a Trust is advocated, with the Trust then undertaking the repair and conversion works as a 'developer motivated by heritage rather than profit'. Further work is required to consider this option not least how to recruit, select, appoint and induct trustees

5. Impact Assessment

This section considers the economic and social impact of a comprehensive re-development of Haverfordwest Castle into an attraction and visitor facility, including its contribution to the regeneration of the town centre and the locality. Within this section, we set out a 'top-down' assessment of the potential impact resulting from the delivery of the project, which will drive visitor numbers and spend, particularly in those segments of the visitor market which are likely to stay longer and spend more.

5.1 Regeneration Impact

Heritage can play a key role in regeneration and for a number of years has been credited with bringing new life to run down areas. Heritage-led regeneration projects are where a new viable economic use is found for historic buildings, offering owners or developers a return on their investment whilst maintaining the conservation value of the heritage asset. (Deloitte, 2017).

People spend more in their local economy after investment in the historic environment. In areas that had received investment in the historic environment, approximately one in five visitors in a survey of 1,000 stated they spent more in an area after investment in the historic environment than they did before. One in four businesses stated that the historic environment investment had directly led to an increase in business turnover³.

A number of exciting new projects are being progressed in Haverfordwest that collectively will make a significant contribution towards changing the fortunes of the town centre:

- transformation of the former Riverside indoor market into a new County Library, tourist information centre and Gallery;
- re-development of the Old Post Office into a new community venue and resource centre;
- Phase Two of the Haverfordwest Townscape Heritage Initiative (THI)
- Investment in public realm improvements.

Further major regeneration projects are in the pipeline, including the Ocky White site, which the Council has agreed to purchase, and for the Wilko site, which has planning consent for 15,100 sq ft of leisure space. The County Council's regeneration plan recognises that individually the priority projects proposed for Haverfordwest may not achieve the necessary impact to effect change. However, collectively the projects provide the foundation for a wholesale plan which will transform the fortunes of the town. A new visitor attraction at Haverfordwest Castle provides a really positive opportunity to transform the town centre and form an integral part of an enhanced leisure / destination offer.

³ AMION and Locum Consulting, 2010

5.2 Heritage Tourism

The historic environment is a significant contributor to the economy attracting domestic and international tourists. This in turn supports thousands of jobs and contributes to national and local economic growth. In the 12 months ending July 2017, there were 102 million tourism day visits to Wales, with an associated spend of £4,874 million. The number of visits has increased 11% compared to the 12 months ending July 2016, while the amount spent has increased by 51%. Wales' performance is particularly strong in the GB context: for GB as a whole, the number of visits has decreased by 1% compared to the 12 months ending July 2016, while the amount spent has increased by 5%. Each year, Wales welcomes more than 10 million overnight visitors – that's well over three visitors per head of population. The Wales Visitor Survey consistently shows that the feeling of welcome and the feeling of security, along with the quality of the natural environment, are among the highest-rated aspects of visits to Wales. The Wales Tourism Business Barometer shows that after a slow start to 2018 due to bad weather, the industry is now looking buoyant. 33% of businesses have had more visitors during the May/June half term compared to last year, and close to half have had the same level.

Revised forecasts for visits for the calendar year 2018 is for continued growth. Visit Britain is forecasting 40.9 million inbound visits in 2018, an increase of 4.4% on 2017. Forecast for spending by inbound visitors in 2018 is £26.3 billion, an increase of 7.1% on 2017.

The impact of Brexit remains a key source of uncertainty. By the end of 2018 the departure date will be less than three months away and there is uncertainty about the transition period and post-Brexit settlement and their impacts on travel. Brexit is creating many uncertainties for the supply and regulatory side too.

5.3 Benefits of Heritage Tourism

Heritage Tourism is a vital part of the UK economy. Research undertaken by Oxford Economics⁴ showed that in 2015, domestic and international tourists made 192 million trips to visit the UK's cultural, historic and natural assets. They spend £17.5 billion while doing so. Built heritage, museums and galleries accounted for just under half (49%) of all heritage visits and just over half (54%) of the sector's direct gross value added (£20.2bn contribution to GDP). When asked about their most recent UK holiday in 2015, 63% of domestic travellers cited being able to visit a historic building or monument as their 'sole reason' or a 'very important reason' why they took their holiday (TNS, 2015).

