

COAST TO CAPITAL LOCAL GROWTH FUND BUSINESS CASE

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| Project Title: | The Charleston Trust Centenary Project |
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This document provides a template for a Business Case (BC) in support of Coast to Capital's investment in a project to be funded through the Local Growth Fund.

The main purpose of the BC is to put forward the case for change and the preferred way forward identified in an internal Strategic Outline Case (SOC); which establishes the option which optimises value for money; outlines the deal and assesses affordability; and demonstrates that the proposed scheme is deliverable.

In practice, you will find this entails updating the strategic case; undertaking investment appraisal within the economic case; and completing the commercial, financial and management cases, with supporting benefits and risk registers.

Please note that this template is for guidance purposes only and should be completed in accordance with any guidance issued by Coast to Capital and the guidelines laid down in HM Treasury's Green Book which can be found at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf

The OBC should cover the 5 cases – the Strategic case, the Economic case, the Commercial case, the Financial case and the Management case.

Business cases should be robust and well evidenced documents as the Business Case will be evaluated based upon content if called to present.

Coast to Capital Disclaimer

There shall be no expectation of grant payment unless and until a funding agreement is signed by both parties. All the Applicant's costs and charges incurred as a result of making this application shall be for the Applicant's account and cannot be claimed as part of the project except where feasibility funding has been prior awarded.

1. Executive Summary

1.1) Overview of the project including what opportunity or barrier the investment will unlock:

Charleston – ‘a Small Museum of National Importance’

In over thirty years since from opening its doors to the public in 1986, Charleston has developed from a community project concerned with the restoration and preservation of cultural heritage into a thriving and growing museum of national importance. The seventeenth century farmhouse – located around seven miles from Lewes – hosts a collection of artwork and artefacts of unique cultural and historical significance. In July 2016 it was named by The Times as one of Britain’s 25 Best Small Museums.

With almost 15 million people within its 120-minute drive-time catchment, Charleston is recognised as one of the key developing visitor economy assets for Greater Brighton and the wider Coast to Capital region.

Charleston is the Bloomsbury home of art and ideas – the residence of two of Britain’s best twentieth century artists, Vanessa Bell and Duncan Grant, for over 60 years from 1916 to Grant’s death in 1978. As the country retreat of the Bloomsbury group it hosted some of the century’s most influential thinkers and writers, including Virginia and Leonard Woolf, T.S. Eliot, Lytton Strachey, E.M. Forster and John Maynard Keynes.

Today the three key permanent attractions at Charleston attract 35,000 visitors a year and generate an estimated £3m spend in the local economy:

- The House – a seventeenth century farmhouse decorated and furnished by Bell and Grant.
- The collection – including Bell and Grant’s work alongside pieces by Renoir, Picasso, Derain, Matthew Smith, Sickert, Stephen Tomlin and Eugene Delacroix.
- The Garden – “a quintessential painters’ garden” designed by Roger Fry for Bell and Grant.

In addition, for the last 29 years, Charleston has hosted one of the UK’s leading literary festivals and is home to Small Wonder, one of the UK’s most important short story festivals.

However, current visitor capacity and limitation of facilities mean that Charleston operates restricted opening times – five afternoons a week between April and October – significantly constraining visitor numbers, revenue generation and business growth.

The Charleston Trust Centenary Project

The Centenary Project aims to preserve Charleston’s heritage, enhance the Trust’s economic and cultural role, and expand the site to achieve a sustainable financial future. A two-phase £7.6m capital project is nearing completion – which will step up the scale of the Trust’s work and its impact – at a time when the attraction is operating at 93% visitor capacity. However, as the project is majority funded from charitable donations, the Trust has a shortfall of £400,000 to complete the project – fit-out of the new build and refurbished buildings and completion of a new retail space.

The completion of the works will provide the potential for a third phase at a later date; the design and funding of which is currently being explored. The initial investment will increase capacity by at least 15,000 visits to 50,000 per year.

