

South East Local Enterprise Partnership: South East Growing Places Fund (GPF)

Introduction and background – GPF Round 2

The Growing Places Fund (GPF) was established by the Department for Communities and Local Government (DCLG) and the Department for Transport (DfT) in 2011 to unlock economic growth, create jobs and build houses in England. GPF operates as a recyclable loans scheme. In the case of South East Local Enterprise Partnership (SELEP) a total of £49.2m GPF was made available, of which £48.7m GPF has been already allocated. Repayments are now being made on these original loan investments, creating the opportunity for reinvestment of GPF through Round 2. Through GPF Round 2, SELEP seeks to invest up to £9.317m (amount of GPF available over the next three years to 2019/20), in projects which require capital loan investment.

The process for the allocation and award of GPF includes three stages:

- *Stage 1 – Expression of interest*
- *Stage 2 – Scheme prioritisation*
- *Stage 3 – SELEP Accountability Board funding decision*

In Stage 2 (scheme prioritisation), schemes selected by the Federated Areas will be required to develop and submit a Strategic Outline Business Case (SOBC) which provides the strategic, economic, financial and deliverability evidence in support of the proposal. Applicants who have applied for GPF for projects which have been assessed as having the potential to progress (Stage 1) are invited to complete the following document (comprised of 10 sections) which sets out the prioritisation process (Stage 2).

Loan agreements

SELEP will allocate GPF primarily through loan agreements with the County Council/ Unitary Authorities, who will then enter agreements with scheme promoters.

Primary Loan Agreements will be entered into between Essex County Council (Accountable Body for SELEP), the 'Lender' and the applicant authority, the 'Borrower' (County or Unitary Authorities).

The Primary Loan Agreement will include:

- *A capped facility for capital expenditure;*
- *A definition of the works (infrastructure);*
- *Drawdown conditions based on certification of works;*
- *A loan term;*
- *Drawdown profile;*
- *Repayment profile;*
- *A finance rate - Interest will be charged at two percent below the Public Works Loan Board (PWLB) or zero, (whichever is higher) at the point of the loan agreement being entered into. The rate will be fixed at the point of the loan agreement being entered into and will be fixed through the duration of the agreement. Based on the current PWLB interest rate, GPW will be awarded with zero percent interest.*
- *Missed repayment fine - A late repayment fine will be incurred if the project fails to make loan repayments as per the schedule agreed within each Project's Loan Agreement. This fine will be equivalent to the charging of interest at market rate from the point of default on the loan repayment; and*
- *Monitoring requirements.*

Where appropriate Primary Loan Agreements will be conditional upon a subsidiary agreement being entered into between the Borrower and a third party – for example a developer or infrastructure providing for works to be undertaken and/or contributions based on planning agreements, tariffs or CIL.

The Primary Loan Agreement will provide a contractual obligation for the Borrower to repay the loan according to the repayment profile.

Growing Places Fund (GPF) Business Case Template

1. Scheme summary

Scheme promoter:	The Charleston Trust
Project Name:	The Centenary Project Café-Restaurant
Federated Board Area:	East Sussex
Lead County Council/Unitary Authority:	East Sussex
Development Location:	Charleston, Firle, Lewes, East Sussex, BN8 6LL

The Charleston Trust requires a loan of £120,000 from the SELEP GPF to create a café-restaurant in the Threshing Barn on the farmhouse's estate. This work is part of a wider £7.6m multi-year scheme – the Centenary Project – which aims to transform the operations of the Charleston farmhouse museum.

To improve the fabric of the building and enable its change of use, structural work was undertaken on the Threshing Barn as part of Phase 1 of Centenary Project. As part of the current phase, Phase 2, the £120,000 loan will be used to fit out the space as a destination café-restaurant. This will be a considerable improvement on Charleston's existing catering facilities and in addition to providing a direct commercial return, the Trust is ambitious that the Threshing Barn café-restaurant will attract a new type of visitor to the house, introducing them to Charleston's cultural offer.

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.

Charleston – 'a Small Museum of National Importance'

Charleston, a restored seventeenth century farmhouse seven miles from Lewes, hosts a collection of artwork and artefacts of unique cultural and historical significance. Between 1916 and 1978, artists Vanessa Bell and Duncan Grant resided in the house. During this time Charleston functioned as the country retreat of the Bloomsbury group, hosting influential thinkers and writers including Virginia and Leonard Woolf, T.S. Eliot, Lytton Strachey, E.M. Forster and John Maynard Keynes.

