

**Business plan for an extension project at Historylinks Museum
on behalf of Dornoch Heritage SCIO**

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Researched and written by Impact Hub Inverness with CH Architecture

Updated by DH SCIO Trustees : September 2021



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EXECUTIVE SUMMARY

Introduction

- This Business Plan was commissioned by Dornoch Heritage SCIO - a charity (No. SC008747) also known as Historylinks Museum – which runs an officially accredited Museum in Dornoch in addition to various outreach projects in the local area. This plan was updated in September 2021 to both reflect the considerable progress achieved and the effects of the Covid pandemic on the project.

The Site

- The museum building, which opened in July 1999, was built by member's funds totalling £237,301 and sits on land which was in private ownership in 1995 but which is now an asset of the Dornoch Common Good Fund (CG06916).
- Historylinks has a 99-year lease from which runs until 15th February 2095. However, payment of the fixed £10 per annum is no longer asked as it is deemed uneconomic for the Highland Council to process payments this small.

The Plan

- Historylinks' ever-expanding collections, the growing numbers of visitors and the need to generate vital additional earned income to fund new projects and reduce reliance on revenue grants are the main drivers for the project.
- Historylinks has an archive of almost 13,000 objects but has less than 1,000 on display, partly due to the current pressure on space.
- The plan is to build an extension to the existing Museum on land already leased. This will create more exhibition space, a multi-purpose room to be used for new activities, additional office & storage space and new toilets. These new facilities will all help generate more earned income in a move towards greater financial sustainability.
- The original intention was to purchase the land on which the Museum sits. However, despite financial backing from the Scottish Land Fund and support from the Development Trusts Association Scotland (DTAS), an offer of 50% above the current market value was rejected by Highland Council officers acting on behalf of the Dornoch Common Good Fund in 2019.
- Undeterred, the Trustees consulted with the membership and decide to proceed with the extension on the basis of having a lease in place for another 70+ years.

The Museum

- Historylinks is a VisitScotland 5 star visitor attraction (one of only two in the Highlands).
- The charity currently has 237 members – of whom 189 live in the Dornoch area – and a board of 6 trustees elected annually by the members.
- It employs a 0.72 FTE curator and a 0.25 FTE museum assistant (c. 0.25 FTE). These paid staff are supplemented by a team of over 20 committed volunteers (equivalent to another 2 FTE).
- Historylinks plays an important and active role within the local community, particularly in areas of education and heritage projects. It runs a number of public-facing activities including work with young people, schools and two local care homes.
- The museum is popular with tourists - the number of visitors has risen from 3,507 in 2016 to 6,146 in 2019 and both our season and opening hours have been extended to accommodate this increase (although owing to staffing issue the opening hours have been slightly reduced during Covid).
- More visitors are the key factor behind an increase in the museum's earned income which in 2016 was £11,126 but rose to £22,997 in 2019 (of which £15,937 was from admissions).

Consultation

- Historylinks is a membership organisation and at every step the Trustees have consulted with the staff, volunteers and members, as well as with the wider Dornoch population.
- Community Consultation included two presentations to Dornoch Area Community Council (who in April 2019 unanimously supported the plan to purchase the site at 'Open Market' valuation).
- Various stakeholder groups took place during April and early May 2019 and included an event for Historylinks' members attended by more than 80 people and an Open Doors weekend which attracted more than 150 people including visitors and local residents.
- The Open Doors weekend included a short questionnaire to assess support for the project. 164 responses were in favour of the extension plans (100%) and 159 supported Historylinks acquiring the land (98%).
- The Charity produces regular newsletters which are distributed to members in both hard copy and via email/internet. Copies are also available for visitors to the Museum.
- Pre-Covid, the Charity also held regular winter talks and fund-raising social events at which members have been kept informed of the progress of the extension project. Plans are in place to re-start the winter talks in Autumn 2021, Covid restrictions permitting.

1. BACKGROUND

1.1 The project:

Dornoch Heritage SCIO (also known as Historylinks Museum) runs a VisitScotland 5 star officially accredited museum in Dornoch which, by 2019, attracted more than 6,000 visitors a year. As part of its plans to secure greater financial sustainability Historylinks is seeking to build an extension to the museum on land currently leased from The Dornoch Common Good Fund.

A feasibility study carried out between April - June 2019, which included architectural input, looked at the suitability of the site for an extension, how any extension might be used, the likely demand, levels of community support and an assessment of the project's feasibility including financial.