The Trust has already raised £7.194m – 94% of the estimated construction cost – including £4.52m of private sector investment, for example from the Garfield Weston, Wolfson and Rothschild Foundations, and £2.7m from the Heritage Lottery Fund (HLF), Arts Council England and the South Downs Sustainable Communities Fund. Through extensive fundraising efforts and grant applications, all current potential sources of funding to enable the completion of the project have now been exhausted.

The Centenary Project will enable year-round operation, extending the visitor season and improving the visitor experience; unlocking significant revenue streams for the Trust.

In the past small exhibitions have taken place in the shop but its lack of museum conditions has prevented the Trust’s ability to loan from arts institutions. With a dedicated exhibition gallery, Charleston will be able to show much more of its collection, as well as its dedicated temporary exhibitions and touring works, adding a third entrance fee to the current House and Garden options.

The Centenary Project also allows the Trust to expand its education and learning programmes, utilising the capacity provided by the larger café, the auditorium and new outdoor public spaces. The programme is currently constrained to times when the House is closed. The refurbishment of the barns will raise the capacity of each workshop, as well as allowing the simultaneous use of the House and new Café.

A new Auditorium will be a flexible space, available for venue hire, able to hold lectures, artistic performances and film screenings. The Trust’s current commercial operations will benefit from increased footfall but will also be a draw in their own right – the local crafts, ceramics and fabrics on offer in the shop have been endorsed by the British Craft Council and British Vogue magazine, and the Café/restaurant will be in a restored listed barn.

This broader offering will draw greater numbers to Charleston for cultural, educational and leisure purposes. By extending East Sussex's cultural tourism offer, there will be greater dwell time in Lewes and the surrounding region, increased visitor numbers, day visitor spend and overnight stays. Overnight visitors from other parts of the UK spent £360.9m in East Sussex in 2015¹.

The completion of Phases 1 and 2 of the Charleston Centenary Project will enable the final transformation Charleston into a unique cultural visitor attraction, extending the quality and range of visitor facilities whilst sustaining and preserving itself for future years. The project has involved the following works:

| | | |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 |

A strategic investment by Coast to Capital will make a significant contribution and enable the completion of this project. We are asking for £400,000 which will enable the completion of new quality physical facilities to meet the needs of future visitors.

Fully aligned with the priorities of Coast to Capital's business plan and the East Sussex Growth Strategy, and reflecting many of the assets of East Sussex, Charleston attracts a loyal and relatively high-spending audience that generates an estimated £3m spend in the local economy. Research undertaken by TSE Research on behalf of the Trust has assessed the economic impact of the uplift of visitor numbers following completion of the Centenary Project using the PRIME – Project Impact Evaluation model. The model estimates that based on an increase of visitor numbers to 50,000, Charleston will have a projected gross impact of approximately £4.3 million on the local visitor economy. This is a shovel ready project and work is nearing completion (subject to funding), with all planning, land purchases and licenses in place.

The Centenary Project will allow Charleston to become a higher profile destination by delivering an integrated package of building works and restoration activities that expand and develop the visitor and education experiences at Charleston.

Deliverability

The project has a clear delivery plan and governance arrangements, ensuring that the benefits can be realised with certainty. A highly experienced design and construction team is in place, including award winning architects with recognised specialisms in heritage building restoration and adaption, including restorative construction works to the Historic Royal Palaces and heritage design works to the Neues Museum in Berlin, as well as work on contemporary buildings such as the construction of Turner Contemporary in Margate and the design of Tate St Ives' new extension. A Building Committee is in place to oversee delivery, supported by regular design team

¹ TSE Research (2016). *East Sussex Data Warehouse Project 2016 Summary of Findings*

meetings.

Full planning permission is in place and all land purchases and lease negotiations have been completed. Thus, the only outstanding barrier to delivery of the full plan for Charleston is to secure the funding shortfall.