Heritage tourism is more popular in Britain, compared with most of Europe – UK citizens have the 4th highest participation rates for visiting a historical monument or archaeological site in 2012-13 (65%) – this is 13 percentage points higher than the EU average (European Commission 2013).

The trend towards heritage tourism is part of the evolution of experience-based tourism with more visitors looking for new and authentic experiences and wanting to learn about and connect with their own and other cultures. There is an increased interest in tangible historic heritage such as sites, buildings, monuments and cultural landscapes, as well as in

⁴ Oxford Economics: The impact of heritage tourism for the UK economy 2016

the intangible aspects of heritage such as stories and a realistic appreciation of life in the past. For this reason, heritage assets form an important part of the visitor economy, driving visitation, increasing visitor yield and improving the visitor experience. This trend is likely to continue.

5.4 Economic Impact

The Economic Impact model indicates that the new heritage facility at Haverfordwest Castle if delivered in full would create in the region of 26 gross jobs.

The modelling to calculate projected revenues works on the basis of conversion of visitor numbers and then multiplying by the average spend per day and adding a further multiple of 35% for indirect supply chain and induced expenditure (multipliers). The estimate for gross jobs is derived by dividing projected gross revenues by £54,000 per job (adapted from the SE Destination Investment Plan 2018 model; Cole &PSC).

The table below summarises this analysis and shows the potential economic impact if the attraction attracts circa 30,000 visitors per annum.

**Development of Haverfordwest Castle:
Projected Economic Benefits**

	Circa 30,000 new visitors
Staying Visits	6,000
Total Staying Visitors Revenue	276,000
Additional Day Visits	24,000
Total Day Visitors Revenue	744,000
Additional Tourism Revenues: direct	1,020,000
Indirect supply chain and induced expenditure (multipliers): indirect	408,000
Total Combined Visitor Revenues	1,428,000
Additional Gross FTEs Supported	26

The visitor projection modelling is based on a number of assumptions:

- The latest IPS and GBTS data show that the breakdown of visitors was 80% day visitors and 20% staying visitors;
- In terms of spend, the STEAM data shows an average spend per day of:
 - £46 per day for staying visits
 - £31 per day for day visitors.
- The IPS and GBTS data shows that indirect visitor expenditure increases total expenditure by 35 - 40%;
- Estimation of jobs created or assisted in the wider economy from additional spend by visitors. The Deloitte Tourism: jobs and growth report for Visit Britain found that the marginal revenue required to create a job in UK tourism is estimated to be around £54,000.

5.5 Place Making

Investing in the historic environment can generate economic returns for local places. On average, £1 of public sector expenditure on heritage-led regeneration generates £1.60 additional economic activity over a ten-year period⁵.

In areas that had received investment in the historic environment, approximately one in five visitors in a survey of 1,000 stated they spent more in an area after investment in the historic environment than they did before.

Heritage sites of cultural significance provide visitors and local communities with a sense of place and connection to the history of a destination. The value derived from heritage assets is often not through static preservation, but through adaptation and ongoing use by local communities and visitors.

The cultural and heritage significance of a building or site, if properly conserved, integrated and celebrated, has the potential to become a unique selling proposition and competitive advantage for the locality.

Heritage highlights the unique character of a place and has the potential to form a key element of place brands by providing authenticity, distinctiveness and credibility to destinations. Haverfordwest Castle is an important – if under-utilised – historic and heritage asset. The castle adds to the unique character of the area and has an important role in creating a sense of place and distinctiveness, which has the potential to attract people, business and investment.

“The development of our historic built environment can drive wider regeneration, job creation, business growth and prosperity” Culture White Paper (DCMS, 2016)

5.6 Social Value

Alternative methods for valuing the benefits of heritage that go beyond traditional economic impact measures have been growing in recent years.

A study by Simetrica in 2014 estimated the well-being value of visiting heritage sites to be equivalent to £1,646 per person per year (Fujiwara et al, 2014, Heritage Counts 2017). This is the amount of money that would have to be taken away from a person to restore them to the level of well-being they would have had, had they not visited a heritage site.

However, attempting to put a monetary value on the social benefits of heritage and the historic environment is difficult to specify and requires further cost – benefit analysis.

⁵ Amion and Locum Consulting, 2011.