The study assessed four options:

1. not building an extension (the *status quo*),
2. moving to an alternative location in Dornoch
3. building a small extension
4. building a larger extension



The front entrance of Historylinks Museum

The main findings of the study concluded:

- A pressing need for additional space for the museum's ever- expanding collections and exhibitions and growing numbers of visitors.
- Clear potential to generate vital additional revenue by having a multi-use space for off-season seminars and events and increase capacity to provide new services.
- Historylinks, along with other Highland museums, has received an annual revenue grant from The Highland Council. However, from an initial £12,000 per annum this grant was almost halved in 2017 and the Trustees are anticipating this grant may disappear entirely within the next few years.
- Strong community support for the project obtained via a range of consultation methods including events, a survey and presentations to local community groups.
- The project helps meet the 'Environment and Heritage' outcomes set out in The Highland Council's Caithness and Sutherland Plan (adopted August 2018) which envisions 'high quality places where the outstanding environment and natural, built and cultural heritage and valued assets are safeguarded.'

The main findings of that earlier study feed into this business plan, which sets out the case for significant development of the museum's capacity to serve the local community and accommodate increased tourist numbers.

1.2 About Historylinks Museum

Historylinks Museum in Dornoch, which was purpose-built and opened in July 1999, is owned and run by Dornoch Heritage SCIO, a charity registered with the Office of the Scottish Charity Regulator. The charity has 237 members – of which 189 live in the IV25 postcode area – and a board of 6 voluntary trustees.

With a vision of '**Keeping the Dornoch Story Alive**', Historylinks' main purposes are the advancement of education, heritage and culture and its principal activity is running the museum.

Historylinks is a fully accredited museum by Museums Galleries Scotland (MGS) - the national development body for the Scottish museums sector - and one of only two VisitScotland 5-star rated museums in the Highlands.

The museum has an archive of almost 13,000 objects, all from within its locally defined collections area, but with less than 1,000 on display, partly due the current pressure on space.

Historylinks employs a permanent curator (0.72 FTE), a part-time museum assistant (c. 0.25 FTE - who also works on outreach projects with young people) and relies on a team of committed volunteers, more than 20 of whom help with front of house tasks and behind-the-scenes activities. It is estimated volunteer hours are the equivalent to additional 2 FTE members of staff.

The museum is popular with tourists and the number of visitors rose from 3,507 in 2016 to a peak of 6,252 in 2018, before being badly affected by Covid opening restrictions in 2020/21. Opening hours have been extended to accommodate the growing number of tourists. Historylinks has WorldHost recognition for customer service, is a VisitScotland iKnow partner and retained its TripAdvisor 'Certificate of Excellence' award in 2020.

With careful financial management the charity has built up a healthy level of unrestricted reserves (currently over £40,000). Admissions numbers have grown which, combined with an increase in admission charges and the successful implementation of a Gift Aid scheme, has meant a doubling of earned income as set out in Table 1 below.

| Year | Admissions | Gift Aid | Shop Sales | Visitors |
|-------------|-------------------|-----------------|-------------------|-----------------|
| 2015 | £7,890 | - | £4,395 | 3823 |
| 2016 | £7,657 | - | £3,496 | 3507 |
| 2017 | £13,261 | - | £5,104 | 5027 |
| 2018 | £15,944 | £393 | £6,614 | 6252 |
| 2019 | £15,937 | £438 | £6,532 | 6146 |
| 2020 | £7,009 | £881 | £3,136 | 2400 |

Table 1: Museum Earned Income

Historylinks also plays an important and active role within the local community, particularly in areas of education and heritage projects. It runs a variety of public-facing activities including:

- Projects with older people from two local care homes. The 'Fish Tales' project involving storytelling and craft workshops; organised visits to the museum for care home residents; care home visits by museum curator for reminiscence groups; the museum also contributed to an 'App' developed by Highland Museums Forum aimed at helping stimulate memories of people living with dementia.
- Historylinks is a partner with Dornoch Academy & Primary Schools, and in 2018/19 worked with 243 children. Activities included two Interdisciplinary Learning Days with students from P7, S1 and S2; a

WWI project in 2018 involving 50+ P5 and S1 children; regular museum visits involving nursery children; work with S4 - S6 young people to mark the commemoration of the ending of WW1; work with 4 young people from Dornoch Academy's Rural Skills programme on the museum's 'The Restoration of Sheriff McCulloch Memorial (part funded by MGS).