Work has been completed on the Enabling Phase zero and Phase 1. Without LGF funding, the Phase 2 package of work will cannot be completed. The phased programme of the Centenary Project has been designed to avoid knock-on effects on the Trust's finances by completing work in packages, in a set order. Should elements of work on the barns be left outstanding, there will be consequences for Charleston's operational business performance. With Local Growth Funds the remaining work will be commenced immediately with completion due in February 2018.

1.2) Please choose the theme in which the LGF funding will invest in directly (The project can only fit into one theme so please choose the most appropriate).

Investment in capital expenditure items that promote digital transformation and digital infrastructure

New Innovation and start up business creation

Facilities to provide teaching and research facilities and/or skills based training in digital and innovation areas, across further and higher education sectors in close proximity to the M23, A23 corridor

Increased capacity in sustainable transport and 'key' arterial routes where there are 'bottlenecks', together with flood resilience and digital infrastructure investment

Investment in capital projects where there is a demonstrable case that such investment will generate proportionate foreign direct investment and international trade

Regeneration and housing infrastructure projects that increase capacity and footfall and unlock new employment space

Capital investment to increase high value tourism to the Coast to Capital region

1.3) The fit with Coast to Capital Strategic Economic Plan, the Industrial Strategy Response and Business Plan 17/18

The Centenary Project

The works undertaken as part of the £7.64m capital development programme will extend the visitor season and permit growth in the Trust's activities. As growth in visitor numbers to the House is permanently limited to 8% above current levels, additional patronage can only come from new capacity. The gallery and Threshing Barn cafe will significantly expand the exhibition and education activity at Charleston, and the upgraded restaurant and shop will improve on the current commercial offer. The 200-seat Auditorium will create a new platform for events, providing a year-round space.

Coast to Capital Strategic Priorities – Business Plan 2017/18 and Industrial Strategy Response

The Government's green paper *Building Our Industrial Strategy* (HM Government, Jan 2017) sets the course and outlines the priorities for national economic strategy in the coming years. We understand that Coast to Capital is currently renewing its Strategic Economic Plan to achieve greater alignment with the emerging Industrial Strategy.

In the LEP's consultation response to the Industrial Strategy, tourism is outlined as one of Coast to Capital's key sectors – highlighting the value of the South Downs National Park and cultural events and attractions, such as those hosted by Charleston, to the visitor and wider C2C economy.

Cultural leadership and destination management has been established as one of the seven key themes of Coast to Capital's refreshed approach in both the Industrial Strategy response and the LEP's current Business

Plan – as a response to a recognised requirement to develop the regional place brand:

Our region's identity as a destination in its own right is little known outside the area. We think there is scope to do much more to promote and exploit our many assets to grow our cultural, creative and leisure industries and to attract national and international visitors as well as more businesses. This work is particularly important to safeguard our competitiveness once the UK leaves the European Union (Coast to Capital Business Plan 2017/18).

The LEP recognises the value culture, heritage and the visitor offer can play in the growth of foreign direct investment, tourism and business tourism. Charleston House is one of the area's most visible and important cultural assets – with its unique connection to the world-renowned Bloomsbury group and hosting one of the country's biggest literary festivals.

A current priority for Coast to Capital LEP, as outlined in the Industrial Strategy response, is to engage further with cultural leaders in the region to properly understand the different models for the role of culture in economic growth and the role of cultural and creative industries in growth regeneration and specialisation in its towns. As outlined in further detail at section 2.1 the Charleston Trust is already leading the way on this agenda through its engagement with East Sussex County Council and its commissions of research which continue to demonstrate the value of the House and its activities as:

- a key part of the visitor economy;
- enhancing local and regional image value;
- supporting the local and regional creative economy and boosting the cultural gravity of East Sussex as a location; and
- developing social value through its educational and outreach activities.

Coast to Capital 2014 Strategic Economic Plan

The current **Strategic Economic Plan** recognises the importance of rural development in the Coast to Capital economy, pledging support for rural tourism in particular. The visitor economy is identified as an important sector for growth and job generation.