Today, Charleston attracts 35,000 visitors a year to view the house and garden, as well as the collection of work by Grant and Bell, shown alongside pieces by Renoir, Picasso, Derain, Matthew Smith, Sickert, Stephen Tomlin and Eugene Delacroix. Charleston Festival – one of the UK's leading literary festivals – takes place each May, during the house's April to October visitor season.

The Centenary Project

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. 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.

Charleston operates at close to the full capacity of its existing assets, generating an estimated £1.83m spend in the local economy. The £7.6m Centenary Project will raise the attraction’s annual capacity to 50,000 visits 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.

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.

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 draw greater numbers to Charleston for cultural, educational and leisure purposes and extend East Sussex’s cultural tourism offer.

Project Development Stages:

Project development stages			GPF funding required
Stage	Partners	Status	✓ or ✗
Phase 0 Enabling Works	Project Manager: Cragg Management Services Main Contractor: R. Durtnell & Sons	Completed	
New access road			✗
New car park			✗
Site clearing			✗
Phase 1 Building Works	Project Manager: Cragg Management Services Main Contractor: R. Durtnell & Sons	Completed	
Groundworks			✗
Hay Barn roof restoration			✗
Hay Barn wall conservation			✗
New-build gallery & collection store			✗
New-build visitor facilities			✗
Phase 2 Building Works	Project Manager: Cragg Management Services Main Contractor: R. Durtnell & Sons	Ongoing	
Fit out of Phase 1 new-builds			✗
Hay Barn Auditorium			✗
Threshing Barn Café-restaurant			✓
Public courtyards			✗
Landscaping			✗

GPF required: £120,000

2. Strategic fit

Policy and Strategic Context:

The Charleston Centenary Project has a strong strategic fit with policy and strategy at national, regional and local levels. Culture and heritage is an important contributor to the national economy and its intrinsic economic value is increasingly recognised by policy-makers (e.g. 2016 Culture White Paper). Charleston is recognised as an important part of the local cultural and visitor network in East Sussex.

The Centenary Project directly contributes to the aims and ambitions of:

- **The South East LEP Strategic Economic Plan** – The SELEP Strategic Economic Plan aims to build on the region’s strengths – two of which are identified as the creative, cultural and media sector and the visitor economy – and to address the ‘productivity challenge’.

As a cultural institution at the centre of the most economically productive arts and cultural activity, book publishing, Charleston is uniquely placed to support the LEP’s ambitions. Charleston is an important hub for high-value professionals in the fragmented commercial creative industry, providing a platform for networking, collaboration and innovation. In addition to this, the literary festivals hosted at Charleston attract valuable visitors to East Sussex supporting the local visitor economy.

The impact of the overall Centenary Project will be a step-change in the scale of the economic benefits realised to date, supporting SELEP’s efforts to promote economic development in rural areas and to diversify the region’s economy away from low-value tourism. This will be achieved by extending visitor dwell time at Charleston itself, as well as contributing to the development a network of cultural attractions in the area.

- **The South East LEP Skills Strategy** – The expansion of Charleston’s education and learning programmes made possible by the Centenary Project will make a contribution to the skills profile in East Sussex, in line with the LEP’s Skills Strategy. The Trust is a member of the local Employment and Skills Board, Skills East Sussex, and will be able to leverage its new facilities to support local skills delivery.
- **The East Sussex Growth Strategy** – “enhancing the range and quality of cultural attractions to support a thriving economy”. Published in December 2014 after extensive consultation, the East Sussex Growth Strategy sets out an ambitious vision for the East Sussex economy to 2020 and beyond, identifying the major economic opportunities across the county and the collective actions that public and private sector partners will take to accelerate economic growth.
- **The East Sussex Cultural Strategy** – “enabling the cultural and creative economy”, “developing and promoting a well-packaged cultural tourism offer”. The East Sussex Cultural Strategy 2013 – 2023 is a ten year partnership framework. It was produced by East Sussex County Council on behalf of government agencies and services, cultural organisations and cultural leaders.
- **The Lewes District Regeneration Strategy** – “welcoming visitors”. The Lewes District Regeneration Strategy, which was the Council’s strategy for regeneration between 2012 and 2015, identified five priorities for business enterprise and growth including “Welcoming Visitors”.