- Establishing a successful Young Curators Club (YCC) for P5-P7 primary school children. The project is funded from a variety of sources including St. Finnbarr's Charity Shop in Dornoch, The Hugh Fraser Foundation, The Royal Dornoch Golf Club, The Maple Trust and the Co-op. Despite the pandemic, the YCC continued to run when permitted and activities have included documenting the affects of Covid on Dornoch and a project to replicate the 'Dig for Victory' campaign of WW2.
- Historylinks was awarded a £15,000 Heritage Lottery grant in 2019 to part-fund a project looking at life in 18th century Dornoch including a traditional Sutherland long house. The project involved a variety of local groups including schools, care homes, The Dornoch Firth Group and Brora Learning Centre with a strong focus on working with groups not previously involved in heritage. Although the culmination of the project (a one-day seminar in Dornoch in March 2019, with speakers from all over the UK) being prevented owing to Covid lockdown, the project was successfully completed via a series on video films shown on our Facebook page and archived on our website.
- Working in partnership with Museums Heritage Highlands (MHH) on the 'Our Collective Futures' project (funded by Heritage Lottery) aimed at improving the resilience of museums in the Highlands.
- Working in partnership with Dornoch Area Community Interest Company (DACIC) on delivery of a number of Priority Projects set out in the Dornoch Masterplan including:
 - Involvement with the heritage aspect of DACIC's Project Curlew
 - Working jointly to develop cruise liner tours to Dornoch
 - Working with local accommodation providers to deliver off-season genealogy seminars.

The museum building sits on land which is owned by the Dornoch Common Good Fund (DCGF) and Historylinks has a 99-year lease from The Highland Council (paying £10 per annum - if asked) which runs until 2095.

The building is situated just outside the Dornoch Conservation Area which is a designated zone of special architectural and historic interest. It is a single storey building with a footprint of approximately 215m².

The current accommodation, built by grants and member funds between 1997/99, includes:

- Main entrance with reception & till point
- Shared retail space
- Administration office
- Two accessible WCs (*one currently reserved for staff/volunteer use during Covid*)
- Kitchenette
- Side gallery
- Children's room (*currently reconfigured owing to Covid*)
- Archive room with storeroom
- External shed

Land Purchase

With the assistance of the Scottish Land Fund and following consultation with our members, the Trustees approached the Highland Council in 2018 with a request to purchase the land from the DCGF. Unfortunately, our offer of £13,500 (50% above the rated market value) was eventually refused by the managers of the fund.

Phased Approach

However, following further consultation with the members, it was decided to press on with the much-needed extension project, based on the larger extension on the existing site with the 99 year lease in place. It was decided by the Trustees to adopt a phased approach to the project as follows.

| Phase | Description | Total £'s | Own Funds | Grants | Major Funder(s) | Status (at September 2021) |
|-------|-------------------|-----------|--------------------|--------------------------------|--|---|
| 1 | Feasibility | £9,707 | £1,541 | £8,166 | SLF | Completed (08/19) |
| 2 | Design & Planning | £31,818 | £4,453 | £27,365 | DCGF | Planning approved (04/21) Building Warrant approved (9/21) Tender documents (est 10/21) |
| 3 | Construction | £296,518 | £20,000 £30,000 | £25,000 £50,000 £195,000 | Baxters Com'ty Fund SSE Sustainability Fund NL Heritage Fund | Notes of interest submitted |
| 4 | Fittings | £35,000 | £10,000 | £25,000 | Museums Galleries Scotland | Note of interest submitted |

Phases 1 & 2 have been fully funded by a mixture of grants (noted above) and Museum funds. Phase 1 was completed in 2019 and Phase 2 is nearing completion, with both Planning (*April 21*) and Building Warrant (*Sept 21*) permissions obtained and tender documents being prepared (*estimated Oct 21*).

The Museum has already invested £6k on Phases 1 & 2 and has raised more than £20k (now on deposit), towards an overall target contribution of £50k towards the construction phase. Constructive discussions have been held with all potential major funders listed above to secure funds to complete the project.



The approved extension as seen from the Retail park (South East)

2. THE CASE FOR SUPPORT - COMMUNITY AND STAKEHOLDER CONSULTATION

Consultation with the community and various stakeholder groups took place during April and early May 2019 and included:

- An event for Historylinks members in April 2019 to present the architect's concept drawings which was attended by 81 people. The overwhelming response from our members was that we should look to build the larger 125m² extension rather than the smaller 95m² one.
- Presentations to Dornoch Area Community Council in Sept 2018 & April 2019 leading to a unanimous vote by the members for a letter of support for the project. The minutes of the Dornoch Area Community Council of the April 2019 meeting also note that:
 - i. Historylinks would expect to pay full market value and would expect that the full amount paid would be added to the Dornoch Common Good Fund.*
 - ii. PT [Ward Manager] also believed, regarding the transfer of land, that there were not too many reasons not to sell it. There would be an eight week minimum consultation and it would be a new procedural matter.*
- Letters of support from other local groups including Dornoch Area Community Interest Company, Dornoch & District Community Association, the Embo Trust (see separate document attached), UHI and the Dornoch 3-18 School Campus were also received (see separate document).
- An 'Open Doors' weekend over 11/12 May 2019 was held with free admission to the museum for local people and visitors alike. The event was promoted via social media, local press, newsletter, Dornoch Visitor Centre and 500 flyers via a school bag drop at the 2 local schools. The event was attended by over 200 people – double what the museum would usually expect.
- Visitors completed a short questionnaire to assess support for the project as set out in separate supporting documentation. The survey was also available online and attracted 164 responses (138 paper responses and 26 via email). Key findings were:
 - Between 98% and 100% of responses were in support of the extension plans
 - 164 in favour of plans to build an extension.
 - 159 in favour of Historylinks acquiring the land
 - 81 responses from people living in IV25 postcode area; 82 from non-residents (1 no response to location)
- Consultation with members of the Young Curators Club also identified two key issues:
 - expanding the themes and displays in the museum in imaginative ways which would appeal to children such as the last Witch, human bones, more about geology, musical heritage, children's lives in years gone by;
 - having a comfortable social space they could play and work in, and call 'home' rather than using other premises.

3. MARKET RESEARCH AND THE CASE FOR NEED

3.1 Museums – the national scene:

The 'Museums in the UK Report 2018' gives insights into the performance of the sector nationally. Overall, visitor attendance is healthy and, of the museums which took part in the survey, 37% report that income is growing. Earned income, from activities such as a shop or café, is proving important to the financial viability of museums generally. The same survey also suggested that museums continue to prioritise core public-facing activities despite financial pressures - particularly cuts in local authority funding - and the potential for museums to make a positive social impact across a range of areas is attracting increasing interest. The groups museums are most likely to engage with are schools and work with other community groups. In addition, 46% of respondents reported they had worked with health and well-being groups.

The findings of this report match Historylinks' own experiences; a growth in income, a cut in public funding, the importance of retail and the contribution its public-facing activities – such as its work with local schools and care homes – makes to community life.

3.2 Museums – the regional context:

In Scotland, Museums Galleries Scotland (MGS) is currently consulting on its next strategic plan. Its aim is for Scotland's museums and galleries, large and small, to be ambitious, dynamic and sustainable enterprises. Historylinks' plans and ongoing work fit well with the MGS strategy which covers a number of relevant themes including: expanding the range of partners to maximise the potential of collections and culture; strengthening the connections between collections and communities - to inspire greater public participation and well-being; fostering a culture of collaboration and enterprise by bringing in business and entrepreneurial practices through partnerships; working towards economic sustainability and sustainability through innovative museum practice, such as Historylinks' 'Young Curators'.

In Highland, Museums and Heritage Highland (MHH), a newly formed SCIO, has been set up to create a strategic body to support museum and heritage development in the region. Following sector consultation on priorities, in the initial stages, the key streams of work MHH plans to undertake are workforce development, audience development, digital development and touring programmes, including exploring international working. As members of MHH, Historylinks is well placed to work collaboratively with MHH to enhance the scope and diversity of the heritage offering in Dornoch, Sutherland and Highland.

3.3 Tourism

Tourism is an important driver of the local economy. The Caithness & Sutherland Local Development Plan cites tourism is a major source of income for Dornoch with visitors being attracted by the history of the town, the quality of the local environment and the Royal Dornoch Golf Club. As of June 2019, Historylinks Museum is the 3rd most popular attraction in Dornoch after the Cathedral and the Beach (*Source: Trip Advisor*).

Visitor numbers to Dornoch have risen markedly in the past few years with year-on-year growth from 2015. Data from Dornoch Visitor Centre is shown in Table 2 overleaf.

| Year | Total number of visitors |
|------|--------------------------|
| 2014 | 23, 140 |
| 2015 | 20,366 |
| 2016 | 26,971 |
| 2017 | 29,332 |
| 2018 | 31,082 |

Table 2: Dornoch Visitor Centre Numbers

Factors influencing this growth include:

- A series of projects led by Dornoch Area Community Interest Company which have enhanced the town centre, improved the visitor offering and extended the traditional season.
- The creating of a distinct Dornoch brand and destination marketing.
- Better signage signposting visitors to Historylinks. This includes road signage on the A9 and in the town.
- The North Coast 500 tourist route which has attracted 29,000 additional visitors to the Highlands since it was launched in 2015 (*Source: University of Glasgow Training and Employment Research Unit*).