Summary

Tourism continues to be seen as a growing sector and a driver of economic growth. Heritage Tourism is a vital part of the UK economy. Research undertaken by Oxford Economics showed that in 2015, domestic and international tourists made 192 million trips to visit the UK's cultural, historic and natural assets.

The trend towards heritage tourism is part of the evolution of experience-based tourism with more visitors looking for new and authentic experiences and wanting to learn about and connect with their own and other cultures. For this reason, heritage assets form an important part of the visitor economy, driving visitation, increasing visitor yield and improving the visitor experience. This trend is likely to continue in the future.

Research commissioned by the HLF estimated that for every £1 spent as part of a heritage visit, 32p is spent on site and the remaining 68p is spent in local businesses: restaurants, cafes, hotels and shops.

The modelling to calculate projected revenues / gross jobs created works on the basis of conversion of visitor numbers and then multiplying by the average spend per day and adding 35% for indirect supply chain and induced expenditure (multipliers). The estimate for gross jobs is derived by dividing projected revenues by £54,000 per job (adapted from the SE Destination Investment Plan 2018 model; Cole &PSC). This model suggests that the new attraction has the potential to create around 26 new gross jobs with projected visitor numbers of approximately 30,000 per annum.

Heritage sites of cultural significance provide visitors and local communities with a sense of place and connection to the history of a destination. The value derived from heritage assets is often not through static preservation, but through adaptation and ongoing use by local communities and visitors. The cultural and heritage significance of a building or site, if properly conserved, integrated and celebrated, has the potential to become a unique selling proposition and competitive advantage for the locality.

Haverfordwest Castle is an important – if under-utilised – historic and heritage asset. The castle adds to the unique character of the area and has an important role in creating a sense of place and distinctiveness, which has the potential to attract people, business and investment.

6. Summary and Next steps

6.1 The Five Case Model

The purpose of the study has been to undertake a detailed and robust project feasibility to test the achievability of the vision of transforming Haverfordwest Castle into a top-quality heritage attraction that attracts both local people and visitors to the county town. The research and consultations confirm strong support and a positive rationale for developing a regionally significant heritage attraction at Haverfordwest Castle. The project vision developed by the Flagship Heritage Attraction Partnership Group sets out an exciting and ambitious direction for the Castle. There is a strong strategic case for the development of a new visitor attraction at the castle site; it would contribute to regeneration plans in the town and provide a further visitor product in improving visibility and access to the county's heritage.

There is positive support from partners and the local community albeit with a clear recognition that the facility would need to work towards being revenue neutral. It is acknowledged that development of the new attraction will be dependent on securing grant funding.

We have summarised the business case to address the HM Treasury Business Case Guidance. In terms of addressing the 5 interdependent dimensions, the study demonstrates:

- A strong **Strategic Case** can be made for the development of a new heritage-themed visitor attraction at Haverfordwest Castle. There is a strong rationale for intervention, which fits with wider government and local policies and objectives. The castle site is identified as a unique asset and re-development of the site would significantly contribute to the wider prospects and prosperity of the town.
- In terms of the **Economic Case**, the project will deliver value to the locality in terms of economic, social and environmental impacts in terms of creating a new heritage destination and improving accessibility to heritage. Economic Impact modelling shows that the new attraction has the potential to create around 26 new gross jobs with projected general visitor numbers in excess of 30,000 per annum as well as education and event users. The cultural and heritage significance of the castle site has the potential to become a unique selling proposition and competitive advantage for Haverfordwest.
- The **Commercial Case** is perhaps more difficult. Pembrokeshire is an established tourism destination with strong holiday market and day visitor levels. Haverfordwest lies in a strategic position on the road and rail network serving Pembrokeshire; however, it is not a leading tourist centre at present and lacks a strong cachet in the holiday market. There is a very low population base within core 60-minute drivetime contour and Haverfordwest is remote from the main originator markets. The local demographic profile shows pockets of deprivation and a relatively elderly age profile. There is a high degree of competition within the attractions sector in the County including established and popular heritage attractions.