The Coast to Capital area contains a significant amount of protected landscape and has a large, growing and productive rural economy. In recognition of this, in 2016 the LEP produced a strategy document for rural development. The **Rural Statement** states that cultural heritage is a key asset for attracting and retaining high value businesses, as well as skilled residents. It notes that there is room for growth in the rural tourism sector and that a number of types of tourism would benefit from interventions to maximise their potential benefits. It also stresses the contribution historic buildings and cultural attractions make to the area's desirability as a place to live and work. A larger, more accessible Charleston, which is strongly supported by our key strategic partners including local companies and educational bodies as well as the South Downs National Park Authority would contribute to the amenities available to local residents, by;

- ❑ Creating high quality public spaces both for visitors, and the walkers, cyclists and bird watchers passing through;
- ❑ Promoting engagement with the arts through public programmes;
- ❑ Expanding the cultural offer locally with the new gallery;
- ❑ Providing opportunities for personal development as a host of workshops and lectures, and;
- ❑ Contributing to the local retail and leisure offer with an expanded shop and new café/restaurant.

The **Rural Statement** ascribes the area's relatively weak performance in attracting overnight visitors to a shortage of 'good quality visitor economy' in rural areas. It suggests that the area is considered a day trip destination, and that linking attractions together to make a joined up offer could encourage visits to more than one attraction. Trevor Beattie, Chief Executive of the South Downs National Park Authority has said that "Charleston is a vital part of the cultural heritage of the South Downs National Park and is also an important part of our sustainable tourism and local economy. We understand that culture plays a vital part in driving jobs and growth as well as supporting the work of creative communities. Culture can also support the creation of sustainable communities, assist in developing new skills for the future, help with wider regional placemaking and be an intrinsic driver of enterprise and economic regeneration".

In the **European Structural and Investment Fund Strategy**, intensive support for sectors of economic significance are proposed. For the tourism sector - an important local sector for jobs and growth - this involves prioritising the conversion of day visitors to overnight visitors (who spend 70% more per day) through the internationalisation of visitors and encouraging event-goers to visit multiple local attractions.

The story of the lives and work of Charleston's residents, aided by the prominence of the literary festival and idyllic setting, offers a powerful place marketing tool that could be better capitalised on to draw in visitors to a network of attractions. The expanded offer at Charleston would help build a critical mass of high quality attractions in East

Sussex, including Glyndebourne Opera Festival, so that visitors have reason to stay longer - spending more and creating jobs for local people.

1.4) Expected Total Project Cost and source of funding. Please also complete the funding breakdown tab on the supporting spreadsheet. Matched funding must be at least the required percentage of the total project costs. This is 15% for transport projects and 50% for all others. (Please name the source of match funding).

| | Amount | % of Total Cost |
|----------------------------------------------------|------------|-----------------|
| Total Project Cost | £7,643,401 | 100% |
| Applicant own funds | - | - |
| Other public funds | £2.717m | 36% |
| Private sector funds | £4.526m | 59% |
| Funding requested from Coast to Capital LEP | £0.400m | 5% |

1.5) Expected tangible core outputs/outcomes: Please also complete the outputs tab of the supporting spreadsheet

| Output/outcome | Metric | Number to be delivered |
|-----------------------------------------------------|------------------|------------------------------------------------------------|
| Employment- created and/or safeguarded | No. | 11 direct gross operational FTEs |
| Employment indirect | No. | 31 indirect gross induced jobs in visitor economy (annual) |
| Businesses assisted- financial and non- financial | No. | 1 |
| Skills - new learners and/or apprentices | No. | TBC |
| New housing unit completions | Units | 0 |
| New floor space constructed/refurbished- learning | Sq mtr | 135m ² |
| New floor space constructed/Refurbished- Commercial | Sq mtr | 1,580m ² |
| Length of new roads/cycle ways | km | |
| Improvement to journey times | Minutes per mile | |
| Carbon reduction | Tonnes of CO2 | |

