

Report to Accountability Board	Forward Plan reference number: FP/AB/133
Date of Accountability Board Meeting:	23rd February 2018
Date of report:	7th February 2018
Title of report:	Growing Places Fund award to Charleston Centenary
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1. Purpose of report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of Growing Places Fund (GPF) to the Charleston Centenary Project (the Project).

2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Approve** the award of £120,000 GPF to enable the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this.

3. Charleston Centenary Project

- 3.1 Charleston Museum, situated seven miles outside of Lewes, hosts a collection of artwork and artefacts of unique cultural and historical significance.
- 3.2 Visitor numbers and revenue generation are currently constrained by the attraction's short season and opening hours (five afternoons a week, six months of the year). This is due to the need to limit the traffic through the house for preservation purposes and a lack of suitable alternative spaces for hosting visitors.
- 3.3 The Charleston Trust Centenary Project aims to address this deficiency in order to enhance Charleston's economic and cultural role. A key target of the project is achieving a sustainable financial position.
- 3.4 The £7.6m Centenary Project will raise the attraction's annual capacity from 35,000 to 50,000 visitors by extending the visitor season through the refurbishment and construction of new spaces. This will include a new gallery and collection store, a café-restaurant, an auditorium and a research studio.

- 3.5 To date £4.5m has been raised from private contributions, with a further £2.7m from public sector bodies including the Heritage Lottery Fund. While construction work is nearing completion, additional funds need to be raised to fit-out of the new-build and refurbished buildings and to complete the new courtyard space. Completing the Centenary Project will unlock significant revenue streams for the Trust but after many years of extensive fundraising, all current potential sources of funding have been exhausted.
- 3.6 Completion of the overall Centenary Project will allow the Trust to: display a greater amount of its collection; attract touring works; expand its education and learning programme; host screenings, lectures and performances; and to grow its commercial operations, including the retail of local crafts, ceramics and fabrics. This broader offering will attract greater visitor numbers to Charleston for cultural, educational and leisure purposes and extend East Sussex's cultural tourism offer.
- 3.7 The £120,000 from the SELEP GPF is required to create a café-restaurant in the Threshing Barn on the farmhouse's estate.
- 3.8 The new catering operation will support additional employment, return a considerable surplus to the Trust and improve Charleston's capacity to host large events, group visitors and school trips. The visitor experience will be of a higher standard than is currently achievable and the additional spend captured by the cafe-restaurant will support the Trust's cultural, educational and financial objectives.

4. Project Cost and Funding

- 4.1 The total project cost is estimated at £7.643m, with a GPF allocation of £120,000; presenting just 2% of the total Project cost.
- 4.2 The remaining funding contributions have been secured from various Trusts and Foundations, Philanthropists and Public Bodies, including the Heritage Lottery Fund, Arts Council England and South Downs Sustainable Communities Fund.
- 4.3 A majority of the Project has been completed, with the main construction works having been undertaken during the summer months of 2017.
- 4.4 The source of the remaining £0.280m funding contribution to the Project is to be confirmed by the Project promoters. Until the source and certainty of this contribution is confirmed, this presents a risk to the Project completion and to the realisation of the stated project benefits.

The project sponsors are asked to confirm the source and certainty of funding as soon as possible. In the interim, SELEP secretariat will work with the sponsors to identify the potential impact of the gap in funding and possible approaches to mitigate.

Table 1 Charleston Centenary Funding profile (£m)

Source	Pre 2017/18	2017/18	2018/19	Total
GPF		0.120		0.120
Trusts and Foundations	2.487			2.487
Philanthropists	1.636			1.636
Public Sector Bodies	2.717			2.717
To be confirmed			0.280	0.280
Local Growth Fund Coast to Capital		0.400		0.400
TOTAL	6.840	0.520	0.280	7.640

5. Project GPF repayment

- 5.1 The GPF repayment schedule is shown in Table 2 below. If the Board approves the award of £120,000 GPF to this project, the repayment schedule will also be included in the credit agreement between the SELEP Accountable Body and Essex County Council.
- 5.2 It is intended that the GPF loan will be repaid through Charleston's commercial operation. The viability of GPF loan repayments have been demonstrated through the cash flow position, which is aligned with the Charleston Centenary Business Plan.
- 5.3 The GPF loan will be repaid over four years to align with the Trusts financial projections for the café- restaurant's income generation.

Table 2 Charleston Centenary GPF repayment schedule

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
GPF repayment	£26,250	£27,500	£36,250	£30,000	£0	£120,000

6. Outcome of ITE review

- 6.1 The assessment of the Business Case for the Charleston Centenary Project confirms that the project demonstrates high value for money with high certainty of value for money.
- 6.2 The economic appraisal has been conducted following a Gross Value Added (GVA) approach, based on the number of safeguarded jobs and new jobs created through the project. A very high Benefit Cost Ratio (BCR) has been calculated for the project at 77.4:1.
- 6.3 The ITE review has confirmed that a proportionate and sensible economic appraisal modelling has been carried out. This has demonstrated that the scheme represents high value for money.

7. Charleston Centenary Project Compliance with SELEP Assurance Framework

7.1 Table 3 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.

7.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

Table 3 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The Project is aligned to SELEP's objectives and helps build on the regions strengths including the creative, cultural & media sector and the visitor economy.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		<p>The expected project outputs and outcomes are set out in the Business Case, including new construction and operational jobs.</p> <p>The economic appraisal included in the project business case has given consideration to displacement, leakage and deadweight.</p>
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		<p>The project has secured planning consent (where required) and project contractors/consultants have been appointed.</p> <p>A risk register, along with risk owners and mitigation measures, have been included as part of the Business Case. No cost contingency has been included in the cost estimate; however, a majority of the project costs have already been incurred.</p>
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		The Business Case demonstrates a very high BCR of 77.4:1, for the cost of GPF investment relative to the project benefits

8. Financial Implications (Accountable Body comments)

- 8.1 There is currently a funding gap on this project. It is imperative that the project sponsor provides details on potential sources and certainty of funding so the impact of the risk can be fully appraised. The Board should continue to be updated on the status of the grants and contributions until the gap is met.
- 8.2 It was agreed with Board that interest on loans would be charged at the prevailing PWLB rate less 2 percentage points at time of decision or at 0%, whichever is greater. At the time of writing the relevant PWLB rate is 0.91%, therefore it is highly likely that the loan will be made at 0%.
- 8.3 Currently there is sufficient funding available to make the investments as detailed above. However, this is based upon repayments being made in a timely manner by other projects. The Accountable Body is not able to fund any gaps in cash flow and other provision will need to be either from within the SELEP funds, by partner or delivery organisations or by delaying planned investments.

9. Legal Implications (Accountable Body comments)

- 9.1 The Accountable Body will have in place a loan agreement with East Sussex County Council which will provide for the repayment schedule set out in Table 2. Any changes to the Project or the repayment schedule will require further approval by the Board.

10. Staffing and other resource implications (Accountable Body comments)

- 10.1 There are no staffing and other resource implications arising from this decision.

11. Equality and Diversity implication

- 11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 11.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

- 11.3 In the course of the development of the project business case, the delivery of the Project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

12. List of Appendices

- 12.1 Appendix 1 – Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

13. List of Background Papers

- 13.1 Charleston Centenary Business Case

(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)

Role	Date
Accountable Body sign off	
Suzanne Bennett	14/02/18
(On behalf of Margaret Lee)	