

Proposed world-class hotel

At the former Royal High School

Regent Road

Edinburgh



DEVELOPERS' STATEMENT

3 SEPTEMBER 2015



Duddingston House Properties



Urbanist Hotels

www.oldroyalhighschool.com

Contents

Executive Summary	2
Background to RHS Competition	4
The Competitive Dialogue Process	6
Hotel Demand	11
Hotel Operator Visits - Edinburgh.....	12
Hotel Operator Visits – The RHS	15
Urbanist Hotels.....	18
Pre-Application Stakeholder Consultations	20
Pre-Application Public Consultations.....	25
Detailed Design – Architecture and Design Scotland	30
Hotel Viability Assessment	34
Hotel Operator Selection	38
Rosewood Edinburgh	43
Conclusions.....	49
References used in support of this document	52

Executive Summary

The former Royal High School is recognised internationally as one of the most important buildings in Edinburgh. Designed as a school by Thomas Hamilton and opened in 1829, the building sits against the backdrop of Calton Hill and its collection of iconic monuments.

The buildings were last used as a school in 1968, and since this date, have had only intermittent use. The buildings have deteriorated to such a point that unless a long-term sustainable use can be found, then their future, other than as an empty monument to add to the collection on Calton Hill, is in doubt.

Following various studies in 2009, the City of Edinburgh Council (CEC) decided to run a public competition to identify a future use for the buildings. In February 2010, Duddingston House Properties (DHP) were awarded 'preferred developer' status, with the task of delivering a hotel of international standing.

This Developers' Statement sets down the process and procedures DHP undertook to secure a world-class design, attract an international hotel operator and secure investment for the project. This is being done in partnership with Urbanist Hotels (UH), who teamed up with DHP in 2013, to support the delivery of the vision.

Over the past 5 years, the process of achieving this aim has involved an open and transparent approach to consultation both at key stakeholder level and with the public. This was done through workshops, meetings (small, large and individual), public exhibitions and the creation of a website dedicated to the project. All those interested in the future of the RHS had the opportunity to engage with DHP/UH through the pre-planning process. The developers and their full team of expert professionals have listened to comments and debated concerns, which in turn have influenced the physical evolution of the designs.

A vision for the former RHS buildings has remained a central theme throughout the development process, with a focus on the buildings' history as well as reflecting Scotland's culture and heritage. Bringing the former RHS back to life through an

exemplary restoration and conservation plan has been a key ambition of this vision. The estimated cost of this is set at £10 Million.

The challenge of attracting interest in the project is described in detail later on in this document, together with a description of the barriers to attracting a hotel group of world-class standard to Scotland's capital. Undaunted by a global recession and concerns by some hotel groups who favoured larger European cities, DHP/UH's strategy to secure funding for the project first, eventually succeeded in securing not only interest, but keen competition between the very best hotel groups in the world. In the end, over 40 international hotel groups came to Edinburgh to see the former Royal High School for themselves.

The result is a project that restores the main Thomas Hamilton-designed masterpiece, is truly inspirational in terms of contemporary architecture, enhances the public realm of a forgotten part of the city and will act as a catalyst to improvements on Calton Hill.

The project will generate over 800 jobs either directly or indirectly for the city and over 900 jobs for Scotland. It will secure £31 million per annum in GDP for the Edinburgh economy and a further £38.7 million per annum for Scotland. Hotel guests are projected to spend £13.6 million per annum within Edinburgh, and annual tax receipts are projected to be £15.9 million.

Above all the project will bring one of the very best hotel groups in the world to Edinburgh. The selected operator completely embraces DHP/UH's vision for the buildings and for the arts and cultural sectors within Edinburgh. This hotel operator will be something Scotland can be proud of having attracted.

Close to £2 million has been invested in the project to date, in order to get the proposals to the planning application stage. The aim is to open the hotel in the spring of 2018 for the benefit of the citizens of Edinburgh, and visitors from around the world.

Background to RHS Competition

When the City of Edinburgh Council announced on the 2nd February 2010 that Duddingston House Properties had been selected as their preferred partner, to deliver a sustainable development and business solution for the former Royal High School¹, this marked the end of an 11-month competitive process.

Prior to the CEC's decision to invite interested parties to submit proposals for the former RHS, which closed as a school in 1968, various ideas and studies for the building's future use had been considered.

The school was sold by the Council to the Scottish Office in 1977, and between then and 1980, it was adapted by the Property Services Agency for use by the anticipated Scottish Assembly. Subsequently, the Hill Admission Trust worked for nearly nine years on the feasibility of the former RHS becoming Scotland's National Photography Centre, but it was concluded in 2009 that a lack of funding for the project from public or private sources made their proposals unviable.²

From 1993 until DHP's appointment in 2010, the CEC used the buildings for a variety of Council affiliated companies or charities, although it is clear from Council papers that by 2009, annual running costs had reached c. £250,000, and that without a private sector-led initiative there was little prospect of the buildings' restoration³.

In October 2007 the CEC produced a City Centre Development Framework known as the 'String of Pearls', which set the context for a Development Brief for 'Block 10' - The RHS.⁴ This was approved by Planning Committee on the 15th May 2008⁵ as a guide to parties submitting proposals for the reuse and redevelopment of the former RHS site. The Development Brief sets out in Para 5.2 the CEC's overall objective – *'To enable a viable long term reuse of the former RHS ... the reuse of the buildings should take advantage of its history and association with the Scottish Enlightenment and deliver a world-class visitor facility and museum / gallery space'*. To support this

¹ CEC Press Release, 02 February 2010

² CEC Finance and Resources Committee Report 31 March 2009, 3.7-3.11

³ CEC Finance and Resources Committee Report 31 March 2009, 2.4, 6.2 & 7.1

⁴ CEC *City Centre Princes Street Development Framework*, 4 October 2007 p 37-50

⁵ CEC *Development Brief Princess Street Block 10*, May 2009

reuse, the brief prioritises '*reconnecting this forgotten area of the city in order to create a destination in its own right.*'⁶

In support of the CEC Planning Brief for Block 10 a study was commissioned into the potential future uses for the former RHS, which was completed by Lodestar Marketing in December 2008.⁷ Lodestar's report concluded that potential private sector interest could possibly be generated through a competition for the following uses:

- Hotels – boutique, niche, high quality
- Fine dining and high quality dining restaurants
- Quality night club, hotel / bar restaurant operators
- Leisure and entertainment developers and operators including luxury quality casinos and boutique cinema

Following publication of the report's findings the CEC opted to launch a public competition on 1 June 2009.⁸

The terms of reference provided by the CEC as part of the competitive dialogue process included the Development Brief, plus a series of preliminary questions regarding the developer's background experience, approach and initial ideas on what the RHS could become. There was an emphasis on the fact that no public funding was to be involved in the proposals. DHP's submission to the CEC was made on 17th July 2009.⁹

DHP's interest in the former RHS came about partially through knowledge of the Council's aspirations to see a long-term solution for the site and buildings, and partially through recognition that Edinburgh lacked world-class hotel accommodation. DHP were also aware that there was likely to be interest in the site from top-end hotel groups.

⁶ CEC *Development Brief op. cit.* Para 5.2

⁷ Lodestar, *Edinburgh's String of Pearls block 10 Development*, 16 December 2008

⁸ CEC Finance & Resources Committee Minutes, 31 March 2009, Para 12

⁹ Pre-selection information form (June 2009) submitted on 17th July 2009

The Competitive Dialogue Process

Duddingston House Properties (DHP) was formed in 2000 by Bruce Hare. The company specialises in the development of city-centre regeneration projects. DHP have established a track record in the reuse and restoration of Listed Buildings as part of their company's philosophy of undertaking high quality developments. They specialise in projects that recognise place-making, and take an Urban Design approach to unlocking value.

In August 2009, the CEC informed DHP that it had been selected to participate in the Competitive Dialogue to deliver a robust, commercial business solution for the buildings at the former RHS in central Edinburgh.¹⁰ Outline proposals were to be submitted to the Council's e-tendering website, in preparation for a discussion to be held with the Council's Panel of Judges on 25th Sept 2009. A summary of the Council's objectives and position, which covers the dialogue process through to DHP's eventual selection in February 2010, and an outline of the contractual position between CEC and DHP has been provided¹¹.

The Position Statement by the CEC provides a good overview of the process during the period between July 2009 and February 2010. This gives no indication, however, of the intensity of work undertaken by DHP and their professional team. This can be seen from the 3 submissions made to the CEC and their specialist team of interviewees on 7th September 2009, 12th November 2009, and 13th January 2010¹².

At each submission stage, under the chairmanship of the late Professor Charles McKean, the Selection Panel, which consisted of Ann Bain (Board Administrator), Riccardo Marini (Head of Design), Jonathan Guthrie (Project Director) and Jane Dennyson (Project Coordinator for the CEC) undertook interviews, which took the form of workshop dialogues or discussions on all aspects of DHP's submission. DHP and their team members retained notes of each interview and subsequent actions,

¹⁰ CEC Letter to DHP, 11 August 2009

¹¹ Kyle Drummond, Economic Development, CEC, *RHS Position Statement*, 10 June 2015, p 2

¹² DHP Competitive Dialog summary, July 2015

however the CEC, who have been asked for the minutes of these interviews, say that no records were kept. Interviews took the form of presentations by DHP on 25th September 2009, 27th November 2009 and 18th January 2010. These discussions focused in particular on design options for new wings to either side of the main Hamilton buildings, together with other design principles set out in the Council's Development Brief.

Throughout the various stages of the dialogue process, specialist input was given by the Council's Planning, Estates, Economic Development, Finance and Legal Departments to ensure that at all times DHP's proposals were both deliverable and that they could meet objectives and aspirations for this unique site and its buildings. The interview panel and their special advisors gave nothing but encouragement during the dialogue process to DHP and their advisors. The panel indicated that the proposals were seen both as being visionary and meeting the Council's objectives.

Particular acknowledgment is given to the late Professor Charles McKean, then Chair of Edinburgh World Heritage (EWH) at the time of the dialogue. His encouragement and enthusiasm for DHP's proposals and his contribution to the dialogue process was both intellectually stimulating and welcome. In particular DHP welcomed Professor McKean's view that the hotel proposals would act as a catalyst to reinvigorate Regent Road and Calton Hill, thus contributing to the area's Outstanding Universal Value (OUV). From notes taken during the interview process, it can be seen that Professor McKean liked the way the proposals were evolving and was particularly supportive of the way DHP and its designers, Hoskins Architects, were addressing the linkage between the Old Town, the former RHS and Calton Hill.