1.6) Main risks and issues the project will need to manage? Please also submit a full risk register as an annex to this document

The Charleston Trust has compiled a detailed risk register (available on request) as part of its Risk Strategy process that covers the financial, planning, operational, commercial, technical, construction, social and management aspects of the Centenary Project. The main risks identified are:

- The failure to secure additional funding
- Project delays impacting the Trust's income generation
- Unforeseen construction issues that lead to time claims by the contractor
- Having insufficient funds to pay contractors

Along with the lower risk items on the register, the above will be monitored regularly and mitigated where possible. The Trust has planned its financial and operational arrangements prudently with this in mind, including contingency funding and realistic timelines.

While the Trust has been cautious in its preparations of business plan and project programme, there is an inescapable interaction between timing, funding and risk. Construction contracts will only be placed once sufficient funding has been secured - the longer this takes, the greater the risk that cost estimates are out of date, and the more inaccurate the Trust's income forecasts become. The risk here is a worsening of Charleston's financial position as well as its standing with funders (who would not view the lack of progress positively), directly impacting the ability to secure additional funds.

As a result of the competitive funding environment in which the Trust operates, the risk of failing to secure additional funding is considered the primary concern. There is a dedicated Appeal Committee for the Centenary Project and the Trust employs an experienced fundraising professional to manage funder relations. Charleston's established Fundraising Strategy aims to minimise the risks identified here through securing funds from as broad a range of sources as possible. However, competition for these funds is high from similar cultural bodies and charitable organisations, thereby placing pressure on these limited funds. Furthermore, it will take a considerable amount of time to secure the additional funds needed, with the subsequent impact on our ability to deliver the completed project and release the significant local economic, educational and employment benefits.

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2. The Strategic Case

2.1) Describe the compelling case for change.

1. Requirement for Coast to Capital LGF Investment

Local Growth Fund investment in the Charleston Centenary Project will secure the delivery of a cultural heritage project with important and valuable economic benefits – directly contributing to the LEP's employment and productivity ambitions in the visitor economy. Employment benefits include temporary construction employment in specialist heritage works, direct and safeguarded employment within the Trust's operations and visitor-related employment as a result of increased numbers and expenditure in East Sussex and the wider Coast to Capital area. Cost estimates prepared by Cragg Management Services suggest that the Charleston Centenary Project is set to cost approximately £7.643m. The Trust has raised £7.243m through private donations, foundation grants and from the Heritage Lottery Fund. There is therefore a £0.400m capital funding gap.

A long-running and successful fundraising campaign and strategy has explored all possible funding sources, including the Heritage Lottery Fund. It is likely that without Local Growth Fund support the Trust will have to wait for future capital grant funding opportunities (none have been identified). Without the additional capital required the Trust cannot guarantee the completion of Phase 2 works – which comprise the 200-seat Hay Barn Auditorium and Threshing Barn café-restaurant – and therefore it would lose important revenue from the expansion of the literary festivals and events which is expected to help secure the House's future as a critical visitor economy asset.

Furthermore, the Trust would not be able to complete the reconfiguration of the site / Charleston's operations such that a third phase – a Creative Learning Studio – could be delivered at a later date. Subject to fundraising, this phase would further enhance the education and outreach programmes.

2. The economic value of culture and heritage

Numerous studies outline the potential economic benefits of heritage and culture which – although methodologically challenging to measure – are demonstrated both in the direct economic output of employment in the sector, and a range of indirect or ‘spillover’ benefits².