On a regional scale, a key plank of the Inverness Castle project will be to act as a gateway for Highland tourism, providing a visitor attraction that celebrates the Highlands past, present and future, including culture, heritage and natural environment. The development will have new galleries to bring national and international exhibitions to the Highlands, new museum displays and a multi-purpose entertainment hub. Once the Castle is operational, visitors will be digitally signposted to museums all over the Highlands, and Historylinks anticipates significantly increased visitor interest as a result.

3.4 Historylinks - Capacity requirements for future development

3.4.1: Additional space to host important collections and artefacts.

The museum has now reached a point where it is operating at capacity with regard to displaying items from its collection. Of the 11,826 objects in the museum's collection (as of 31/12/2018 - and with approximately 500 new items donated each year) there are currently less than 1,000 on display and, whilst not everything is suitable for display, it is now difficult to display major new items (e.g the original Dornoch Light Railway plans from 1896 which were recently acquired at auction).

Also, offers from other museums and organisations for Historylinks to host temporary exhibitions have to be turned down for the simple reason of lack of space.

In addition, there are other significant artefacts with strong local connections which Historylinks would like to host but, because of space constraints, is unable to do so. These include:

The Spinningdale Burial Cist: Discovered during building excavations in Spinningdale (within the Historylinks collections area) in 2011, these remains are currently in Inverness Museum but not on display. Discussions have been held with both Inverness Museum and the National Museum of Scotland (NMS) about displaying these remains and it has been agreed that owing to their poor condition it would be best to display replicas in the Historylinks extension. The plan is to create a dedicated space in the floor of the extension, to be covered by a glass, where the remains can be seen.

The Migdale Hoard: Dating from about 2000 BC, the Migdale Hoard is a priceless collection of early Bronze Age jewellery discovered by workmen blasting a granite knoll behind Bonar Bridge (within the museum's collections area). These items are on permanent display in the NMS but were loaned to Inverness Museum in 2004 and there appears to be no reason why Historylinks could not apply for a similar loan period if suitable exhibition space was available, as it enjoys an equal professional status to Inverness Museum. Exhibiting these artefacts would generate additional footfall (and thus income) for the Museum.

The Charles 1st Charter: The museum has always had a copy of this nationally important artefact on display in the Museum, but the original parchment document is now in storage at the Museum. It is listed as an asset of the Dornoch Common Good Fund (other items from which are on loan to and exhibited in the museum, such as the 'Deid Bell'). Being able to display the original document in a conservation approved, controlled environment would be a major attraction for visitors to the museum. The approved plans will create space for this to be displayed and included in the 'Fittings' cost estimate is a suitable display case for same.

Provost Chains and Robes of Office: Both these were originally gifted by the Duke of Sutherland and have important local significance. As with the above, these are also currently in storage at the Museum, are also listed as an asset of the Dornoch Common Good Fund and would also help to drive footfall were they on display at the Museum. As with the Charter, the 'Fittings' cost estimate includes suitable display cases for same.

Displaying artefacts like these requires a carefully controlled environment (e.g. heat, light, humidity etc) which the extension and new cabinetry will provide. The museum will also need to ensure proper security measures are in place, and to this end the alarm system was upgraded in March 2021 in such a way as to accommodate future expansion for the extension, when built .

A new extension will give additional space to host important collections like these, create marketing opportunities and offer real potential to boost visitor numbers.

3.4.2: Meeting and events space

The existing space constraints also limit activities for Historylinks' growing membership - currently 237 - who currently use the Royal Dornoch Golf Club for their winter talks and meetings. An extension will allow for talks and events for members to be held in the museum itself and provide a venue for Historylinks own activities including:

- Dornoch Heritage Society winter talks programme
- Young Curators Club (all year). Currently renting space in Dornoch Social Club for its meetings.
- Historylinks trustee and committee meetings - presently held in the home of a trustee.
- Visiting school groups
- New story-telling and craft exhibitions
- New genealogy seminars
- New cruise liner passenger visits
- New heritage sessions for a range of vulnerable groups - see Inclusion Activity Plan
- As a base for its East Sutherland Longhouse project and future similar outreach projects

3.4.3 Development of genealogy and ancestral tourism services:

The museum already hosts a well-used image library on its own website (www.historylinksarchives.org.uk) which is used by an international audience and regularly receives visitors from Canada, USA, Australia and New Zealand (historical destinations for Scottish emigrants) who have ancestral links to Dornoch and Sutherland, often related to emigration during the Clearances of the mid to late 18th century.

A study by VisitScotland stated that in the first 9 months of 2016, visitors from these nations (plus Australia) generated a total of £524m for the Scottish economy and for almost 50% of them an ancestral connection was one of the reasons for making the trip. In addition, ancestral tourists tend to stay longer than other travellers and often travel outside July and August so their spending comes outside the high season.