Members of the Interview Panel have made the following statements regarding the Dialogue Process, and in particular the Council's Preferred Development Partner to deliver their aim to secure a long-term, sustainable use for the RHS, and wider economic benefit for the city of Edinburgh:

'Your bid was seen as being aspirational and of a quality that would most likely enable the regeneration that the building requires. Your bid also looked at the entire site and sought to tackle access, servicing, public space and sustainable business

*modelling. The site approach was a differentiator for your bid as was the robust team of expertise you were working with.*¹³

'Throughout 2009, The City of Edinburgh Council (CEC) ran a comprehensive 'Competitive Dialogue' process (following OJEU regulations) to find a partner to deliver a sustainable business solution for the Former Royal High School (RHS) on Regent Road, Edinburgh. In February 2010, Duddingston House Properties (DHP) was selected as the preferred partner. The selection panel, including representation from CEC (planning, city design), CEC (strategic development), CEC (procurement) and Edinburgh World Heritage was advised and supported by a CEC Technical team (Finance, Property, Legal, Planning and Development Management)

The plans to transform the former RHS into a high quality art hotel outlined robust proposals to deliver significant social and economic benefit to the City, whilst integrating well and enhancing the surrounding physical development plans at that time.

*DHP demonstrated that they had a number of funding partners and a proven track record of raising capital for development projects.*¹⁴

'It seems a long time ago, and I am saddened that the Royal High School appears no closer to being back in full use.

'I was involved as part of the formal procurement organised by Dave Anderson to find a suitable developer to bring the Royal High School back into positive use. My role as City Design Leader was to ensure that the design credentials and intentions of the preferred developer were the best.

'From memory there were a series of meetings designed to ascertain the suitability of the developer and their proposals. Your team was the one that offered the best solution to the issues of reusing such an important piece of the nation's heritage. Your proposals, I believe, were to deliver an outstanding quality proposal that would match the singularity of the site. What was also important is that you did not purely stay within the 'red line' and you proposed that the interventions linked back to the old and new town.

¹³ Jonathan Guthrie, Advisor to the Business Development Bank Division at The Scottish Government via email, 29 July 2015

¹⁴ Jane Dennyson, Project Manager, City Development via email, 17 August 2015

*'I think that everyone in the selection panel and all the senior officers involved supported the principles of your proposals. The detail will have to be resolved but the approach of using a modern architecture to complement the existing setting and buildings was the right one in the context of your proposals.'*¹⁵

The dialogue process with the CEC selection panel assisted DHP and its advisors to understand fully the objectives of the CEC as set out in the Development Brief: this in turn influenced DHP's vision for the project. The process was both constructive in approach and broad ranging in content. By the time of the dialogue closure date on 9th January 2010 and final tender submission on the 29th January 2010, DHP were clear on their vision for the RHS project, which is summarised as follows:

- To create a hotel of international standing that restores and enhances the centrepiece Hamilton-designed buildings through exemplary conservation measures
- To identify a hotel operating partner who would embrace the concept of a hotel that showcases the best of Scottish art, culture and design
- To conserve and restore the centrepiece Hamilton-designed buildings and create publicly-accessible spaces, reflecting an Arts and Culture theme
- To ensure the hotel project acts as catalyst to revitalise and connect this part of the city to the Old Town and Calton Hill
- To create momentum for a wide range of place-making measures including a future management plan for Calton Hill
- To deliver a project of outstanding contemporary design that enhances the OUV of this part of the World Heritage site

¹⁵ Riccardo Marini, City Design Leader via email, 16 August 2015

- To deliver through the choice of hotel partner, wider economic benefit to the City of Edinburgh, directly through the creation of jobs, and indirectly through the training programmes generated, together with a presumption in favour of an extensive local supply chain
- To position the hotel as being of a world-class standard that meets Edinburgh and Scotland's stated objectives for tourism
- To address and to surpass the CEC coalition pledges for Edinburgh, e.g. Pledge 15¹⁶, and the Scottish Government's objectives for sustainable economic development¹⁷
- To identify a robust funding structure to deliver the project

In 2010 the UK had entered a period of severe recession. The real estate industry was particularly badly hit by the global banking crisis, falling property values, and a complete lack of confidence. Plans for any type of property transaction involving risk, or which were in any way speculative, were frowned upon. DHP have had a belief in the project from the day they were selected as the CEC's development partner, that their vision could be realised, given time, constructive assistance, and no small measure of determination to realise that vision without compromise.

The RHS buildings and site are a unique public asset, which will always remain in public ownership. DHP's responsibility and legal agreements with the CEC as its development partner is a privilege, which is highly valued, and the past 5 years have been dedicated to the project's realisation. Objectives set by the CEC and the vision held by DHP have always remained central to the development philosophy and decision-making process during the project's evolution.

¹⁶ CEC '*Capital Coalition Pledges – Delivery and Performance*'. Pledge 15 is as follows: Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors', 23 August 2012

¹⁷ Scottish Government '*Scottish Planning Policy – Consultation Draft*', April 2013

Hotel Demand

DHP consulted Scottish Development International (SDI) at an early stage. SDI expressed keen interest to become involved with the project, and to assist DHP expose the RHS opportunity to potential international hotel operating partners. SDI's network of offices worldwide and its links to Visit Scotland had already identified a lack of high quality hotel provision within Edinburgh, and, in conjunction with CEC, they had established the following key facts:

- By comparison with other European capital cities, Edinburgh lacks the world-class hotels that meet the strategic objectives of the National Tourism Development Plan¹⁸
- The Edinburgh Hotel Development Plan commissioned by SDI and Edinburgh Tourism Strategy Report identifies that there is a strategic rationale in securing world-class hotels for the city, to ensure that the Capital can compete internationally¹⁹
- Visit Scotland's National Tourism Development Framework 'Tourism Scotland 2020' is a product of extensive consultation in the tourism industry led by the Scottish Tourism Alliance (STA), and this sets out key areas of demand to create a step change for the industry²⁰

Growth in visitors and tourists to Edinburgh had been identified in the above reports. Both the Tourism Development Plan and Edinburgh Tourism Strategy Action Group (ETAG) note the importance of delivering more 5-star hotel accommodation, and reference the city centre and west Edinburgh as key areas for future growth.²¹ Edinburgh is the second most visited city in the UK with 3.9 million visits, but currently ranks 12th in EU non-capital cities. Projections through to 2023 forecast

¹⁸ Visit Scotland 'Tourism Development Framework for Scotland', July 2013

¹⁹ CEC 'City of Edinburgh Hotel Development Schedule 2013', 2013

²⁰ Scottish Tourism Alliance 'Tourism Scotland 2020', June 2012

²¹ ETAG Report 'Edinburgh 2020', January 2012

visits to grow to over 5 million with international visits increasing to 1.6 million, ranking Edinburgh first equal in growth projections in the UK.²²

The hotel sector in Edinburgh is therefore seen as a key aspect of the city's economic infrastructure and is a critical factor in the success of the tourism economy in Scotland. Oxford Economics,²³ a global economics consultancy, were engaged to conduct research on behalf of DHP/UH. Oxford Economics' results indicated that the RHS could contribute circa £30 million in visitor spending to Edinburgh each year, supporting over 800 jobs directly within the city and over 900 jobs in Scotland. Annual tax receipts were estimated at over £16 million once the hotel was operational.

Statistics and project viability have been established for the future hotel at the RHS, with solid prospects for growth through to 2020 and beyond. However, there has not been a new 5-star hotel project in the city for over 100 years. This is partly due to the limited number of appropriate locations available to meet potential world-class hotel operators' strict requirements. The location of the former RHS, and the challenges of working within a sensitive historic environment were seen by DHP as key to achieving the ambition of attracting a world-class hotel operator to Edinburgh. Testing the vision by inviting international hotel operating partners to visit Edinburgh and see the RHS site, in order to gauge reactions and establish interest started in the spring of 2010.

Hotel Operator Visits - Edinburgh

Over a period of three years, DHP worked closely with SDI²⁴, and between them they brought more than 40 international hotel operators to Edinburgh, to see the city and the former RHS.²⁵ Although the hotel groups introduced by SDI varied in brand style, all were active on the international stage and had expressed interest in being represented in Edinburgh. A pattern was swiftly established for these visits, and this

²²Oxford Economics 'The economic impact of a new five-star hotel of international standing on the Edinburgh and Scottish economies', 2015

²³ Oxford Economics 'The Economic Impact of the Calton Hill Hotel development', 2015

²⁴ Letter from Graeme White, Head of Tourism, SDI, 27 July 2015

²⁵ DHP List of international hotel groups visits (Confidential)

formed a steep learning curve for DHP as well as the hotel operators. Most of the operators spent a full day in Edinburgh; many extended their visit to two days and in some cases they stayed longer. The hotel operators' focus during visits can be summarised as follows:

- Collection from Edinburgh Airport
- Tour of the city centre with a particular focus on the Old and New Towns
- Visits to key city centre hotels including The Balmoral Hotel (Forte Hotels), Waldorf Astoria Edinburgh (The Caledonian), Sheraton Grand Hotel and Spa, the former Missoni Hotel (now the G&V Royal Mile Hotel) and The George Hotel
- Visits to key city attractions including the Castle, St Giles, the Parliament, Holyrood Palace, the High Street, The Grassmarket, New Town and Calton Hill (many making the walk up the Hill)
- Visits to potential other hotel sites including the former Donaldson's School, the south side of St Andrew Square and the Haymarket site
- All visitors took time to walk round the RHS site and most of its buildings. Particular attention was paid to the main Hamilton Buildings
- 'Down time' in various famous Edinburgh venues including the Café Royal, The Witchery and The Abbotsford Bar gave visitors a chance to take in cultural and historic aspects of the city.
- Many asked to see 'the best hotel in Edinburgh'

All hotel visitors expressed a particular interest in knowing about Edinburgh Airport's strategy and performance, along with seeing Waverley Station, and of course the Edinburgh tram system. The Edinburgh International Conference Centre (EICC), St James shopping centre, Harvey Nichols and George Street became a focus for all

with statistics / projections / performance indicators led. Many of the statistical indicators for the city and its strategy for growth were provided through the CEC Economic Development Department, Visit Scotland and the SDI. Where additional information was requested this was followed up by DHP and SDI. For many hotel groups it was their first visit to Edinburgh and, for some, to Scotland.

All hotel groups were particularly keen to look at potential alternative site locations to RHS, which included the former school for the deaf at Donaldson's College and in particular the south side of St Andrew Square. Both were dismissed by the majority of groups. Donaldson's, despite being an impressive building in a good setting, was seen to be too peripheral to the city centre. St Andrew Square lacked the required setting, thus confirming the findings of Collier's study²⁶. Both sites were also deeply indebted to banks, whose primary interest was in the recovery of these substantial levels of debt. This made these sites commercially unattractive to investors.

In addition to an overview of Edinburgh, hotel groups took a real interest in 'Brand Scotland' and its people, history, cultural aspects, leisure pursuits, destination distances to golfing centres and in particular East Lothian, Gleneagles, and St. Andrews. Many of these visitors made the trip to all of these places. Distances and travel times to the Trossachs, the Borders and the Highlands became a common request. The level of information and detail hotel groups requested became a barometer indicating their level of interest in Edinburgh and the RHS. A number of hotel groups had already undertaken preliminary viability assessments of the Edinburgh hotel market, or knew the city well, while others, in particular those from Asia, had little statistical knowledge of the city, but recognised the brand strength of Scotland and its culture. Selling the strengths of Scotland to hotel groups became a relatively easy task for DHP; showing groups round the city centre became a privilege; but the challenge of convincing groups of the former RHS's merits and the opportunity it presented was harder to achieve.