- **A key part of the visitor economy**

Heritage and culture sustain the visitor economy, as one of the UK’s key developing sectors. An Oxford Economics study for the Heritage Lottery Fund in 2013 estimated the economic impact of the national heritage tourism sector to be worth £26 billion in GVA every year – 2% of national GDP. Charleston’s expansion will allow it to offer a day long attraction, which in combination with other local assets such as Glyndebourne Opera, could increase the average length of stay and visitor expenditure in the area – supporting higher-value-added overnight and longer stays. Lewes has the highest share of historic houses, museums and galleries of all East Sussex district authorities³. The LGA’s analysis of the visitor economy has shown improving productivity is especially important for rural destinations, which can struggle to keep visitors in destinations overnight⁴. UK overnight visitors to East Sussex spent an average of £174 in East Sussex in 2015 compared to £31 by day visitors.⁵

- **Enhancing local and regional image value**

According to a 2012 report by McKinsey & Company – a leading global management and research consultancy – the cultural and social environment was the top factor of quality of life in global business relocation decisions – ranking as even more important than the quality of housing, transport and schools⁶.

An expanded and improved offer at Charleston will enable it to continue to develop its reputation as one of the Coast to Capital’ key visitor economy and cultural locations. The Centenary Project will considerably boost Charleston’s role as part of a collection of lifestyle assets – which includes the coast, the South Downs National Park – within which Charleston – sits and other nearby heritage locations such as The Jerwood gallery, Ditchling Museum, De La Warr Pavilion and the Towner Gallery. These all help to enhance the attractiveness of nearby economic growth locations, such as Newhaven, Brighton and Eastbourne, to inward investors.

- **Supporting the creative economy**

Charleston contributes to the cultural gravity of Lewes, East Sussex and the wider South East, and through its festivals it plays an important role in the creative economy. Arts festivals, as well as drawing 3.3% of all UK tourists each year, are vital networking opportunities for creative professionals, and are a source of collaboration and innovation. Fragmentation is a recognised growth barrier in creative industry, where self-employment is about four times more prevalent than in the wider economy⁷. Higher density clusters of arts and cultural activities support commercial creative industries and are associated with higher pay and higher productivity in cultural and creative occupations⁸.

With both the annual Charleston Festival and Small Wonder Festival providing important platforms for the book publishing sub-sector, Charleston is a key hub for creative professionals – particularly book publishing professionals – the highest value of all arts and culture occupations. The Centenary Project – with LGF funding – will enable the expansion of the festivals, particularly through the provision of the Auditorium, formal outside space and expanded catering capacity.

- **Developing social value**

Arts, culture and heritage are commonly linked to the development of social value which can have economic values attributed through contributions to skills levels, employability, health and productivity. The development of social value through culture is a key ambition of the Government’s 2016 Culture White Paper and the Government supports this as a key rationale for capital investment in artistic and cultural institutions. Local Growth Fund investment will deliver Phase 2 of the Centenary Project – which includes the Auditorium – thereby enabling Charleston to expand the capacity and increase the quality of its Learning Programmes, which are currently hosted in the Café.

3. Strategic policy fit

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 at national and local levels.

² For example: CEBR/Arts Council, 2015

³ TSE Research, *op cit*

⁴ LGA, 2013

⁵ TSE Research, *op cit*

⁶ *Relocating for Growth*, McKinsey (2012) in LGA 2013.

⁷ *Impact Assessment of Creative Industry in SELEP*, (SELEP, 2016)

⁸ Arts Council/CEBR, 2013

Government policy now recognises these important effects and promotes culture as an economic good, for example in the 2016 HM Government Culture White Paper which states that: “We will promote the role that culture has in building stronger and healthier communities and boosting economic growth... We want communities to consider how culture could be central to their plans for wellbeing, for regeneration and for economic growth”.

Over a number of years, the Charleston Trust has worked with local authorities and decision-makers who champion the important role of the House as part of local cultural and visitor networks and strategies. The Trust is currently working with the Head of Regeneration and Investment at Lewes District Council to develop a joint tourism strategy.