Need for Intervention:

To achieve the ambitions of the overall Centenary Project, the Charleston Trust has raised £7.2m from over 40 sources since 2011, both public and private. The £120,000 requested from SELEP will bring the completion of the Centenary Project one step closer by enabling the fit out of the Threshing Barn as a destination café-restaurant – improving the visitor offer, raising the attraction’s visitor capacity and generating income to support employment in the Trust’s wider operations.

Delaying this stage of works will have a detrimental impact on both Charleston’s reputation and the Trust’s finances. It will also push back the delivery of the Centenary Project’s outputs and outcomes – including much needed commercial income generation. After 6 years of fundraising, The Trust has not identified any further potential sources of funding and believe there is limited potential to secure further private sector support on the scale required in the short to medium term.

As stated in the 2016 Charleston Business Plan, the Centenary Project will address the following limitations and needs:

- A lack of space able to accommodate school class-sized groups for education purposes;
- A lack of space to display Charleston’s large and recently expanded collection;
- The capacity of the house and lack of an alternative visitor offer leading to turning away visitors during peak times;
- No visitor offer during the winter, when the house closes for restoration purposes;
- At risk heritage buildings;
- Inadequate visitor, staff and storage facilities, road access and parking;
- A lack of capacity to grow the Trust’s cultural or commercial operations due to the farmhouse operating at capacity and the shop and café being too small to contribute a meaningful surplus.

Impact of Non-Intervention (Do nothing):

Not receiving GPF funding to fit out the Threshing Barn as a café-restaurant would have significant financial impact on the Trust. Delays in securing funding would result in lost revenues and could lead to increased contractor costs compared to the Trust’s current plans. This would negatively impact the Trust’s financial position and, potentially, its relationships with key funders.

A 2 year delay in opening the café, for example, would lower commercial revenues by a cumulative £190,000 compared to the Trust’s financial forecasts. This would lower the Trust’s catering surplus by £40,000 over the two years before accounting for any additional costs related to the delay. Further to this the opportunity to develop other revenue streams will be lost in the interim (for example, secondary spend of visitors drawn to Charleston by the café-restaurant).

This illustrates the detrimental impact delaying the fitting out of the refurbished Threshing Barn would have on the Trust’s ability to support the visitor economy, local jobs and education outcomes. **The expansion of the Trust’s commercial operations is critical to the success of the Centenary Project and the long term financial sustainability of this important cultural asset.**

Funding Options:

Over the past 6 years, Charleston Trust has raised £7.243m from 35 major private donors (£5,000+), the Heritage Lottery Fund, Arts Council and a great number of smaller private supporters. Of the funds raised to date, 63% has come from the private sector. Currently, no potential sources of further private contributions have been identified.

While less than 2% of the overall Centenary Project budget, the £120,000 required to complete the internal fit out of the refurbished Threshing Barn is a challenging amount to raise, even in the medium term, given that the Trust has drawn upon the maximum possible resources available to it through its established relationships with major private donors.

Completing this element of the Phase 2 building works will unlock significant commercial revenues for the Trust, as well as enabling the delivery of important cultural and educational outcomes. Through additional direct jobs at Charleston and supported employment in the local visitor economy and supply chain, investment by SELEP will provide tangible economic benefits to the local area, as well as to the arts and culture sector more widely.

The key funders of the Centenary Project are set out below.

Trusts and Foundations

Burberry	Croudace Homes	Ashley Family Foundation	Charles Hayward Foundation	David and Claudia Harding Foundation
Doric Charitable Trust	Elizabeth Cayzer Trust	Garfield Weston Foundation	JP Getty Charitable Trust	Glenn & Phylidda Earle Trust
Michael Marks Charitable Trust	Monument Trust	Philip & Psiche Hughes Trust	Rothschild Foundation	Sir Siegmund Warburg's Voluntary Settlement
Sigrid Rausing Trust	South East Museums Fund	The Band Trust	The British Library Trust	The Consuelo and Anthony Brooke Charitable Trust
The Sackler Trust	The Spencer Wills Trust	The Steel Charitable Trust	Wolfson Foundation	The Paul Mellon Centre for Studies in British Art

Philanthropists

Dame Pippa Harris	Marit Rausing	Lady Kate Gavron	William and Virginia Nicholson	Sir Christopher and Lady Ondaatje
Philip & Psiche Hughes	Lisbet Rausing	The Asbitt Family	Kevan and Prudence Watts	Michael Farthing and Allison McLean