²⁶ Colliers International *Review Of Hotel Development Opportunities In Edinburgh*, 17 March 2015

Hotel Operator Visits – The RHS

Visits to the RHS involved an on-site walk round all the buildings and in particular the central Hamilton buildings. Many hotel group members wished to walk the distance from the site to Princes Street, up Calton Hill, and on to the Parliament and Holyroodhouse. Perceptions of the RHS location in relation to Princes Street surprised many who were unaware of how close the site was to key city landmarks.

All visits involved a description of DHP's ideas for the former RHS, followed by a presentation of proposals indicating how a hotel could function on the site. Particular emphasis was placed on the former RHS's location within the World Heritage Site, and the significance of the Hamilton buildings and their history. Through discussions, a trend in operator views emerged, on which aspects of DHP's design could work and which aspects would prove more challenging. A common theme on public access routes, servicing the building, and the split between public and guest spaces began to emerge.

The walk round the RHS building always finished by standing on the main Hamilton Building south facing portico and a description of the panoramic view and landmarks:

- To the east the Firth of Forth, North Berwick Law and Traprain Law – the ancient geology of Scotland
- The Royal Palace of Holyroodhouse – Scotland's Royal Dynasty
- The Burns Monument – our National Bard
- Sir Walter Scott's connection to RHS (a former pupil)
- The Scottish Parliament – a symbol of a modern Nation
- Dynamic Earth – contemporary architecture in a World Heritage site
- Canongate Cemetery – The Enlightenment of Scotland
- Edinburgh University Old Quad – a city of learning
- The Tron Kirk – Edinburgh's Parish Church
- St Giles Cathedral – Religious History of Scotland
- Edinburgh Castle – Scotland's Capital Landmark
- Arthur's Seat, the Queens Park and the Craggs as a backdrop – the 'Highlands of Scotland'

- The Old Town's 'fish skeleton' pattern – Medieval Edinburgh

No matter which season, no matter what the weather, and no matter the time of day, visitors stood and absorbed this panoramic view in absolute wonder and amazement. A snapshot of Scotland's DNA could be taken in minutes; an appreciation of what makes the Scots a proud Nation is grasped in seconds. The impact of the view from Hamilton's portico on visitors to Scotland's capital was long lasting and left many with a vivid memory of Edinburgh. Combined with the great alumni and the pedigree of Hamilton's masterpiece, the city's skyline and its reputation as 'the Athens of the North' and birthplace of the Enlightenment, together with our great ancestry made international hotel groups reconsider Edinburgh as a possibility where previously doubts had existed.

Over the 3 years of visits, presentations, discussions and follow-up meetings with hotel groups, it became clear that while DHP's design could function operationally for hotel groups, other criteria were emerging as potential barriers to attracting tangible interest in the project:

- Edinburgh's ability to sustain a world-class hotel by comparison to other European capital cities was questioned
- Concerns over DHP's ability to fund the project at a time when a world recession had created severe restrictions over access to investors
- Most hotel groups operated under management structures, which capital markets saw as being high risk if they were outside central London
- DHP's assumption that hotel groups would be supported by a stable of interested investors proved to be incorrect
- Most hotel groups were 'Brand Standard' driven, and were resistant to the specialist nature of DHP's vision for the RHS

- Operator risk assessments indicated that a ‘glass ceiling’ on average daily rates (ADR’s) existed in Edinburgh, and while average occupancy levels across the city were good at over 75%, top end rates were 35% lower than comparable European cities²⁷
- Europe was considered ‘low priority’ apart from London and Paris, by comparison to other world regions, and in particular Asia, North America, and the BRIC countries
- Many hotel groups were aware of Edinburgh’s so-called reputation as a difficult city in which to get projects to happen. The publicity over Calton Gait, Craighouse and other contentious projects resulted in this being widely known.

Although the above concerns and potential barriers proved to be a frustration to progress, they gave DHP an insight into how difficult it was going to be to deliver its vision for the RHS far less the ‘*viable long term sustainable economic solution to the buildings future*’ sought by the CEC.

During this period, two hotel groups did come to the fore and spent considerable time with DHP and its team working up detailed proposals with cost and operational plans, and with one group an investor memorandum proposal was produced.²⁸ In both cases the project was declined at hotel main board levels, due to perceived commercial risks to the operators by comparison to opportunities elsewhere in Europe. Although both situations were major setbacks to the project, lessons had been learned and a considerable level of knowledge and experience gained.

It was clear that while Edinburgh and the RHS proposals were of interest to International Hotel Groups, there was a perceived commercial risk, and doubts over the city’s future as a true European capital city on a par with Amsterdam, Berlin, Copenhagen and Rome.

²⁷ HVS ‘*Market snapshot*’ July 2011

²⁸ ‘*Investor Memorandum*’ 2013

To address the perceived financial weakness of Edinburgh as a capital city, considerable statistical data and projections were sought and provided by SDI and Visit Scotland, along with the CEC Economic and Development team. A robust financial model, linked to key ambitions and business projections provided by Edinburgh Airport, the EICC, the retail sector and especially a few of the existing top hotels, gave DHP the confidence to take the project and vision forward.

Urbanist Hotels

In May 2013 a meeting between David Orr, Chairman of the newly formed Urbanist Hotels²⁹ and Bruce Hare, Chief Executive of DHP marked a turning point for the project. Urbanist's knowledge and considerable experience in both the hotel operator sector and in funding structures for major hotel projects mean that they were a natural co-investment partner in the project for DHP. Above all the vision DHP had for the RHS was something about which Urbanist needed no convincing. It was enthusiastically embraced and expanded on to create a sound and attractive commercial strategy and dialogue, with which to approach major international investors.

The focus on securing co-investors to the project, so that a shortlist of potential world-class hotels could be created, was a major step-change in the project's evolution.

By April 2014 the partnership between DHP and Urbanist had secured all necessary institutional funding to complete a £75 million investment in the project. Together with the co-investors, DHP and Urbanist will remain financially involved for a number of years in the running of the hotel. A Development Agreement was entered into with the CEC, who granted a 125-year Ground Lease, conditional on Planning and Listed Building Consent and survey work.³⁰

²⁹ Urbanist Hotels '*The restoration and revival of the old Royal High School*', 2015

³⁰ Economy Committee, report by the Head of Legal, Risk and Compliance, 16 December 2013 (confidential)

With funding for the project secured and a targeted approach to potential hotel operating partners established, a shortlist of 3 international hotel groups was identified, and the competitive dialogue started. While commercial terms formed an important aspect of the criteria for selection, the partnership were adamant that the selected hotel operating partner had to be able to address the following:

- Demonstrate a knowledge of working with Listed Buildings and within sensitive historic locations
- Embrace the philosophy and vision the partnership had for the RHS and demonstrate an individualistic approach to the creation of world-class hotels
- Contribute to the vision for the arts and cultural sectors with a focus throughout on authenticity, local employment, local suppliers, training programmes, and demonstrating where such an approach had been taken with existing hotels
- Demonstrate how new tourism and business markets identified by Visit Scotland³¹ could be secured and how the operator engages with key cities
- Above all demonstrate how they will assist in delivering a world-class hotel for Edinburgh on a par with very best in London and Paris

The dialogue process proved to be an enlightening experience with all 3 operators strong on the commercial terms being offered to underpin their commitment to the project. Where they differed was in approach to the above criteria primarily due to their ownership structure and business philosophy, which can be summarised as following:

- Management brand – focus on expansion
- 50/50 owned and managed hotels – focus on risk assessment
- Group owning and managing a small number of hotels – focus on the project

³¹ Visit Scotland 'Key facts on tourism', 2013

With competitive tension in place between potential operators, DHP and Urbanist had enough confidence in the project to enter into Pre-Application discussions with key stakeholders involved in the Planning and Listed Building process.

Pre-Application Stakeholder Consultations

Given the planning and architectural sensitivities of the former RHS and its setting, DHP/UH initially consulted with the three key stakeholders in the project at senior officer level. Through the offices of the CEC Chief Executive, agreement was reached with the CEC Planning Department, Historic Scotland and Edinburgh World Heritage to hold a series of workshops. Initially it was agreed that these would take place over a 4-month period, and would focus on exploring design options for the hotel. It would also give DHP / Urbanist and its design team the opportunity to explain and discuss their approach to the emerging design. To ensure professional rigour was applied to the process, it was agreed by all stakeholders that an independent chairperson would be selected from a shortlist of 4 approved persons. Following a blind vote by stakeholders, Robert Carr WS, SSC, FRSA, Solicitor Advocate and Chair of Anderson Strathern LLP was selected.

The workshops took place on 23rd May 2014, 13th June 2014, 4th July 2014, 25th July 2014, and 8th September 2014. The initial workshop was held at the RHS main Hamilton Buildings, which then had to be abandoned as a venue for health and safety considerations. All further sessions took place at Duddingston House.

The workshops took the form of presentations by the DHP/UH professional team, based upon a pre-agreed Agenda. The aim was to address aspects such as building setting, conservation approach, building interventions, massing of new build elements, the case for demolition of ancillary buildings, public realm proposals, results from building surveys, as well as showing examples of where world-class hotels had successfully combined historic buildings with new build elements.

Reactions to proposals and discussion revolved around current Conservation and Listed Building policies for the RHS site, its surroundings and Calton Hill. Much of the debate, which was based on the evolving designs presented for the conservation

and restoration of the main Hamilton Building complex, was examined against recent planning policy tests, guidance and standards. During this period, design options were very much in their evolution and the reactions to proposals became a matter of interpretation and reasoned judgment based on the experience and knowledge of the participants. At times subjective opinion stifled the very objective of the workshop process. The intention of the workshops was to explore where there was like-mindedness in approach to the restoration and conservation of the main RHS buildings, through the development of new-build hotel wings to the former playground platforms at the eastern and western ends of the site.

During the workshop period, general agreement was reached on both the approach and the case for demolishing all surrounding ancillary buildings to the main Hamilton buildings together with the reasoning behind this. The buildings under consideration for demolition included the former gymnasium building and gatehouse/entrance. Improvements to the public realm surrounding the RHS were looked into, with particular emphasis on proposals to reconnect the Old Town with Calton Hill. Scale and massing of development to the eastern platform was examined, together with the desire to enliven and improve the approach to the site from Waterloo Place. Proposals to alter or undertake interventions to the main Hamilton buildings frontage to Regent Road, which included proposals for new entrance steps, winter gardens, and new openings either side of the main door at portico level stimulated much debate and difference of opinion. Considerable discussions over the setting of new wings in relation to Calton Hill and the main Hamilton buildings were a focus of each workshop.

While there was a general consensus that a substantial built form could be placed on the eastern platform, no agreement was reached on what form this might take. The guiding criteria and influences to development in the western platform were the setting of new building in relation to the main Hamilton buildings; the visual impact from agreed long views including Salisbury Crags, North Bridge, and the Castle and sequential views taken from Market Street, Jeffrey Street, New Street and Waterloo Place. While some participants to the workshops thought that little or no development on the western platform should take place, or thought a 'pavilion' structure was possible, others thought there was merit in looking at a new building of

some scale that framed the view with St Andrew's House towards the Queens Park when approached from Waterloo Place. While many proposals and options for the west platform were debated no unanimous consensus was reached.