The Centenary Project is recognised as a direct contributor to the aims and ambitions of:

- 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 was the Council’s strategy for regeneration between 2012 and 2015 which identified five priorities for business enterprise and growth including “Welcoming Visitors”.
- The Coast to Capital Industrial Strategy Response – “delivering an economy that is amongst the most productive in the UK”. C2C will contribute to the UK Industrial Strategy through encouraging trade and inward investment and providing cultural leadership. The expansion of Charleston’s activities will support the LEP’s intentions to build the profile of the region, as well as driving specialisation and growth through its role as cultural institution at the centre of the high value-added publishing industry.
- Coast to Capital Business Plan 2017-18 – The LEP’s business plan actions for the year include capitalising on the region’s unique cultural, natural and leisure assets and exploring opportunities for university collaboration with the tourism sector. A key benefit of the Centenary Project is enhancing Charleston’s ability to work effectively with universities and other educators. The Business Plan identifies projects that increase high-value tourism and enhance cultural facilities as a priority for the year.

The project’s fit with Coast to Capital strategy and priorities is outlined at section 1.3

2.2) Investment Objectives- detail the specific objectives to achieve the anticipated outcomes.

The works set out in 1.1 aim to achieve the following outputs by 2019:

- Increase overall visitor numbers by at least 15,000 a year
- Expand the Trust’s cultural education activities to reach 6,000 people a year
- Create 11 direct FTE jobs
- Increase commercial revenues by 114%
- Raise spend in the local economy by £1.83m per annum

By achieving these outputs, it is anticipated that the project could achieve a positive economic return on investment of around 22:1.

The objective of the project is to safeguard the future of the House and collection by ensuring a regular financial surplus within 5 years of project completion, providing appropriate art storage facilities and preserving the built fabric of the site. The Centenary Project will also further the Trust’s mission to inform the public about Charleston, Bloomsbury and the arts.

2.3) Stakeholder Engagement carried out.

Since as early as 2006, Charleston has been in consultation with a number of existing and potential stakeholders. This has included:

- East Sussex County Council
- Jamie Fobert Architects

- Julian Harrap Architects
- Lewes District Council
- South Downs National Park Authority
- Heritage Lottery Fund
- Natural England
- Glyndebourne Opera Festival
- Firle Estates
- Several of the UK's leading educational grant makers
- Our residential neighbours
- The adjacent dairy farmer
- English Heritage
- Arts Council England
- Our Friends and Supporters
- Trustees – past and present

The Centenary Project is the outcome of consultations, surveys and focus groups with the Trust's key stakeholders on the future for Charleston. The need for the project was identified following a series of consultations and focus groups, utilising the views and knowledge of specialists such as conservators, art historians and academics through to descendants of the families who used to live at Charleston, our Friends and Trustees.

The Trust has held numerous consultation exercises, whether open days at Charleston, evening meetings, correspondence, or events such as nearly 100 Friends attending an evening presentation in September 2011 to hear about the plans and progress. The project team was also in close communication with English Heritage in the early stages (February 2011) who consulted and advised on the project.

As a body operating without government funding, Charleston is particularly focussed on its donor relations. £4.523m has been raised from private sector trusts and individuals (in donations not exceeding £700,000), as well as further £2.717m from the public sector. As a result there is a large, invested set of stakeholders who are regularly consulted and continuously updated on how money is being spent.

The Trust now has regular communication with the above listed stakeholders whether through private meetings, letters and events. We also display Centenary Project plans at many of our public events and festivals, ensuring the public and our supporters have the chance to ask questions and note progress.

Donors are kept up-to-date with the progression of the project through regular meetings with the Trust's fundraising professional. Charleston meet with the Heritage Lottery Fund on a regular basis to discuss progress against objectives. Key stakeholders have been consulted during the preparation of the Risk Strategy and will be again on the construction designs before drawings are passed to the contractor.

The project has also received endorsements from the local MP Maria Caulfield and the Lord-Lieutenant of East Sussex, Peter Field, which highlight the project's contributions to overnight tourism, rural economic growth and community learning opportunities.