Post-Covid the expectation is that these visits will resume, and may even be more popular than before. The museum sees commercial opportunities to improve financial resilience by creating an additional revenue stream from genealogy tourism. It is exploring ways of partnering with local accommodation providers to provide off-season seminars and weekends around ancestral and genealogy themes.

There is past evidence indicating a market exists for this service. One example is a family from Ontario and Qatar visited the museum in June 2019 researching the Ross family from the Creich and Fload Farm area of Sutherland from the 1800s onwards. Historylinks' archives included a complete file of highly relevant information, some of which is not found anywhere else, and the family made a large donation to the museum in order to obtain copies.



3D view of the approved extension as seen from the Museum Garden

3.4.4 Development of museum retail space:

The addition of a new extension will allow Historylinks the chance to consider how best to expand its existing shared retail space, including how it might be better configured and presented.

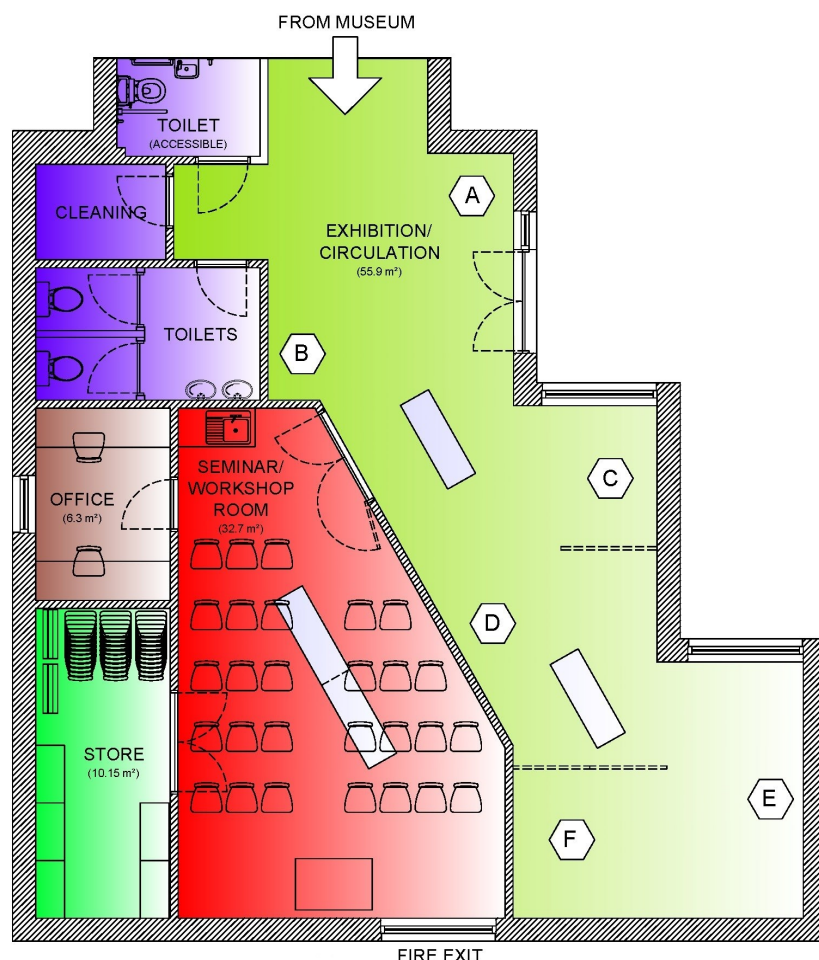
Retail sales grew year-on-year until 2018. Despite a drop in overall visitor numbers owing to Covid, the spend per head of those visitors in 2020 rose significantly from £1.06 to £1.30. Indications are that this trend of increased spend has continued in 2021 (as at mid-September) .

This trend is reflected nationally where retail sales in museums generally are on the rise according to findings from the Association of Cultural Enterprises. Its members report a real change in the way that people visiting cultural and heritage attractions are shopping and 'giving the High Street a run for their money as shoppers seek out a more meaningful and perhaps even ethically sourced item.'

With any plans to enhance its retail area, Historylinks will need to be mindful of the types of trading it can and cannot do as a charity, particularly primary and non-primary purpose trading.

Books about history and heritage are, for tax purposes, deemed to be primary purpose trading and therefore not liable to tax. However, items including things such as pens, mugs or keyrings would be regarded by HMRC as non-primary purpose trading which means these items do not directly contribute Historylinks' charitable objects.

Charities which have an income of under £20,000 can have non-primary purpose trading of up to £8,000. However, charities need to clearly separate how that trading is apportioned and whether it is primary or non-primary.