Although the workshop dialogue process and minutes were agreed as being confidential, it would be fair to say that the process failed to meet the objectives set by the participants and at a closure meeting chaired by the CEC Chief Executive on 5th November 2014 and attended by all stakeholders in the project, it was agreed to have two further sessions in an added effort to achieve like-mindedness. The next design workshop took place on 25th November and was followed by the final session held on 10th December 2014 at the CEC's offices at Waverley Court under the chairmanship of Robert Carr.

By the time of the final workshop in December 2014, DHP and Urbanist were able to share information on the commercial viability of the proposals with the CEC that demonstrated the design, and in particular the quantum of development necessary to produce a sustainable economic solution for the buildings' conservation and restoration. The proposal also fulfilled the aspirations and operational requirement for a world-class hotel that embraced DHP / Urbanist's vision for the cultural, economic, educational, environmental and social benefits sought - the original vision by DHP had not been compromised. Agreement was reached between the parties that DHP / Urbanist should proceed towards lodging a Proposal of Application Notice (PAN), which occurred on the 20th of January 2015.³²

By this time the CEC's acting Head of Planning had established seven key considerations³³ in conjunction with HS and EWH, against which the designs could be tested. These were:

1. The Royal High School principle Hamilton Buildings must remain the visually prominent buildings on the site

³² Pre Planning Application Notice for redevelopment of former Royal High School, 2014

³³ David Leslie, acting Head of Planning, e-mail dated 8th January 2015

2. Development should not try and 'extend' the existing building (the new development should be placed within the site)
3. There needs to be a sufficient gap between the original building and any development to allow Hamilton's former RHS to read as a single entity, to ensure views to the hill behind and to prevent coalescence of development along the bottom of the hill
4. New development needs to be pushed back as far as possible
5. Height – this may depend on the location of the new development. Critical that height is assessed from all viewpoints – i.e. approach from Waterloo Place and views down from Calton Hill
6. Notional symmetry may work but provided there is not an attempt to try and 'finish' Hamilton's building.
7. Any design must not compete with the RHS building; it needs to be recessive yet of significant design quality.

In January 2015 DHP and Urbanist gave a further presentation of the project's design development and produced working three dimensional models to demonstrate the design thinking by Hoskins Architects, and the way the design had been refined in light of ongoing dialogue with other core participants. A clearer understanding of the key conservation measures and heritage issues were emerging through the research being undertaken by DHP/Urbanist's architectural heritage consultant, Andrew PK Wright, OBE, PPRIAS.

The designs being presented in January 2015 adhered to the conservation benefits being articulated by Andrew PK Wright and addressed the seven key considerations set by the acting Head of Planning, although as always there was debate round the level and extent to which each test had been met. Judgement on visual impact of new wings to the setting of the main Hamilton composition of buildings and the backdrop of Calton Hill was generally subjective. It was recognised that not enough

detailed analysis was possible from the many viewing points in the city towards the RHS to provide a consensus, which resulted in four key viewing points (Salisbury Crags, Queens Drive, North Bridge and Waterloo Place) being selected to test visual impacts although others including Market Street, Jeffrey Street, Regent Road and the Castle also featured.

By the time the PAN was submitted on the 20th of January 2015 a period of some 8 months had been spent in workshops and pre-application discussion with the key stakeholders. Throughout this process DHP/Urbanist and its design team led by Hoskins Architects, presented and produced many alternative massing studies to address comments made. While there was a general consensus reached on the quantum of development possible on the eastern development platform it proved much more difficult to obtain the same consensus on the western platform. Often there were contradictory views expressed by stakeholders. Some participants came into the workshops with fixed views, which never changed throughout the process.

On reflection the workshop process was beneficial and is worthy of repetition on major sensitive planning projects. Key stakeholders and custodians of the city's rich heritage have the opportunity to engage in collaborative dialogue prior to a formal planning process commencing and proposers / investors in the city have the opportunity to benefit from the views of key stakeholders. The objective of the workshops of achieving like-mindedness is perhaps an aim that was unachievable, although the Chair of the workshops did bring the participants towards a closer understanding of where individual parties had concerns. DHP / Urbanist acknowledge the considerable effort made by Robert Carr throughout the workshop process to bring the participants together through his undoubted commitment to the future of the RHS Hamilton buildings and his desire to follow Scottish Government³⁴ guidance on a collaborative approach to planning matters. A full report and overview of the workshop process including comments on all stakeholders' contributions, performance and adopted attitudes, was commissioned by DHP / Urbanist as a

³⁴ Scottish Planning Policy, 23 June 2014, Para 137 - 148

record of events, which was completed by Robert Carr in February 2015 and remains confidential.³⁵

Pre-Application Public Consultations

The RHS building has been in public ownership since its completion in June 1829 as an exclusive boys school, until 1968, when the school moved to a new facility in Barnton. Between 1977 and 1980 the buildings passed from the Council to the Scottish office for adaptation by the Property Services Agency for use by the anticipated Scottish Assembly. In 1993 the buildings passed back to the Council to be used by a variety of Council Departments and affiliated bodies on short-term agreements. Following Local Government re-organisation in 1996 the campus had been the subject of a variety of interests including a site for the Scottish Parliament, a site for the new Council HQ, a Sixth Form College, a European youth Parliament, and a National Museum of Photography.³⁶

Throughout this time, and since the buildings were permanently in use 47 years ago, one of the finest examples of Greek Revival Architecture in Scotland, of great cultural and historic significance, has never had a use to match its undoubted historic standing. At no time have the buildings been publicly accessible other than during one-off debates or exhibitions. At no time has any proposal that did not include public funding from either Local or Scottish Government come forward. At no time has there been interest shown by any Heritage body or philanthropic restoring purchaser for the buildings' restoration or future use.

As part of DHP/Urbanist preliminary studies and to inform potential design options, detailed fabric condition surveys, structural engineering studies, rot investigation surveys and asbestos surveys were undertaken under the guidance of

³⁵ Report by Robert Carr, Solicitor Advocate, WS, SSC, FRSA, Chair of Anderson Strathern LLP, 1 Rutland Court, Edinburgh, on the series of Workshops and Meetings held between May 2014 and January 2015 in relation to the former Royal High School Building Complex at Calton Hill, 5-7 Regent Road, Edinburgh, February 2015

³⁶ Kyle Drummond, Economic Development, CEC, *RHS Position Statement*, 10 June 2015, p 2

DHP/Urbanist's specialist heritage architect Andrew Wright.³⁷ A full geotechnical and geoenvironmental investigation was also completed.³⁸

The studies provided the design team with a full understanding of the condition of each of the 7 buildings on site and in particular the 5 category A listed buildings of which the central Hamilton building, side pavilions, retaining walls and stone plinths were of great concern. The report findings indicate structural movement, timber dry and wet rot prevalent throughout the buildings, and water ingress resulting in flooding in parts of the main Hamilton building. Remedial works necessary to halt the rapid deterioration of one of the most important collection of buildings in the city were identified and detailed cost plans have been prepared by Thomas and Adamson.³⁹

The consequence of having no clear and permanent use involving public accessibility has been that the buildings' maintenance and repair have been a low financial priority for the Council, resulting in rapid deterioration⁴⁰. With over £25 million of public funds spent since 1968, and an annual maintenance budget of over £ 250,000⁴¹, the main Hamilton Buildings alone require a minimum of £5 million of investment just to arrest their decline and stabilise the buildings' fabric for a use that befits their importance.⁴²

Out-with the workshop process no party approached DHP to offer assistance, voice concern, or suggest ideas for how one of the most important buildings in Edinburgh might be restored or reused. At no time since the Council appointed DHP as its Preferred Development Partner on 2nd February 2010, until the launch of its first Public Exhibition on the 6th and 7th February 2015 did any public or conservation agency express any interest in restoring the buildings.

Feasibility studies into the re-use and integration of surrounding individual buildings to the central Hamilton buildings had been on going throughout the design process. In particular the former lodge/gatehouse and gymnasium, which are category A-

³⁷ C-MIST, *Asbestos Survey*, December 2014

³⁸ ARUP, *Combined Geotechnical and Geoenvironmental Desk Study & Interpretive Report*, 18 December 2014

³⁹ T&A, *Summary of Fabric Repairs estimate*, 22 June 2015

⁴⁰ ARUP, *Structural Condition Survey*, 16 December 2014

⁴¹ CEC Finance and Resources Committee, 31 March 2009, Para 2.4

⁴² T&A, *op. cit.*, 22 June 2015

listed were given special consideration. Every effort was made to look at incorporating the former gymnasium building into the hotel design proposals. Although it is possible to convert the former gymnasium building, the compromises incurred to the overall layout were considerable. The lodge/gate house at the entrance to the RHS, while not an unattractive building in its own right, entirely obscures the view of the RHS when approached from Waterloo Place. It was considered to be completely out of context with the overall vision and objectives for the new wing designs, which sought to give the main Hamilton buildings a prominent focus. The juxtaposition and setting of contemporary hotel wings were always seen as being key to the success of the overall design concept. Ensuring the Hamilton centrepiece composition remained prominent when viewed from various vantage points throughout the city with views through to Calton Hill was a key consideration in the various design and massing studies.

Option appraisals into the retention of the gatehouse and former gymnasium buildings were worked up and presented at the first Public Exhibition to gauge public reaction to their demolition in favour of new build hotel wings. Studies into retention of each surrounding building were presented. Visitors to the exhibition were given the opportunity to look round all existing buildings on the RHS site with many expressing grave concerns over the condition of the main Hamilton buildings and the deterioration of its interior. Around 80% of people thought it was acceptable to demolish all of surrounding buildings, including the gatehouse and former gymnasium in favour of the proposed new wing blocks.⁴³

Presenting the outline architectural proposals during four Public Exhibition Days at the RHS in February⁴⁴ and March 2015⁴⁵ was therefore the first time many people had been into, or seen round the buildings⁴⁶. The exhibitions presented proposals at a stage in the development process where public opinion was very important to the development team, and could inform and potentially guide the project team in how the proposals could be taken forward.

⁴³ Public Exhibition Questionnaire results, February 2015

⁴⁴ Public Exhibition display boards, 6-7 February 2015

⁴⁵ Public Exhibition display boards, 5-6 March 2015

⁴⁶ Public Exhibition overview and results, February 2015

The Scottish Government's advice and encouragement⁴⁷ to engage with the public on major planning application proposals often results in developers paying 'lip service' to public opinion. The RHS is a public asset of international importance that has had no permanent use for over 47 years, and very limited public accessibility. The importance of public opinion elicited by the exhibitions, and the responses received, was therefore a major influencing factor in the project's evolution.