Public Bodies

Heritage Lottery Fund

£2.45m

Arts Council England

£0.25m

South Downs Sustainable Communities Fund

£0.02m

3. Infrastructure requirements

Infrastructure Requirements:

The works undertaken as part of the two-phase £7.6m Centenary Project will extend the visitor season and permit growth in the Trust's activities. As visitors to the House are currently limited to 8% above current levels, additional patronage can only come from new capacity. The new Wolfson Gallery and the Threshing Barn café-restaurant will significantly expand this capacity, as well as the exhibition and education activity at Charleston. The 200-seat Auditorium, which forms part of the wider Centenary Project, will create a new platform for events, providing a year-round space to host lectures, screenings and performances. The café will be an important complementary facility in maximising the impact of the Centenary Project

The GPF element of Phase 2 of the Centenary Project is the internal fit out of the Threshing Barn as a café-restaurant. This work has been costed at £120,000, under 2% of the overall Centenary Project budget, and is ready to begin. The overall programme of works is summarised below.

The Centenary Project		
Exhibition gallery	A new contemporary building to host some of Charleston's collection and touring exhibitions – three exhibitions per year	Increased revenue from addition of 3 rd entrance fee option alongside House and Garden. Also frees capacity in the shop
Research studio	A new studio to host the Angelica Garnett Gift collection and accommodate researchers	Provides facilities for art history research
Collection store	New building adjacent to the gallery to provide proper environmental storage and security	Protects Charleston's artistic and cultural heritage – whilst allowing access for research
Visitor facilities	New and redeveloped facilities including interpretation areas and WCs	Enhanced visitor experience and accessibility
Hay Barn Auditorium	Conservation work and construction of 200 seat Auditorium in Grade II listed barn as a flexible space, available for hire, capable of hosting lectures, artistic performances and film screenings	Facilitates the expansion of Charleston and Small Wonder literary festivals New revenue stream from venue hire
Threshing Barn café-restaurant	Conservation and redevelopment of Grade II listed barn as a new café-restaurant with additional capacity and kitchen space for expanded catering operation	Increased revenue generation and capacity for educational and outreach programmes and large events. New revenue stream from venue hire
Shop	Expanded and improved shop, which also operates as a local concierge service, tourism advice point and box office	Increased revenue generation capacity and support for place-making and the wider visitor economy
Offices	Re-developed and expanded office facilities both in terms of facilities and IT infrastructure	Allows for Charleston to increase its staff capacity and improved efficiency in enhanced facilities. We will also be able to update all elements of our digital work, bringing in new

4. Cost and funding

Total Project Cost and Funding Required:

Centenary Project	Amount	Share of Total
Total project cost	£7,643,401	100%
Funds raised to date	£7,243,000	95%
Of which public	£2,717,000	36%
Of which private	£4,526,000	59%
Funding requested from SELEP GPF	£120,000	2%
Public funding, source TBC	£280,000	4%

Cost breakdown:

Centenary Project Cost type	Expenditure profile						
	Pre Q3 17/18 £000	Q3-4 17/18 £000	18/19 £000	19/20 £000	20/21 £000	21/22 £000	Total
Capital							5,537
Land acquisition	209						209
Construction	2,695	2,093					4,788
Fit out	139	120	280				539
Non-capital							1,572
Scheme development (planning studies, project management, consultancy/staff)	1,294						1,294
Learning programme development	279						279
QRA							
Monitoring and Evaluation	*	*	*	*	*	*	*
Irrecoverable VAT	534						534
Total cost	5,150	2,213	280				7,643
Inflation (%)							

*Monitoring and evaluation costs are absorbed within Charleston's core budget.

Funding breakdown:

Centenary Project		Funding profile						
Funding source	Funding security	Pre 17/18 £000	17/18 £000	18/19 £000	19/20 £000	20/21 £000	21/22 £000	Total
Trusts and Foundations	Secure	2,488						2,487
Philanthropists	Secure	2,037						2,036
Public Bodies	Secure	2,718						2,717
Public Bodies	Source TBC			280				280
SE LEP	Requested		120					120
Total funding available		7,243	120	280				7,640

5. Deliverability

Planning, Approvals and Specialist Studies:

The application for planning permission for overall the Centenary Project was completed on behalf of the Trust by Julian Harrap Architects and Jamie Fobert Architects in 2010. Listed Building Consent and Planning Permission were granted by Lewes District Council in 2011. Further permission was granted by South Downs National Park Authority in 2014. As part of the planning process, the Trust commissioned the following studies:

- An archaeological assessment (Archaeology South-East, 2009)
- An ecology survey (Mountfield Ecology, 2009)
- A transport statement (i-Transport, 2010)

No additional permission is required for the completion of the café-restaurant. The LDC (LW/10/1534/NP) and SDNPA (SDNP/14/00684/LIS) planning documentation is available upon request.