Floorplan of the approved extension (with multi-purpose room set out for a talk)

4. FINANCE, RESILIENCE AND FUNDING

The museum has already taken several important steps to strengthen financial resilience including:

- An increase in admission prices (£3 to £4 for adults, £2.50 to £3 for concessions) in 2017.
- Extending opening hours to meet increased visitor numbers and changing patterns (the museum now opens 7 days a week from April – October).
- Implementation of Gift Aid in 2017, which in 2021 will contribute almost £2k additional income. Despite the adverse affect of Covid, the visitors to the Museum in 2020 & 2021 are almost all UK based, which has resulted in a massive upturn in admission fees being gift-aided.

The growth in tourism in Dornoch had a direct impact on the Museum, with specific initiatives including:

- New joint cooperative advertising in locations around Dornoch (e.g. Grannie's Heilan,' Hame, Dornoch Hotel, Links House, Royal Dornoch Golf Club, Carnegie Courthouse).
- Guided town walks started in 2018 which has attracted a different audience
- Better 'kerb appeal' following upgrading of exterior of the building for 2018 (e.g. repainting in blue, new notice boards, labyrinth, picnic table, new external exhibits, etc.).

This growth in tourism and the longer opening hours are the most likely factors behind the increase in visitor numbers. However, the findings from the feasibility study that museums across the country are experiencing a growth in popularity, should also be factored in. Public appreciation of heritage is on the increase and museums and heritage organisations are improving their offering in response.

A key driver for this project is therefore for Historylinks to improve financial sustainability and resilience, especially with the prospect of a further reduction of The Highland Council's revenue grant in future years.

The post-extension 3-year profit and loss set out in Table 3 (overleaf) indicates that the development of a new extension gives potential to increase earned income by:

- Increasing the number of people visiting the museum. During Covid we have placed a voluntary maximum of 10 visitors at a time in the Museum. We have regularly had to turn away visitors during summer 2021 owing to being at this maximum. The extension will increase our floor area by about 50% and thus allow us to host more people at a time, thus increased income.
- A small rise in admission fees to reflect the new facility, more exhibits and general inflation
- Using the extension to engage with currently inaccessible markets (e.g. organised tours for cruise liners and genealogy seminars).

Based on these assumptions and taking into account a rise in staff and operating costs, Historylinks expect to see a rise income over 3 years of around 12% and make a modest year-on-year surplus starting in Yr 1 of the development.

Major sources of funding for this project include:

- **Historylinks** has already spent £6,000 of its own funds on Phases 1 & 2, has already ring-fenced £40,000 for Phase 3 and has set a target of a further £20,000 fund raising to come.
- **SSE Sustainability Fund**: opens in Autumn 2021 with awards up to £100k made by April 2022. Historylinks applied to a previous fund but was advised that the Sustainability Fund is a better match for our project and have been encouraged to resubmit.
- **National Lottery Heritage Fund** has reopened for capital projects up to £250k which can also include an element of revenue funding for employment. We are working with our appointed project officer to submit an application in early 2022.
- The **Museums Galleries Scotland : Museum Development Fund** has grants of up to £50k available for museum resilience projects. We are working with our appointed project officer to submit an application in early 2022.