During the 4 days of Public Exhibition, and via the project's website, which showed copies of the information presented at each exhibition, there were 764 responses received to questionnaires from over 1000 attendees. The survey results were independently audited by Scott Porter Research & Marketing Ltd.⁴⁸

Key responses from each exhibition are summarised as follows:

First Public Exhibition - 6th and 7th February 2015

- 97% were concerned about the deterioration of the buildings
- 75% were in favour of a world-class hotel as an appropriate use
- 80% thought it acceptable to demolish ancillary buildings
- 92% were in favour of proposals for public access to the Hamilton buildings
- 75% were generally in favour of the design proposals
- 94% were in favour of public realm proposals

Second Public Exhibition - 5th and 6th March 2015

- 69% remained in favour of a world-class Hotel as an appropriate use
- 86% were not in favour of 'mothballing' the building
- 83% were in favour of proposals for public access to the Hamilton buildings
- 60% were generally in favour of the design proposals
- 65% were in favour of public realm proposals

While the results from the questionnaires from both exhibitions provided a good statistical public response to proposals, the project team found that informal

⁴⁷ The Scottish Government, Planning Advice Note, *Community Engagement*, March 2010

⁴⁸ Scott Porter, Royal High School Consultation feedback, May 2015

discussions with visitors from throughout Edinburgh and indeed further afield including London, Stockholm, Canada and Japan were an invaluable part of the process. To hear the views of many former RHS pupils, heritage experts, architects, local residents and Edinburgh citizens was an experience that the team all learned and benefited from.

In addition to the public exhibitions, team members escorted interested groups, local residents associations, heritage bodies, and members of the Business, Academic and Arts Community round the buildings. In all over 60 separate 'VIP tours' took place over a 5-month period with people expressing their views either through the questionnaire or from follow-up discussions and group meetings after each tour.

During this period, presentations on the proposals were made to groups concerned with the future economic performance of the city and the potential impact that the proposals for a world-class hotel would have nationally, as well as on existing city-wide strategies for tourism and economic advancement. The overall economic impact on individual key drivers to the city's economy were discussed in depth. These included discussions with CEOs Edinburgh International Airport, The Edinburgh International Conference Centre, Edinburgh, Napier and Queen Margaret Universities, The Edinburgh Hotels Association, Essential Edinburgh, Edinburgh Marketing, The Chamber of Commerce and Visit Scotland. The outcome of 5 months of intensive and wide ranging consultations was overwhelmingly in favour of our proposals for the main buildings conservation and restoration, and for a world-class hotel being an appropriate use for the RHS site.

Debate, discussion and feedback received centred round detailed design, how accessible a world-class hotel could really be to the general public, and a concern that the buildings had been allowed to deteriorate into an almost irreparable state.

The project team discussed and analysed the outcome of the consultation process at length and agreed that in taking the project forward, each of the above key outcomes, while interrelated, should be progressed individually. Separate documents are included in this application, which address building fabric repair works, under the direction of Andrew PK Wright OBE, along with an Arts, Culture and Accessibility Strategy for the main Hamilton buildings.

Responses received in connection with the design proposals throughout all of the consultation process were varied and helpful. Although it is inevitable that individual architectural taste is bound to be expressed, a general consensus on two distinctly different design approaches emerged. There was a quorum of opinion who thought that a 'classical' approach to the new developed wings should be adopted to echo the Hamilton building in a contemporary way. The majority of views however supported a contemporary approach to the design of new wings, expressed through the very best architectural design, reflecting the key stakeholders views set down in the seven points mentioned previously.

DHP and Urbanist recognised that while there was strong support coming out of the pre-application process for an international hotel and the restoration of the Hamilton buildings, comments on the design approach led us to instruct the design team to re-examine the east and west wing settings in relation to the central Hamilton buildings composition. A more dramatic contemporary architectural solution was sought taking inspiration from the geology and landscape of Calton Hill rather than the main Hamilton buildings.

While design will always feature subjective views, it was important to the development team that in taking the proposals forward, the expertise of recognised organisations in the field of architecture and design was involved, in order to bring a fresh analysis to the proposals.

Detailed Design – Architecture and Design Scotland

It is understandable that views will differ from one heritage organisation to another, depending on the specialism of each, and at times these can contradict one another. To achieve a level of collegiate common ground, it was decided to acknowledge and work with the views of the two sections of the Edinburgh Community who were the most influential in DHP / Urbanist's evolving proposals. These were those of Architecture and Design Scotland (A+DS), who have worked in a consistently constructive way in addressing sensitive design issues involving all stakeholder groups from an expert professional standing, and those from the Edinburgh public represented and articulated through the Public Exhibitions.

At the request of DHP and Urbanist, a series of 3 workshops were agreed with A+DS through their Design Forum process as being the most appropriate independent executive non-departmental public body to provide advice and assessment on the project design.⁴⁹ Their mission statement is:

*'Architecture and Design Scotland is Scotland's champion for excellence in architecture, place making and planning. We celebrate good architecture and design and work with a range of communities to shape the places we all value.'*⁵⁰

DHP / Urbanist's commitment to a design-led and place-making approach to the future conservation of the RHS, and the creation of a world-class hotel on the site is demonstrated by the quality and experience of its design team, led by Hoskins Architects and supported by the heritage architect Andrew PK Wright, OBE, along with Rankin Fraser Landscape Design and ARUP Engineering (Civil, structural, environmental, transportation, sustainable building solutions and assessments). In support of the design and technical team, full investigative studies had been undertaken into existing building fabric condition, architectural and heritage assessments, site investigation analysis, archaeological studies, natural heritage and landscape surveys and specialist reports into hotel viability including economic and social impacts and future alternative use viability studies⁵¹.

By the time the Design Forums with A+DS took place on 2nd February 2015, 2nd March 2015 and 13th May 2015, the project team had a full grasp of all influencing factors on project viability and were therefore able to engage informatively on design issues and their influence on a finalised design. In parallel, discussions with the shortlisted group of three potential hotel operating partners on detailed design considerations could be tested to ensure outcomes from the A+DS forums remained viable.

Design continuity from earlier workshops involving the CEC Planning, Historic Scotland and Edinburgh World Heritage was maintained through the A+DS forums with representatives from each organisation. The outcomes and discussions from

⁴⁹ A+DS Design Forum, *Project appraisal*, 13th May 2015

⁵⁰ A+DS, *About us* (2015), Available at: <http://www.ads.org.uk/about-us>

⁵¹ RHS Planning Application Contents, July 2015

each session had a profound influence on the way the project designs evolved for the new flanking wings to the main Hamilton Buildings' setting and to building interventions. Designs of the new wings began to take on a respectful yet contrasting geometry to the main centrepiece Hamilton composition, influenced more by Calton Hill and its geological and landscape characteristics than by the main classical composition. A confidence in contemporary architectural forms began to emerge in contrast to the symmetry of Hamilton's neo-classical design in which all parties involved in the process could see merit. Through the process, the seven key considerations established during the stakeholder workshop process by the acting Head of Planning at the CEC, were used to test emerging proposals to ensure planning and heritage objectives were not just being met but surpassed.

Prior to the final design review panel with A+DS, the designs were presented to the Edinburgh Urban Design Panel (EUDP) on 6th May 2015. The EUDP's remit, function, role and procedures are given on its website⁵². Participating member organisations, which include A+DS, The Cockburn Association, The Edinburgh Architectural Association, The Edinburgh School of Architecture and Landscape Architecture, Edinburgh World Heritage, The Landscape Institute of Scotland, Historic Scotland, Police Scotland, The Royal Town Planning Institute, The Heriot Watt School of The Built Environment, The Transport Research Institute at Napier University as well as the CEC were represented at our review.

Given the broad nature of participants it is inevitable that there will be a range of views expressed through its chair, the Acting Head of Planning at the CEC. The EUDP full report is included⁵³ and while concerns were expressed at the quantum of new development proposed there were key positive themes coming out from the Panel's report:

'The change in design approach from formal linear wings to one more concerned with integrating the development into the landscape is welcomed.'

⁵² The Edinburgh Urban Design Panel, *Remit, Functions, Roles and Procedures*, 27 February 2014

⁵³ Royal High School EUDP Report, 6th May 2015

'The revised massing of the new build proposals has been developed to reduce their impact on the Hamilton building from specific viewpoints, and the images presented indicate that the proposals would sit quite well when viewed from these locations.'

'It is acknowledged that any proposed use for the site needs to be financially sustainable, and that the principle of bringing the Category A listed building back into a sustainable use is supported.'

*'Efforts to develop a more sensitive response to the building form and public realm at the western entrance to the site are also noted. This approach is commended, compared to the previous proposals, and is a generally positive response to the concerns raised at consultation.'*⁵⁴

The final A+DS Review Panel Forum on 13th May 2015 took cognisance of the concerns over quantum of development and recommendations coming from the EUDP, as did the design team in revisions to their proposals and in particular the detailed massing, setting and finished materials being proposed. The outcomes from the A+DS Review Panel and its recommendations will be published following DHP and Urbanist formal Planning and LBC Application but from its draft report, confidence can be taken that the proposals overall are supported. A review of the final Forum findings took place with A+DS on the 24th August 2015 to update all on our planning and LBC proposals, which will be commented on in the A+DS final report.

Edinburgh's heritage is key to the city's future success as the thriving economic capital of Scotland. Its heritage custodians have an important role in protecting and enhancing the city's built environment. The views of all have been sought through stakeholder's workshops and through formal Design Forums, with the object of securing a sustainable economic future for the RHS that enhances the Outstanding Universal Value of the city's World Heritage Status⁵⁵.

The RHS is and always will be a public asset and it is therefore paramount in our view that the views of the public are sought on the revised proposals as presented

⁵⁴ EUDP, Report of meeting held at the City Chambers on 6 May 2015, Para 6.2.(3)

⁵⁵ WHS, 'Management Plan 2011-2016', 19 October 2011, p 13-31

through our Planning and LBC Applications. While the statutory 28-day period provides all with an opportunity to express their views in writing to the CEC, we believe in pro-activity seeking the wider views of the Edinburgh Community. We therefore will be seeking public opinion once again, through a further survey to be undertaken independently by Scott Porter. The full remit and survey proposals have been agreed with the CEC as being relevant and admissible to the consultation process⁵⁶. It is intended that Scott Porter will provide a summary overview of the entire public participation process including the results of this additional public consultation exercise and will be taken into consideration by the planning committee who represent the views of the Edinburgh public as stakeholders in the RHS.

At the time of writing DHP and Urbanist have no knowledge of what the final survey results will be, nor do we have any knowledge of the questions to be posed. What we do know however is that the proposals reflected in our planning and listed building applications demonstrate the outcome of a fully transparent and inclusive public consultation exercise.

A balance in the overall design approach between respectful setting and modelling of new wings through a commitment to contemporary architecture and the full restoration of the Hamilton centre piece composition has been our objective. We believe that through the combined response of A+DS with the public surveys a true reflection of professional and public support will be evident. This outcome will determine whether our objectives and vision for the RHS will have been achieved.