Procurement:

In 2013 the Trust appointed Cragg Management Services – an arts and heritage construction and restoration specialist – to provide cost management and project management services, leading the Centenary Project’s design team, contractors and consultants. The works packages carried out by R Durnell & Sons (appointed Feb 2016) were procured using a JCT standard building contract after a rigorous tender and interview process that attracted 15 applicants. The activities of the Centenary Project support a number of specialist arts, heritage, conservation, and restoration practices in the design and construction industries, as well as more general engineering, surveying and legal service providers.

Property Ownership and Legal Requirements:

The freehold title of the Threshing Barn and the adjacent land is held by the Firle Estate. Charleston Trust have acquired a 100 year lease on the property.

Equality:

An Equality Impact Assessment has been completed for the project – see Appendix C. The headline findings are as follows:

- The direct employment benefits of the project will not result in any negative equality-related impacts as all recruitment will comply with the Charleston Trust’s Diversity and Equality Policy.
- As with the wider Centenary Project, the café-restaurant has been designed as an accessible space and its completion will result in a positive impact on visitors with mobility problems.
- The overall Centenary Project aims to increase the engagement of young people with Charleston. The café-restaurant will host part of the Trust’s educational activities and as such will have a positive impact on this group.
- No negative equality-related impacts were identified for the project.

6. Expected benefits

Overall Project Impacts:

Outputs / Outcomes	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023+	Total
Direct Outputs (gross terms)		2.0 construction job years						0.20 gross FTE
			1.5 operational FTE					1.5 gross FTE
Direct Outputs (net additional)		1.7 construction job years						0.17 net addn FTE
			1.0 operational FTE					1.0 net addn FTE
Indirect Outputs (gross terms)		6.0 jobs supported in visitor economy						6.0 gross FTE
Indirect Outputs (net additional)		4.1 jobs supported in visitor economy						4.1 net addn

Gross Direct Construction-related Jobs

It is estimated that a capital works spend of £0.12m would support 2.0 gross construction job years (2018), based on a benchmark of 16.9 direct construction job years per £1m of investment in Private Commercial Development (CLG, Calculating Cost Per Job, 2015). This is equivalent to 0.20 gross FTE jobs (applying standard consideration of 10 construction jobs years, equivalent to 1 FTE job for ten years).

Gross Operational Jobs

A review of new job roles has been undertaken to support the business plan with need for a further 35 direct jobs (equivalent to 11 FTEs) at Charleston following the delivery of the overall Centenary Project. Of these, one new position (0.5 FTE) is expected to be supported by the extended café operation, with a further 2 seasonal catering roles (0.5 FTE each) dependent on the new catering facilities, totalling 1.5 gross FTE attributable to investment to complete the café.

Gross Visitor Economy Jobs

The overall Charleston Centenary Project is forecast to generate at least an additional 15,000 visitors per year. Economic impact analysis by GENECON Ltd, based on Tourism South East's PRIME model for Charleston shows that this is worth an additional £1.63m in visitor expenditure each year in the South East LEP economy. This is estimated to support an additional 30 gross jobs annually, based on a spend per visitor economy job metric of £54,000 established by Deloitte and Oxford Economics (Tourism jobs and growth: The Economic Contribution of the Tourism Economy in the UK, 2013).

A conservative assumption is applied that if Charleston does not enhance its limited food and drink provision, the total number of additional annual visitors would be reduced by 20% on completion of the Centenary project (*to be reviewed*). Therefore, **6 gross visitor economy** jobs are deemed attributable to the completion of the café.

Net additionality factors

Leakage discount: - 10%

Displacement discount: - 25%

Construction and operational economic multiplier: x1.4

It is assumed that 70% of expenditure in the South East economy by day visitors to Charleston would occur anyway, and therefore this is deducted as economic deadweight. No multiplier has been applied to visitor economy jobs.