- The **Financial Case** shows that the project will have implications on the public sector budget in terms of the total cost of both capital and revenue. Development will be dependent on securing external funding and, at this time, there is uncertainty as to the future funding pots that in the past would have been accessible to support such a development. HLF is undertaking a strategic review of funding and will announce in January 2019 its new streamline funding programmes. The likelihood is that there will no longer be funding available for the large £10m+ heritage projects as there has been in the past. Similarly, VW will be reviewing its future funding support in light of its new tourism strategy post-2020 and Brexit. In terms of realising external funding opportunities, it is likely that Pembrokeshire County Council will need to contribute a level of match funding (probably in the region of 15%-20% of the capital ask. The project will also be dependent on revenue support specifically during its first five years of operation. However, it is also important to recognise that the site has a cost for the County Council of around £12,000pa. This doesn't take into consideration any future maintenance works. The County Council is barely 'holding the line' in terms of managing this historic asset. The future deterioration of the castle and surrounding structures could present significant safety risks to both the public and visitors to the castle.
- With regard to the **Management Case**, it is considered that the project will be too demanding in terms of financial and staff resource to be undertaken by a single organisation alone. Working to the FHA Partnership Group has demonstrated significant partnership support to the concept and the project vision and there seems to be a core group of stakeholders and partners who are willing to collaborate with PCC in developing a delivery vehicle to drive the project forward and share risk.

6.2 Next steps

The study sets out an exciting vision and development plan for transforming Haverfordwest Castle into a quality heritage attraction. We summarise below a number of sequential steps for taking forward the project based on the in-depth research and analysis set out in the suite of reports.

The role of Pembrokeshire County Council

As site owner and promoter of the scheme, PCC will need to consider the outcome and recommendations of the feasibility study, specifically balancing the regenerative impacts of the project against the resource requirement and financial risks associated with delivering a project of this size, scale and complexity. "Do nothing" is probably not an option for the County Council. As set out above, the likely continued future deterioration of the Castle and surrounding structures could present significant safety risks to both the public and visitors to the castle. As site owner, Pembrokeshire County Council has a legal responsibility to maintain the scheduled monument and to act in good faith as the authority responsible for enforcing obligatory upkeep of acknowledged historic structures.

A key decision will be to agree future governance arrangements, particularly whether a not-for-profit Development Trust or development partnership that is eligible for public and Lottery funding could provide a solution to share the risks involved in delivering the project. A Trust could provide greater freedom to bring in new income and help share resources to provide financial securing. It would have tax benefits and charitable status. A mechanism

that involves transferring the building and land required for development to a Trust is advocated, with the Trust then undertaking the repair and conversion works as a 'developer motivated by heritage rather than profit'.

Establishing an Operational Team

If the Council decides to drive forward the vision and Development Plan for the Castle, an operational team will need to be established with input from a range of County Council departments (Tourism/Regeneration, Planning, Estates, Legal etc.) and external stakeholders to consider and agree priority actions.

The Operational Team would consider the mechanics of establishing a Trust, not least to agree key partners and how to recruit, select, appoint and induct trustees.

The professional fees included within the phased programme includes provision for the necessary preparatory work and various consents, which are likely to be required for implementation. It will be necessary for the County Council to front-load some of this preparatory works and the suggestion is that an operational budget of £50,000 is allocated to facilitate necessary works.

A dedicated project manager is likely to be required to manage the programme, particularly to apply for and secure external funding. A project of this scale and complexity will necessitate a minimum of .5 of FTE project manager with experience in structuring and developing similar heritage regeneration schemes.

Engaging with key partners

It will be important to share and discuss the outcome of the feasibility study and vision for Haverfordwest Castle with a number of key partners, including:

- Cadw
- MALD
- Visit Wales
- Swansea Bay City Region

Shadow 'Trust'

The next step will be to establish a 'shadow' Trust. Some of the key issues for consideration include:

- What are we really trying to achieve – the purpose?
- Do we need a development trust to do that?
- How will we involve the wider community?
- What are the critical success factors?
- What skills and funds are needed to get started?
- How will the Development Trust be sustainable?

The FHA Partnership Group provides a good foundation to consider these issues although it is likely that the County Council, in partnership with the Town Council, will need to provide the initial resource to establish this new delivery mechanism.

Phase 1 Implementation Plan

The feasibility study sets out a Phased Programme of action to deliver the overall project. The attached table indicates the sequential actions required to implement the Phase 1 programme. It will be important for the 'shadow Trust' to agree the plan, including the design and development of a funding strategy for the project.