Hotel Viability Assessment

DHP's selection as the CEC's preferred development partner in February 2010 and later reconfirmed by the CEC economy committee on the 16th of December 2013 was very specific in describing the contractual basis on which DHP was being granted a 125 year ground lease for the RHS – this was to deliver a hotel of

⁵⁶ Email to the CEC, 4 August 2015

international standing with a minimum of 120 rooms along with ancillary bars, restaurant and gallery space.⁵⁷

DHP's contractual position with the CEC is reflected through a Development Agreement and Lease Agreement. While the commercial terms of both agreements remain confidential the objectives for the RHS were clear to both parties – the restoration and conversion of the former RHS into a hotel without the requirement of any public funding assistance.

The basis of DHP's selection showed a hotel of 150 rooms with ancillary restaurant and bars themed round an 'arts hotel' concept.⁵⁸ During the pre-application stakeholders workshop process in 2014, DHP/UH presented examples of the characteristics and overall accommodation required by international hotel groups. DHP had shown over 40 hotel groups round the RHS buildings, and all of them were clear that a minimum of 150 rooms would be required.

While room numbers during workshops and presentations became synonymous with massing studies, it needs to be understood that rooms within world-class international hotel brands are very different in design, quality and size by comparison to anything Edinburgh currently has to offer. This in many ways explains why the average daily rate (ADR) in Edinburgh's best hotels sits considerably below comparable European cities.⁵⁹

Room size in particular in DHP/Urbanist proposals became an important factor in discussions with potential hotel operating partners along with the percentage of suite mix. Current proposals indicate an average room size of 42 sq.m over 147 rooms with 20% of rooms classified as suites ranging from 50-160 sq.m By comparison the average room sizes of the best hotels in Edinburgh rarely achieve 30 sq.m with less than 15% of these being classified as suites.

Without providing the product expected by a hotel group of international standing it would not be possible for DHP/Urbanist to meet both the CEC's objectives for the

⁵⁷ CEC Finance and Resources Committee 16 March 2010, Para 6

⁵⁸ DHP Final Submission document, 13 January 2010

⁵⁹ HVS *Edinburgh Luxury Market Discussion* August 2015, Table 5-23 and 5-24, p 51

restoration of the RHS nor the legal terms on which DHP entered into with the council.

The minimum number of 120 rooms defined by the CEC in its agreement with DHP was a criteria used to ensure that the hotel to be provided at the former RHS was of international standing; what was not wanted was a budget hotel of any description. DHP and Urbanist wished to test the economic viability of room numbers at the RHS, and so commissioned HVS, the world's largest and most established hotel consultancy to advise independently on the minimum room numbers required to ensure financial viability.⁶⁰

The HVS study produced a bespoke financial model to test the operational profit or Net Operating Income (NOI) for three different scenarios of 127, 147 and 167 rooms of the required size and percentage suite mix expected by a hotel group of international standing. DHP/Urbanist provided HVS with development costs, including the full restoration costs for the RHS on which to test each scenario.

To ensure the absolute minimum number of rooms necessary HVS were asked to take the following into consideration in assessing economic viability:

- Establish NOI after 4 years of hotel trading when projected stabilisation of income would be reached rather than at hotel completion to maximise the hotels end-investment value
- Analyse hotel performance projections against comparable European city markets for five-star deluxe hotels
- Present findings as a percentage of internal rates of return (IRR) on equity employed thereby allowing for the positive effects of debt leverage
- Include operational cash flows from the hotel

⁶⁰ HVS *Return on investment analysis*, 19 August 2015, p 60

The results of the HVS analysis can be summarised as follows:⁶¹

Room Nos.	Development cost (£ million)	Valuation at completion (£ million)	Valuation at stabilization (£ million)	IRR (%)
127	68.4	53.6	79.0	8
147	73.9	65.9	97.2	15
167	77.3	70.4	106.6	15

HVS estimates the required equity IRR for institutional investors active in the development of luxury hotels to be in the 12-20% range,⁶² although DHP/Urbanist believe that at the RHS this ought to be in the 15-20% range to reflect the risk profile of the project.

From the above, HVS concluded the following:

- The development of a 127-room hotel would not meet the minimum required IRR as there are insufficient rooms to maximise the opportunities created by the public spaces
- The development of a 167 room hotel produces only slightly better returns than a hotel of 147 rooms
- At 147 rooms there is a much more efficient balance between rooms and public areas that results in an acceptable IRR

At 167 rooms there is no material increase in IRR as the positive effect of the public spaces is dissipated through more hotel rooms. While DHP/UH would prefer a commercial proposal, which sought to achieve nearer 160 rooms than the 147 being proposed, it is recognised that a balance between quantum of development and minimising visual impacts needs to be achieved.

Over the past 5 months, and since the key stakeholders meetings and public exhibitions, DHP/Urbanist and its design team have undertaken a comprehensive

⁶¹ HVS *op. cit.*, table 6-1, p 51

⁶² HVS *op. cit.*, p 56

visual analysis appraisal of over 100 'wireframe views' and over 40 photomontages⁶³ of our current proposals to refine the massing of both hotel wings to reach the correct balance between 'quantum of development' and visual impacts.

The results of this exercise undertaken by Rankin Fraser Landscape architects and Andrew Wright are contained separately within our submission. They both conclude that the impacts from all key viewpoints throughout the city to the current proposals are acceptable.⁶⁴

Hotel Operator Selection

Throughout the consultation process during 2014 and leading up to the Proposal of Application Notice (PAN) being lodged on the 20th January 2014, DHP and Urbanist were in confidential discussions with three shortlisted hotel groups. As has been mentioned, the criteria for selection of a hotel operating partner had been established by DHP and Urbanist to reflect DHP's original vision for the RHS along with commercial agreements for an industry-standard period of time.

A key factor in securing strong interest in the project from hotel groups was DHP/UH's ability to attract funding for the project. Edinburgh and the RHS compete on a world stage, but many larger international gateway cities provide attractive financial incentives to secure the very best hotel groups. While attracting funding for the project was a major step in the process, the challenges presented by the RHS remained. The buildings were deteriorating rapidly; concerns over the cost of the main Hamilton buildings restoration remained; the ability to secure the vision for the type of hotel operator sought was questioned, and some mischievous press articles seen the world over did not help. All the challenges presented in 2009 had not made any practical difference to delivering a world-class hotel operator in 2015.

⁶³ GHA *Design and Access statement*, August 2015

⁶⁴ Rankin Fraser & Andrew Wright *Townscape & Landscape Character Assessment*, 2015

By the time the first Design Forum took place with in early February 2015, the dialogue process with potential hotel partners had been reduced to the best two operating partners with very differing business models:

- Management Brand

- Key strengths

- International Brand
 - Global leader in luxury hospitality
 - World network to reach new growth markets
 - Track record of managing historic properties
 - Solid financial projections for Edinburgh
 - Strong financial proposal
 - Strongest commercial covenant

- Key weaknesses

- Strength of brand influence on design
 - Inflexible approach to DHP/UH philosophy
 - Difficulty in obtaining a full commitment in favour of local employment and suppliers
 - Low priority given to DHP/UH ambitions for the Arts and Culture sectors
 - Key city stakeholders engagement not a priority
 - Proposed management contract structure over an 80-year term

- Publicly Owned – Privately managed

- Key strengths

- Part of an international group
 - Clear philosophy and vision
 - Currently own and operate historic properties in sensitive heritage locations
 - A focus in building strong relationship with local communities and city stakeholders
 - A pioneer in creating an authentic hotel experience with a commitment towards local culture, arts and design

- Proven philosophy of working with and training local people and ensuring local suppliers form part of their unique approach to delivering excellence in product and service

Key weaknesses

- Relatively unknown brand name to Scotland
- Initial pro-forma financial forecasts for Edinburgh were below expectations
- Initial financial proposals to DHP/Urbanist were unattractive
- Financial performance tests set by DHP/Urbanist proved difficult to achieve

From the above summary, a clear difference in approach and philosophy can be detected between both groups. The strength of an international brand, which carries with it a projected higher return to investors, against a relatively unknown brand, which was setting new standards of quality in the hospitality industry through an individualistic approach, was apparent.

DHP/Urbanist's vision and expectations for the RHS was to create a world-class hotel that set a new benchmark in the quality of hotels for Edinburgh and Scotland, on a par with the very best hotels in London, New York and Paris. It was evident though, that the commercial terms expected by investors who traditionally have an aversion to taking risks would likely favour the most attractive commercial proposition.

Before any decision could be taken, further dialogue was necessary to establish which hotel operator was most likely to meet not just the vision for the RHS held by DHP/Urbanist, but also the expectations coming out of the two public exhibitions, and from the key stakeholders. Many of those consulted doubted whether a full commitment to conservation measures and public accessibility strategy being proposed for the main Hamilton buildings would be possible, and that our proposals would end up being 'just another hotel', with few benefits for the local community.

The DHP/UH definition of a world-class hotel is 'being among the best in the world of an international standard of excellence'.

HVS, in their supporting statement, define world-class hotels by providing tangible examples accepted by the industry as being the best in each European capital city⁶⁵. Industry perception over what makes a hotel ‘world-class’ however is much more difficult to pin point. The DHP/Urbanist vision for the RHS Hamilton buildings has always been to reflect the building’s connections and links to Scottish history, culture, the arts, politics, learning and the local community. The opportunities at the former RHS include intangible benefits that will encourage intrigue, questioning, and an appreciation of Edinburgh and Scotland’s make up; everything the visitor or guest can touch, see, taste, smell or hear should mirror the very best of Scotland. In our vision, it will be a combination of the sensitive restoration of the main Hamilton buildings with accessibility for all, and the way the hotel operating partner proposes to use the principal building’s spaces. Together, this will define the former RHS hotel project as truly world-class.

Embracing our arts and culture vision for the former RHS became a key consideration in the selection of an operating partner. Parity on commercial terms was also paramount. The aspirations and philosophy of one of the selected hotel operators determined DHP/UH’s thinking, and at the end of the additional dialogue period, it became a relatively easy choice to make.

The selected operator’s ‘*A Sense of Place*,’ reflects a cultural and philosophical approach to the creation of some of the most iconic hotels in the world. It embraces *‘an ambition to create a distinctive collection of luxurious, residential-style hotels: each property would deliver a one-of-a-kind ambience and style, in location, culture, history and geography would become part of the fabric of the hotel’*⁶⁶

The adoption of ‘*A Sense of Place*’ as a Brand statement says much about a hotel group’s approach. Experiencing this at the Carlyle in New York, the Hôtel de Crillon in Paris or the former Pearl Assurance headquarters building in London confirmed and defined for DHP and Urbanist what a truly world-class hotel was.

⁶⁵ HVS, *Edinburgh Luxury Market Discussion* August, 19 August 2015, p 1-3

⁶⁶ Rosewood Hotels and Resorts Overview, 26 June 2015

Every one of this hotel operator's buildings is a unique gem, reflecting local history, culture, and communities.

Each of their hotels is unquestionably the best hotel in its city. Each one represents and reflects huge commitment to the restoration and conservation of major historic buildings in sensitive city locations. Each one is owned or managed by the operator. Each one of their hotels displays a commitment to guests, colleagues and communities alike. Each one mirrors and embraces the vision statement of its parent group, which is '*To build a better society through innovation and sustainable growth*'⁶⁷; each one truly embraces '*A Sense of Place*'...and each one is a Rosewood Hotel.