The Role of GPF in Benefit Realisation:

Due to the order in which the building works for the Centenary Project had to be carried out (for operational, logistical and practical reasons), the fit out of the café-restaurant could not have come at an earlier point in time, or indeed at an earlier point in the budget. These works, however, are critical to achieving the target outcomes of the overall Centenary Project. The much needed income the operation will provide will support the Trust’s non-commercial operations and also draw new visitors to Charleston. After a 6 year fundraising campaign that has attracted major funding from ~40 sources, the Threshing Barn (amongst other elements of the Centenary Project) is externally complete, with the internal work still to commence. Without a GPF loan it will remain in this state for the foreseeable future.

SELEP investment will:

- Remove the risk of increased contractor costs that could result from delaying the works for an indefinite period;
- Unlock considerable commercial revenues, improving the financial sustainability of the Trust’s operations; and,
- Enable the commencement of the delivery of the Centenary Project’s economic, cultural and educational benefits, including the direct employment in the café-restaurant.

Value for Money (VfM):

An assessment of Gross Value Added (GVA) has been undertaken to estimate the effects of those net additional FTE jobs directly attributable to the completion of the café upon the productivity of the SELEP economy, the economic return on investment and the value for public loan. This is based on ONS GVA per job estimates for East Sussex (2015) in the construction sector (£88,612 GVA per job), the visitor economy (£33,589 GVA per job) and the county’s wider economy (£55,892 GVA per job).

The estimated cumulative GVA is based on a time profile of annual employment and GVA. To calculate the cumulative discounted GVA (present value, discounted at 3.5% p/a) of the investment, it is assumed that each operational job and those supported in the wider visitor economy would persist for 10 years. This is in line with guidance developed to support the national evaluation of Regional Development Agencies (BIS / PwC, 2009).

Construction-related employment effects have already been assessed in terms of job years and as such, no persistence effects are applied. The results of this modelling and the overall assessment of Cost Benefit is outlined in the table below:

GVA and Value for Money – Centenary Project: outputs attributable to completion of café-restaurant						
	GVA (cumulative undiscounted)	Discounted GVA	GPF loan requirement	Benefit: cost ratio of upfront public cost of	Total Net additional Jobs	Up front public cost per net additional job

				loan (BCR)		
With GPF	£2.08m	£1.65m	£0.12m	13.7:1	5.7 FTEs	£21,141

Against a loan of £0.12m of GPF the cost of capital is £21,250 as per the ready reckoner created by the ITE.,

	2017/18	2018/19	2019/20	2020/21	2021/22
Capital drawn down	120,000				
Capital held	120,000	120,000	93,750	66,250	30,000
Interest	-	-	-	-	-
Capital plus interest	120,000	120,000	67,500	38,750	-
Repayment		26,250	27,500	36,250	30,000
Cost of capital	6,000	6,000	4,688	3,313	1,500
Interest due	-				
Cost of capital (SELEP)	21,500				

It is anticipated that project could achieve good value for money at a Benefit Cost Ratio of 77.4:1, and a cost per net additional job significantly below the established benchmark for image, events and tourism interventions of £79,133 (PWC/BERR Evaluation of RDA activity, 2009).

7. Contribution to the Establishment of a Revolving Fund

GPF Repayment:

The GPF loan of £120,000 will be repaid out of the surplus generated by the operation of the new café-restaurant.

GPF Repayment Schedule:

The GPF loan will be repaid over four years, with the proportion repaid rising each year to match the Trust's financial projections for the café-restaurant's income generation. Charleston's financial year follows the calendar year (see Financial Viability cash flow), as such the below has been re-weighted to match SELEP's financial year and should be seen as illustrative.

	Jan-Feb-Mar	Apr-May-Jun	Jul-Aug-Sep	Oct-Nov-Dec	Jan-Feb-Mar
Charleston	Q1	Q2	Q3	Q4	
SELEP		Q1	Q2	Q3	Q4

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
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GPF Repayment (Capital)	£5,000	£21,250	£27,500	£36,250	£30,000	£0	£120,000
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Financial Viability:

This cash flow forecast for Charleston’s commercial operations demonstrates an ability to repay the £120,000 loan – which will be drawn down in full at the start of 2018 – without unduly straining the Trust’s finances. The figures are based on the forecasts included in Charleston’s 2016 Centenary Project Business Plan, updated to reflect more recent financial information and revised assumptions.