5. THREE YEAR PROFIT & LOSS FORECAST

| Financial Year | 2019/20 | 2021/22 | 2023/24 | 2024/25 | 2025/26 |
|---------------------------------|---------------|--------------------|-----------------|-----------------|-----------------|
| <i>Basis</i> | <i>actual</i> | <i>budget</i> | <i>forecast</i> | <i>forecast</i> | <i>forecast</i> |
| <i>Footfall</i> | 6146 | 3750 | 7000 | 7400 | 7800 |
| INCOME | <i>£,000s</i> | <i>£,000s</i> | <i>£,000s</i> | <i>£,000s</i> | <i>£,000s</i> |
| Grants | £6.3 | £16.3 ¹ | £3.1 | £1.6 | £0.0 |
| Admissions | £15.9 | £11.1 | £23.8 | £25.2 | £26.6 |
| Sales | £7.7 | £4.3 | £6.5 | £6.9 | £7.2 |
| Donations | £3.7 | £2.5 | £4.7 | £4.9 | £5.2 |
| Gift Aid | £0.7 | £1.8 | £2.8 | £3.0 | £3.1 |
| FIT | £1.2 | £1.5 | £1.6 | £1.6 | £1.7 |
| Sponsorship | £0.2 | £0.2 | £0.5 | £0.5 | £0.5 |
| Organised Tours (Cruise Liners) | | | £0.5 | £1.0 | £1.5 |
| Seminars / Workshops | | | £0.5 | £0.8 | £1.0 |
| TOTAL | £35.7 | £37.7 | £44.0 | £45.4 | £46.8 |
| EXPENDITURE | <i>£,000s</i> | <i>£,000s</i> | <i>£,000s</i> | <i>£,000s</i> | <i>£,000s</i> |
| Staff Costs | £17.1 | £23.9 ² | £25.1 | £25.7 | £26.3 |
| Insurance | £2.5 | £2.3 | £3.2 | £3.3 | £3.4 |
| Electricity | £1.3 | £1.8 | £2.8 | £2.9 | £2.9 |
| Telephone | £0.8 | £0.4 ³ | £0.4 | £0.5 | £0.5 |
| Water | £0.1 | £0.8 ⁴ | £0.8 | £0.9 | £0.9 |
| Cost of Sales | £4.4 | £2.2 | £3.2 | £3.4 | £3.6 |
| Repairs & Maintenance | £4.5 | £2.3 ⁵ | £2.9 | £2.9 | £3.0 |
| Museum Equipment | £2.2 | £1.3 ⁵ | £1.4 | £1.4 | £1.4 |
| IT Costs | £2.5 | £1.2 ⁵ | £1.2 | £1.2 | £1.3 |
| Office Costs | £1.6 | £1.6 | £1.7 | £1.7 | £1.8 |
| Advertising & Promotion | £1.0 | £1.1 | £1.1 | £1.1 | £1.2 |
| TOTAL | £37.9 | £38.7 | £43.8 | £45.0 | £46.2 |
| SURPLUS (-DEFICIT) | -£2.2 | -£1.0 | £0.2 | £0.4 | £0.6 |

Notes to above

1. Includes one-off £10k business support grant
2. Includes all wages, pensions & NI costs
3. Costs reduced in 20/21 owing to change of contract
4. Water rates exemption lost in 2020
5. Higher costs in 19/20 owing to planned investments

• P&L Forecast **based on extension opening in April 2023**

- 2019/20 figures are actual from our last year of 'normal trading' pre-Covid (excludes project items)
- 2021/22 figures are forecasts based on YTD trading from 26/4/21 (excludes project items)

Assumed Variables

| | |
|----------------------------------|------|
| Admission price increase | 20% |
| Initial footfall increase (2019) | 15% |
| Sequential footfall increase | 5% |
| Inflation | 2.5% |

6. RISK ANALYSIS

Risk was assessed in detail as part of the Feasibility study (available on request). Following is a summary of the main project risks with an assessment of the potential impact and the mitigation measures available.

| Risk | Level | Impact | Mitigation |
|---|-------|---|--|
| Loss of momentum while funding is sought. | Low | Local community and Historylinks' members lose interest. | Proactive communication with membership, which is common practice within Historylinks, and the local community. |
| Failure to secure project funding. | Low | Visitor numbers are likely to stagnate with a knock-on effect on revenue. | Regular engagement with key funders to keep them apprised of the project. |
| Process to acquire land is protracted and deadlines for key funders are missed. | Med | Potential threat to extension project via the land acquisition route. | Option to proceed with the extension but with Historylinks continuing to lease, not own, the land. |
| Decline or stagnation in tourist numbers to Scotland/Highlands | Low | Historylinks earned income static or reduced. | Vigorous marketing and new income sources explored. |
| Further restrictions to our operations arising from Covid or similar disruptions. | Med | Reduced income from visitors. Temporary closures. | Maintain safe working / visitor environment. Work with local and national agencies to minimise financial losses. |

7. CONCLUSIONS AND NEXT STEPS

The development of a new extension to the existing Museum has real potential to bring a number of important economic, cultural and social benefits including:

- Greater revenue earning potential leading to greater financial sustainability
- Provision of new and enhanced services for visitors and local people
- Helps to meet 'Environment and Heritage' vision set out in the Caithness and Sutherland Local Development Plan
- Job creation - the potential to appoint an assistant curator and project staff

Next steps in taking forward the project include:

- Agreement on route to either purchase of the land or continued long-term lease in order to provide comfort to funders (*decision made by The Highland Council in October 2019*).
- Appointment of an architect to work up full scale drawings (*appointed August 2020—planning permission & building warrant obtained Sep 2021*)
- Getting the project fully costed by a Quantity Surveyor (*in progress - September 2021*).
- Speaking with funders (*ongoing*).
- Continued engagement with the local community (*ongoing via Newsletters, Social Media (Facebook) & Zoom meetings in the absence of in-person meetings owing to Covid*).
- Consider setting up a sub-group to the board of trustees to focus on key next steps and allocated responsibilities (*new-build sub-committee established Jan 2021 - formation of fundraising sub-committee agreed Aug 2021*).