In advance of making our planning and listed buildings applications, an agreement was signed between DHP and Urbanist through its joint venture company Calton Hill Hotel LP and the Rosewood Group in August 2015, to become the operating partner for the former RHS: 'Rosewood Edinburgh'.

While the Rosewood Group of hotels may be an unknown name to many in Edinburgh, they are recognised in the top bracket of the best hotel operators in the world.⁶⁸ DHP/Urbanist and our co-investors are absolutely certain that the group are the most natural organisation to meet the vision we have for the former RHS through their philosophy and approach to the project. The relationship formed between the parties through legal agreements ensures delivery of the vision held by DHP/Urbanist for the former RHS.

We also believe that by 2018, Rosewood Edinburgh will join an elite group of hotels around the world and be recognised as providing the very best in hospitality. The potential synergies between Rosewood and Edinburgh are striking and make Rosewood – '*A Sense of Place*' the clear choice of operating partner Scotland's capital city will be proud to welcome.

⁶⁷ New World Development Co Ltd, *Vision, Mission and Values*, 2013

⁶⁸ HVS, *op. cit.* August 2015 p 11

Rosewood Edinburgh

*'We believe that true hospitality is found in the nurturing and building of strong relationships with each other, our guests and our communities. We do this by recognizing and valuing each other, understanding individuality and respecting differences. We do this by recognizing that hospitality is not only about buildings, products and design, standards and efficiencies – it is about people. We do this by recognizing our guests' individual needs and engaging them with warm and genuine service, delivered with passion and dedication every day. We do this by recognizing that true wealth originates from our relationships with our guests, our colleagues and our communities.'*⁶⁹

'Our Principles:

'Everything we do is guided by principles, which are inspired by timeless values

- *Family - We treat our guests and associates with the warmth and friendliness of an extended family*
- *Community - We commit ourselves to the ideal of sharing and giving, and show care and responsibility for the environments where we operate*
- *Respect - We show the respect and courtesy to others that we wish for ourselves*
- *Humility - We serve ourselves by first serving others. We approach life with a sense of gratitude rather than entitlement*
- *Integrity - We will uphold the highest level of honesty and fairness in all our relationships*
- *Learning - We dedicate ourselves to constantly evolve our skills, our practices, our standards and our technologies. We move forward by never standing still*
- *Ownership - We contribute to and take personal responsibility for the financial success of the company*

⁶⁹ Rosewood, *Relationship hospitality*, 2015, Available at: <http://www.rosewoodhotels.com/en/about/culture>

- *Celebration - We delight in our successes and our individuality.*⁷⁰

It is our opinion that the above Rosewood statement, and in particular the individualistic approach, that make their hotels truly 'world-class'.

As part of New World Development⁷¹, a listed company on the Hong Kong stock-exchange with a market capitalisation in excess of HK\$ 83 billion, Rosewood brings to Edinburgh one of the very best, if not the best hotel operating partner in the world, to crystalize DHP's original vision for the former RHS.

One need only visit Rosewood London⁷², Paris⁷³, or New York⁷⁴ to experience the 'Sense of Place' Rosewood has brought to each city and to each historic building they have restored and immaculately conserved. Rosewood operate from three other World Heritage sites in Tuscany, Italy⁷⁵, San Miguel de Allende, Mexico⁷⁶, and Puebla, also in Mexico.⁷⁷ A fourth World Heritage Site acquisition was announced in August 2015; the magnificent former Palace of Justice, a 16th Century building in Amsterdam's Prinsengracht; a designated 'Building of National Significance.'⁷⁸

'A Sense of Place' for Edinburgh and the former RHS means bringing Rosewood's principles and philosophy to Scotland meeting both National⁷⁹ and regional tourism strategies.⁸⁰ Rosewood leads its competition in service, quality and excellence returning a 5-year average guest satisfaction rating of 90.7%.⁸¹ It leads the industry in RevPAR (Revenue per Available Room) performance consistently achieving better average ADR's than its larger competitors and in many cases it is the world leader in average room-rates.⁸²

⁷⁰ Rosewood, *Our Principles*, 2015, Available at: <http://www.rosewoodhotels.com/en/about/culture>

⁷¹ New World Development Co Ltd, *Company Profile*, 2013, Available at: <http://www.nwd.com.hk/corporate/about-NWD/company-profile>

⁷² <http://www.rosewoodhotels.com/en/london>

⁷³ <http://www.rosewoodhotels.com/en/hotel-de-crillon>

⁷⁴ <http://www.rosewoodhotels.com/en/the-carlyle-new-york>

⁷⁵ <http://www.rosewoodhotels.com/en/castiglione-del-bosco>

⁷⁶ <http://www.rosewoodhotels.com/en/san-miguel-de-allende>

⁷⁷ <http://www.rosewoodhotels.com/en/puebla>

⁷⁸ Rosewood announcement

⁷⁹ Visit Scotland, '*Development Framework to 2020 for the Visitor Economy*', July 2013

⁸⁰ City of Edinburgh, '*Hotel Development Schedule*', March 2014

⁸¹ Market Metrix, 2013

⁸² STR Market Trend Reports

The impact on existing top hotels in Edinburgh will be to lift the ADR performance of each and to bring the city into line with comparative European capitals. Rosewood Edinburgh will give Scotland a truly 'world-class hotel'.

Rosewood identified Edinburgh and the RHS site as offering:

- A top global tourist destination
- An opportunity for the intersection of business, culture, heritage and leisure
- Strong demand from emerging major feeder markets from Asia and the BRIC countries
- The former RHS could become one of the great hotels in the world
- An opportunity for the creation of life and spirit within the walls of the RHS and in the streets of the city above and beyond a physical transformation
- An emblematic symbol of the local community and a place that Scottish people are truly proud of⁸³

Rosewood Edinburgh will generate and deliver significant economic impact to the city and to Scotland as highlighted through the independent economic analysis carried out by Oxford Economics⁸⁴ and summarised as follows:

- The hotel guests will visit Edinburgh's cultural, sporting and recreational attractions, and use transport and other hospitality facilities. It is estimated that hotel guests will spend £13.6 million every year (at 2015 prices) at these attractions, outlets and transport firms
- The project is expected to generate £31.0 million per annum in gross domestic product (GDP) at 2015 prices for the Edinburgh economy, and £36.8 million for the Scottish economy
- This expenditure is estimated to support 270 jobs in Edinburgh every year. Of these, 220 jobs will be in the Edinburgh tourism sector. This is equivalent to 1

⁸³ Paul Arnold, Vice President Development - Europe, Middle East & Africa at Rosewood Hotels & Resorts (confidential)

⁸⁴ Oxford Economics 'The economic impact of a new five-star hotel of international standing on the Edinburgh and Scottish economies', 2015

in every 130 jobs in Edinburgh area's tourism industry. The remaining jobs will be in the tourism industry's supply chain and through wage consumption impacts

- Over the next 12-years, starting in 2016, the project will support on average 790 local jobs plus an additional 900 jobs for Scotland annually
- The hotel will make a £10.4 million gross value added (GVA) contribution to the Edinburgh economy per year. Some £7.6 million will be in the tourism sector (equivalent to 1.5% of total) and the remainder in its supply chain and through wage consumption impacts
- Guest expenditure will also support £6.2 million in tax receipts. This equates to £12 per person living in Edinburgh
- The hotel development could also generate £15.9 million of annual tax revenues sufficient to cover the average wages of around 500 full-time nurses
- The total contribution to Scottish GDP could be around a third of the value to the Scottish economy of hosting the Ryder Cup – but with this value generated each and every year

The economic impacts outlined above⁸⁵ are only possible through the creation of a world-class hotel in Edinburgh at the former RHS. There are no alternative site locations in Edinburgh acceptable to Rosewood. There are no other locations in the city that could meet the National Planning Framework for Scotland,⁸⁶ the National Economic Strategy⁸⁷ or the CEC's Edinburgh Hotel Plan⁸⁸ to attract a truly world-class hotel to Scotland's capital. Rosewood Edinburgh would address all ambitions for the addition of a world-class hotel through DHP and Urbanist's £75 million investment in Hamilton's former Royal High School.

⁸⁵ Oxford Economics *op. cit.* p 13

⁸⁶ Oxford Economics *'The Economic Impact of the Calton Hill Hotel development'*, 2015, p 7

⁸⁷ Oxford Economics *op. cit.* p 8

⁸⁸ Oxford Economics *op. cit.* p 16

During the dialogue process with DHP and Urbanist, key members of the Rosewood Team visited and stayed in Edinburgh many times and at varying different times of year. They contributed to DHP and Urbanist's designs for the RHS, and in particular the operational requirements, heritage design, public accessibility, arts and cultural strategy and in identifying key partnerships with the Edinburgh Hotel Group, the EICC, Edinburgh Airport, Essential Edinburgh, Marketing Edinburgh and Visit Scotland.

When submitting final proposals to DHP/Urbanist, Rosewood defined why it considered it was best positioned to become its operating partner for the RHS as follows:

'We have a proven track record of

- *Adapting to new environments*
- *Preserving heritage buildings*
- *Revealing legendary hotels to guests*
- *Creating and operating authentic properties that are intuitive expressions of the souls of each destination*
- *Leading RevPAR performance*
- *Achieving high guest satisfaction and repeat business in key feeder markets*
- *Delivering intuitive service and unparalleled attention to detail*
- *Enabling memorable experiences through product and service innovations*
- *Employer choice among international hotel companies'⁸⁹*

Rosewood – 'A Sense of Place' – not only met the vision DHP and Urbanist had for the former RHS, it surpassed all expectations as being the most appropriate partner. At a local level Rosewood's passion for service through specialised training programmes; desire for excellence through personal and professional opportunities; curriculum of leadership programmes with links to Harvard Business School and a presumption in favour of employing locally gives it an authenticity and credibility to add to all that is best to be found in Scotland. From its people to its commitment to

⁸⁹ Rosewood final presentation bid to DHP/Urbanist (confidential)

local suppliers, the arts, heritage and cultural aspects of Scotland, the vision that the RHS can again mirror what is the very best of Scotland can become a reality.

There is no doubt that the economic, social, and environmental impact Rosewood would bring to Edinburgh and Scotland would not just meet current tourism strategies, or city wide political aspirations for a fairer and more inclusive society, it would surpass these to a level never before thought possible.

Rosewood – ‘A Sense of Place’ and all its philosophy and the ideals it stands for brings with it an outstanding pedigree; Rosewood – ‘A Sense of Place’ brings with it an opportunity for Edinburgh no other location can provide; above all Rosewood – ‘A Sense of Place’ introduces that special characteristic no other hotel partner can demonstrate; the intangible consequences of creating a world-class hotel at the former RHS through its unique approach.

How many guests from over the world will repeat the experience of past alumni to pass through the southern symbolic and sacred doorway to the Hamilton building’s Portico?

How many local residents and businesses will benefit from the restoration of the main Hamilton buildings? How many new events to Edinburgh will evolve within the restored buildings? How many trading links throughout the world will be formed or strengthened?