Calendar years ending December	2018	2019	2020	2021	2022
Income	£156,000	£192,500	£228,000	£264,600	£264,600
Expenditure	£124,800	£154,000	£182,400	£211,680	£211,680
Surplus	£31,200	£38,500	£45,600	£52,920	£52,920
GPF Loan Repayments	£20,000	£25,000	£35,000	£40,000	£0
Remaining Surplus	£11,200	£13,500	£10,600	£12,920	£52,920

8. Risks

Risk Register:

Please see Appendix A for a summary of the most significant risks identified for the overall Centenary Project. The Trust has maintained and monitored a full risk register throughout the project, though as construction is nearing completion many of the risks will no longer be relevant.

The key GPF-related risk is the negative impact delays to the project will have on the Trust’s financial position – income targets would likely be missed and contractor costs would likely rise. A worsening financial position and missed outcome targets could damage the Trust’s relationships with major funders, lessening the ability to secure funds in future.

Should the Trust receive support from SELEP, the risk of default will be considerably mitigated by the rigor and professionalism of Charleston’s operation. The Trust has produced a detailed business plan containing financial forecasts by department, key performance targets and planned actions (including assigned responsibilities), which will guide our activities and ensure sufficient surplus to meet repayments as soon as 2018.

9. State aid

State Aid:

The Trust acknowledges that the financial difference between the value of interest payable on a commercial loan and interest payable of a GPF loan can be considered as State aid.

The Trust believes that the entire Centenary Project is compatible with the EU internal market under the exemptions offered by Section 11 Article 53 of the General Block Exemption Regulation of the European Commission, 2014 ‘Aid for culture and heritage conservation’.

10. Monitoring and evaluation

Monitoring and Evaluation:

The Centenary Business Plan proposes the continued monitoring of the following financial metrics to evaluate the impact of the Centenary Project:

- **Café spend per site visitor** – GPF primary indicator
- **Café spend per café visitor** – GPF primary indicator
- **Visitor numbers** – GPF secondary indicator
- Retail spend per site visitor
- Retail spend per shop visitor
- Site visitor to shop visitor conversion rate
- Public programme place take up rates (programme occupancy)
- Public programme profitability
- Exhibition programme profitability
- Venue hire income
- Online engagement (Facebook likes, Twitter followers, unique website visitors)

The Trust has produced visitor number forecasts that estimate a 25% uplift between 2016 and 2019 as the initial effect of the £7.6m investment, with separate targets for group visits, family visits, winter gallery visitors and so on. Financial forecasts have been produced to 2021, providing expectations of income from venue hire, events, education, catering and retail activities against which to assess the impact of receiving the GPF funding.

In addition to this internal monitoring, the Trust produces evaluation information for the Heritage Lottery Fund that reports on the condition and management of Charleston’s heritage assets, the delivery of heritage education and skills to visitors, and the local environmental and community engagement impacts of the Centenary Project.

11. Declaration (To be completed by applicant)

<i>Has any director/partner ever been disqualified from being a company director under the Company Directors Disqualification Act (1986) or ever been the proprietor, partner or director of a business that has been subject to an investigation (completed, current or pending) undertaken under the Companies, Financial Services or Banking Acts?</i>	No
<i>Has any director/partner ever been bankrupt or subject to an arrangement with creditors or ever been the proprietor, partner or director of a business subject to any formal insolvency procedure such as receivership, liquidation, or administration, or subject to an arrangement with its creditors</i>	No
<i>Has any director/partner ever been the proprietor, partner or director of a business that has been requested to repay a grant under any government scheme?</i>	No

If the answer is “yes” to any of these questions please give details on a separate sheet of paper of the person(s) and business(es) and details of the circumstances. This does not necessarily affect your chances of being awarded SELEP funding.

I am content for information supplied here to be stored electronically, shared with the South East Local Enterprise Partnerships Independent Technical Evaluator, Steer Davies Gleave, and other public sector bodies who may be involved in considering the business case.

I understand that a copy of the main Business Case document will be made available on the South East Local Enterprise Partnership website one month in advance of the funding decision by SELEP Accountability Board. The Business Case supporting appendices will not be uploaded onto the website. Redactions to the main Business Case document will only be acceptable where they fall within a category for exemption, as stated in Appendix E.

Where scheme promoters consider information to fall within the categories for exemption (stated in Appendix E) they should provide a separate version of the main Business Case document to SELEP 6 weeks in advance of the SELEP Accountability Board meeting at which the funding decision is being taken, which highlights the proposed Business Case redactions.