How many visitors from around the world will choose to stay longer, invest in our city, or leave to encourage new visitors to come to Edinburgh to see for themselves what Scotland’s best really has to offer?

We can only guess the intangible impacts, but what we do know is that only through the restoration of the former RHS will Edinburgh and Scotland discover the answers.

Conclusions

After 5 years of work, DHP and Urbanist in partnership with Rosewood Edinburgh are on the cusp of delivering a truly world-class hotel for Edinburgh and Scotland. Our vision for the restoration of the main Hamilton buildings at the RHS is within touching distance of becoming a reality.

As owner/investors, DHP / Urbanist working in partnership with Rosewood will ensure our vision for the RHS is implemented without compromise. Full funding for the project's £75 million investment has been secured. A world-class hotel operator is fully committed to coming to Edinburgh. A contemporary design solution respectful of Thomas Hamilton's original masterpiece is presented.

Our design proposals have been informed through detailed condition surveys of existing buildings and studies into potential alternative uses and resulting commercial values accruing from the site and existing buildings. We have clearly demonstrated through the updated Lodestar report⁹⁰ and the DTZ report⁹¹ that there are no acceptable alternative viable uses which meet the CEC's original competition remit or objectives for the RHS without the need for public finance either directly or indirectly.

DHP and Urbanist have fulfilled their legal and contractual obligation to the CEC through our proposals for a hotel of international standing. They will deliver a hotel of such significant international standing that it would set Edinburgh on a level with any other European capital; a hotel that will enhance the significance of Thomas Hamilton's masterpiece; a hotel Scotland will be proud to have.

The tangible benefits arising from the project are considerable: each and every year, there will be 260 direct jobs within the hotel, 220 indirect jobs through local suppliers to the hotel, £31 million added to the Edinburgh economy plus an additional £36.7 million going into the Scottish economy⁹². There will be a presumption in favour of

⁹⁰ Lodestar, *The former Royal High School, Calton Hill - Review of past proposals for the site, with a current climate review*, 31 March 2015

⁹¹ DTZ *Royal High School Use Review – Assessment & Development Appraisal*, 9 February 2015

⁹² Oxford Economics *op. cit.* p 27-32

local employment and a commitment to training programmes at all levels of the industry. There will be an arts and cultural strategy⁹³ developed in conjunction with Rosewood to reach into every sector of the community; but above all there will be a sustainable economic future for the former Royal High School through an exemplary £10 million restoration conservation programme. Finally, there will be a £26 million annual turnover business to support the ongoing maintenance⁹⁴ of this special place.

Throughout the last 18 months DHP and Urbanist consulted widely in an open and transparent manner with key stakeholders through 10 workshops and numerous individual meetings, and sought public opinion through 2 public exhibitions. We have been given ‘the seven point plan’ as guidance from the acting Head of Planning and we have met the criteria as assessed by the expert advice given by both DHP/Urbanist’s team of consultants as well as A+DS. We have listened to the views expressed throughout this period and have made significant changes to the overall designs in an effort to address concerns or to reach closer towards ‘like-mindedness’ as described by Robert Carr.

We believe a balance has been achieved between visual impact and the minimum required quantum of new build development, through a sensitive but bold contemporary design for the hotel wings. The loss of some views to the backdrop of Calton Hill are recognised but compensated for by the dramatic architectural forms linking Waterloo Place with Regent Road. The new west wing adds to the composition of monuments on Calton Hill, where an open view of the Queen’s Park currently exists, and together with Thomas Tait’s St Andrew’s House, it will provide a framed panorama. The design contribution overall will enhance the city’s OUV through a place-making approach to improved public realm. South facing publically accessible terraces will be created, together with an entrance point or gateway to Calton Hill, marked by a new Calton Gallery space and a regenerated part of the city linking the Old Town to Calton Hill enlivening Regent Road. This will provide a safe

⁹³ David Orr, Urbanist, *An Arts and Culture Strategy*, 3 September 2015

⁹⁴ HVS, *op. cit.*, 22 July 2015

and welcoming place, and follows all current Scottish Government Guidance on designing for streets and place making⁹⁵.

In 2009 DHP set out a vision for the RHS, which was enhanced and given focus in 2013 by Urbanist. In 2015 Rosewood Hotels joined that vision to give complete credibility and deliverability of something very special to Edinburgh and Scotland. We are all now fully committed to a start on site in January 2016 with the expectation of opening Rosewood Edinburgh in the spring of 2018.

Only when Rosewood Edinburgh opens will our vision have reached a first stage of accomplishment, and only then will there be time to pause briefly before seeing that vision brought to fruition over the hotel's many years of operation.

In many ways the project and vision to restore Hamilton's former RHS is just beginning.

⁹⁵ Scottish Government *op. cit.*, April 2013

References used in support of this document

1. CEC Press Release, 02 February 2010
2. Kyle Drummond, Economic Development, CEC, RHS Position Statement, 10 June 2015
3. CEC Finance and Resources Committee Report 31 March 2009
4. CEC City Centre Princes Street Development Framework, 4 October 2007
5. CEC Development Brief Princess Street Block 10, May 2009
6. Lodestar, Edinburgh's String of Pearls block 10 Development, 16 December 2008
7. Pre-selection information form (June 2009) submitted on 17th July 2009
8. CEC Letter to DHP, 11 August 2009
9. DHP Competitive Dialog summary, July 2015
10. Jonathan Guthrie, Advisor to the Business Development Bank Division at The Scottish Government via email, 29 July 2015
11. Jane Dennyson, Project Manager, City Development via email, 17 August 2015
12. Riccardo Marini, City Design Leader via email, 16 August 2015
13. CEC 'Capital Coalition Pledges – Delivery and Performance', 23 August 2012
14. Scottish Government 'Scottish Planning Policy – Consultation Draft', April 2013
15. Visit Scotland 'Tourism Development Framework for Scotland', July 2013
16. CEC 'City of Edinburgh Hotel Development Schedule 2013', 2013
17. Scottish Tourism Alliance 'Tourism Scotland 2020', June 2012
18. ETAG Report 'Edinburgh 2020', January 2012
19. Oxford Economics 'The economic impact of a new five-star hotel of international standing on the Edinburgh and Scottish economies', 2015
20. Oxford Economics 'The Economic Impact of the Calton Hill Hotel development', 2015
21. Letter from Graeme White, Head of Tourism, SDI, 27 July 2015
22. DHP List of international hotel groups visits (Confidential)
23. Colliers International Review Of Hotel Development Opportunities In Edinburgh, 17 March 2015
24. HVS 'Market snapshot', July 2011
25. 'Investor Memorandum', 2013

26. Urbanist Hotels 'The restoration and revival of the old Royal High School', 2015
27. Economy Committee, report by the Head of Legal, Risk and Compliance, 16 December 2013
28. Visit Scotland 'Key facts on tourism', 2013
29. Proposal of Application Notice for redevelopment of former Royal High School, 2014
30. David Leslie, acting Head of Planning, e-mail dated 8th January 2015
31. Scottish Planning Policy, 23 June 2014
32. Report by Robert Carr, Solicitor Advocate, WS, SSC, FRSA, Chair of Anderson Strathern LLP, 1 Rutland Court, Edinburgh, on the series of Workshops and Meetings held between May 2014 and January 2015 in relation to the former Royal High School Building Complex at Calton Hill, 5-7 Regent Road, Edinburgh, February 2015
33. C-MIST, Asbestos Survey, December 2014
34. ARUP, Combined Geotechnical and Geoenvironmental Desk Study & Interpretive Report, 18 December 2014
35. T&A, Summary of Fabric Repairs estimate, 22 June 2015
36. ARUP, Structural Condition Survey, 16 December 2014
37. CEC Finance and Resources Committee, 31 March 2009
38. Public Exhibition Questionnaire results, February 2015
39. Public Exhibition display boards, 6-7 February 2015
40. Public Exhibition display boards, 5-6 March 2015
41. Public Exhibition overview and results, February 2015
42. The Scottish Government, Planning Advice Note, Community Engagement, March 2010
43. Scott Porter, Royal High School Consultation feedback, May 2015
44. CEC Finance and Resources Committee 16 March 2010
45. DHP Final Submission document, 13 January 2010
46. HVS Edinburgh Luxury Market Discussion August 2015
47. HVS Return on investment analysis, 19 August 2015, p 60
48. GHA Design and Access statement, August 2015

49. Rankin Fraser & Andrew Wright Townscape & Landscape Character Assessment, 2015
50. A+DS Design Forum, Project appraisal, 13th May 2015
51. A+DS, About us (2015), Available at: <http://www.ads.org.uk/about-us>
52. RHS Planning Application Contents, July 2015
53. The Edinburgh Urban Design Panel, Remit, Functions, Roles and Procedures, 27 February 2014
54. Royal High School EUDP Report, 6th May 2015
55. EUDP, Report of meeting held at the City Chambers on 6 May 2015, Para 6.2.(3)
56. WHS, 'Management Plan 2011-2016', 19 October 2011, p 13-31
57. Email to the CEC, 4 August 2015
58. HVS, Edinburgh Luxury Market Discussion August, 19 August 2015, p 1-3
59. Rosewood Hotels and Resorts Overview, 26 June 2015
60. New World Development Co Ltd, Vision, Mission and Values, 2013
61. Rosewood, Relationship hospitality, 2015, Available at:
<http://www.rosewoodhotels.com/en/about/culture>
62. Rosewood, Our Principles, 2015, Available at:
<http://www.rosewoodhotels.com/en/about/culture>
63. New World Development Co Ltd, Company Profile, 2013, Available at:
<http://www.nwd.com.hk/corporate/about-NWD/company-profile>
64. <http://www.rosewoodhotels.com/en/london>
65. <http://www.rosewoodhotels.com/en/hotel-de-crillon>
66. <http://www.rosewoodhotels.com/en/the-carlyle-new-york>
67. <http://www.rosewoodhotels.com/en/castiglione-del-bosco>
68. <http://www.rosewoodhotels.com/en/san-miguel-de-allende>
69. <http://www.rosewoodhotels.com/en/puebla>
70. Rosewood announcement
71. Visit Scotland, 'Development Framework to 2020 for the Visitor Economy', July 2013
72. City of Edinburgh, 'Hotel Development Schedule', March 2014
73. Market Metrix, 2013
74. STR Market Trend Reports

75. Paul Arnold, Vice President Development - Europe, Middle East & Africa at Rosewood Hotels & Resorts (confidential)
76. Oxford Economics 'The economic impact of a new five-star hotel of international standing on the Edinburgh and Scottish economies', 2015
77. Oxford Economics 'The Economic Impact of the Calton Hill Hotel development', 2015
78. Rosewood final presentation bid to DHP/Urbanist (confidential)
79. Lodestar, The former Royal High School, Calton Hill - Review of past proposals for the site,
with a current climate review, 31 March 2015
80. DTZ Royal High School Use Review – Assessment & Development Appraisal, 9 February 2015
81. David Orr, Urbanist, An Arts and Culture Strategy, 3 September 2015