I understand that if I give information that is incorrect or incomplete, funding may be withheld or reclaimed and action taken against me. I declare that the information I have given on this form is correct and complete. Any expenditure defrayed in advance of project approval is at risk of not being reimbursed and all spend of Local Growth Fund must be compliant with the Grant Conditions.

I understand that any offer may be publicised by means of a press release giving brief details of the project and the grant amount.

<i>Signature of applicant</i>	
<i>Print full name</i>	
<i>Designation</i>	

The lead County Council/ Unitary Authority should also provide a signed S151 Officer Letter to support the submission – see example letter in Appendix B

Appendix A – Risk register

Description of Risk	Impact	Risk Owner	Risk Manager	Likelihood	Impact	Risk Rating	Risk Mitigation	Residual Risk Rating
Construction cost accuracy	Financial	Charleston Trust	Cragg Management Services	5	4	20	Tenders have been received for all works.	12
Failure to secure additional funding	Financial	Charleston Trust	Cragg Management Services	3	5	15	Fundraising strategy in place.	10
Funders requirement to see progress on site	Financial	Charleston Trust	Cragg Management Services	5	3	15	Progress updates to be made as works on each phase are carried out.	9
Changes to client requirements during construction	Technical	Charleston Trust	Cragg Management Services	5	3	15	Trust to consult on all construction drawings before issuing to contractor.	9
Unforeseen construction problems (especially weather)	Construction	Charleston Trust	Cragg Management Services	3	5	15	Avoid winter working where possible and ensure contractor extension of time claims are reasonable.	10
Health and Safety failure or lack of construction quality control	Construction	Charleston Trust	Cragg Management Services	3	4	12	Contractor to submit health and safety plan and RAMS, CDM advisor to be appointed.	8
Delay to programme means increased income as set out in business plan cannot be achieved	Commercial	Charleston Trust	Cragg Management Services	4	3	12	Set realistic expectations for programming so that Trust can plan operational budget and strategy accordingly.	9
Insufficient funds to pay contractors	Financial	Charleston Trust	Cragg Management Services	2	5	10	A contract will only be places once funds have been secured. Regular cash flow forecasts.	5
Loss of support from Firle Estate	Operational	Charleston Trust	Cragg Management Services	2	5	10	Regular communication and consultation with the Firle Estate.	5
Poor performance by Contractor	Construction	Charleston Trust	Cragg Management Services	2	5	10	Stringent tender process, strong project management and carefully drawn up contracts.	5

** Likelihood of occurrence scale: Very Low (1) more than 1 chance in 1000; Low (2) more than 1 chance in 100; Medium (3) more than 1 chance in 50; High (4) more than 1 chance in 25; Very High (5) more than 1 chance in 10.*

*** Impact scale: Very Low (1) likely that impact could be resolved within 2 days; Low (2) potential for a few days' delay; Medium (3) potential for significant delay; High (4) potential for many weeks' delay; Very High (5) potential for many months' delay.*

Appendix B – Funding commitment

Draft S151 Officer Letter to support Business Case submission – Growing Places Fund

Dear Colleague

In submitting this project Business Case, I confirm on behalf of [Insert name of County or Unitary Authority] that:

- The information presented in this Business Case is accurate and correct.
- The funding has been identified to deliver the project and project benefits, as specified within the Business Case. Where sufficient funding has not been identified to deliver the project, this risk has been identified within the Business Case and brought to the attention of the SELEP Secretariat through the SELEP quarterly reporting process.
- The risk assessment included in the project Business Case identifies all substantial project risks known at the time of Business Case submission.
- The delivery body has considered the public sector equality duty and has had regard to the requirements under s.149 of the Equality Act 2010 throughout their decision making process. This should include the development of an Equality Impact Assessment which will remain as a live document through the projects development and delivery stages.
- The delivery body has access to the skills, expertise and resource to support the delivery of the project
- Adequate revenue budget has been or will be allocated to support the post scheme completion monitoring and benefit realisation reporting
- The project will be delivered under the conditions of the Loan Agreement which will be agreed with the SELEP Accountable Body, including the repayment of the Growing Places Fund loan in accordance with an approved repayment schedule.

I note that the Business Case will be made available on the SELEP website one month in advance of the funding decision being taken, subject to the removal of those parts of the Business Case which are commercially sensitive and confidential as agreed with the SELEP Accountable Body.

Yours Sincerely,

SRO (Director Level)

S151 Officer