2.4) List the key stakeholders and their interest areas.

| Stake Holder | Involvement | Status |
|--------------------------------------------------------------|----------------------------------------------------|------------------------------|
| Major funders (£20,000+) | Supporter | Support |
| Charleston Trustees | Champion, critic | Accountable, Support |
| Centenary Project Appeal Committee | Champion | Support |
| Charleston's Building Committee | Champion | Accountable, Support |
| The Charleston Trust Friends, Omega Members and Life Friends | Neutral, Critic, Opponent and Potential objections | Consulted, Informed, Support |
| East Sussex Country Council | Neutral, Supporter | Consulted, Informed |
| Lewes District Council | Neutral, Supporter | Consulted, Informed |
| South Downs National Park Authority | Neutral, Critic, Opponent | Consulted, Informed |
| Firle Estate (Land owners) | Neutral, Opponent | Consulted, informed |
| The neighbouring dairy farmer | Neutral | Consulted, informed |

| | | |
|--------------------------------------|-----------|------------------------------|
| East Sussex Cultural Leaders Network | Supporter | Support, Consulted, Informed |
|--------------------------------------|-----------|------------------------------|

2.5) What are the strategic issues, risks and constraints that may impact successful delivery of the project?

The Trust has developed a robust risk strategy for the Centenary Project in consultation with trustees, key project stakeholders and the project management company. This is continually monitored and adjusted where necessary, with the appropriate policies in place to mitigate risk or act where necessary to minimise any negative impact of a risk occurring. Each of the issues has been investigated within the planning and development phase of the project, and are scheduled in eight categories:

Financial – including not raising enough funding, unforeseen increase in costs;

Planning/Licenses – including not adhering to any license requirements;

Operational – including loss of support from estate owners;

Commercial – including any delays to the delivery affecting our business plans;

Technical/Design – including breakdown of relationship with contractors;

Procurement and Construction – including unforeseen construction problems;

Social – including lack of public interest in the new programmes; and

Management /staffing – including loss of key personnel.

Charleston is situated within the South Downs National Park Authority and therefore we have to adhere to strict delegated planning laws. The Centenary Project received planning permission and listed building consent in April 2014.

The project also has the following licenses:

- Natural England Ecology Licence – Bats;
- Natural England Ecology Licence – Dormice; and
- Watercourse licence.

The key risk on the project regarding stakeholders is the failure to secure the remaining funds needed to complete the capital development. There are a number of secondary risks such as a funder withdrawing their donation.

The Trust's established fundraising strategy minimises these risks by ensuring funds are secured from a broad range of sources with a communication plan in place with donors so that they are aware of timeframes and the progression of the project.

Regular meetings are held with key funders on an individual basis and via networking events. This enables the Trust to provide constant updates ensuring that they are aware of progress and how their funds are being spent. This aspect of the project is being managed by a fundraising professional who has over 20 years' experience, and is supported by an active Appeal Committee, the charity's Director and Trustees.

The £2.45m funding from the Heritage Lottery Fund (HLF) was made in two parts. The first tranche was for £47,000 which helped the trust to fund the initial development of the project, including a feasibility study, environmental and site surveys, architect fees, design fees and business plan development. The remaining £2.4m is a matching fund where they match any donation made to the Centenary Project by 38% and release the funding against costs. To date, we have secured £2.39m matching funds from the original budget of £2.4m. Matched funds are drawn down on at least a quarterly basis against costs incurred.

The Heritage Lottery Fund are fully committed to seeing the delivery of the Centenary Project as they have already seen 44% of their grant spent. The Trust also has a very close working relationship with them and meet on a regular basis, discussing progress against objectives. The appointed project management company - Cragg Management Services Ltd - also have a long standing relationship with the HLF, and Nick Cragg, the business' owner, is a current HLF Assessor.

2.6) Project Dependencies

As the construction work for the remainder of the phases will involve reconfiguring the site, the phasing of the project is critical. Not adhering to this order and fully completing each phase would have a significant negative impact both on the achievability of the targeted outputs and Charleston's existing commercial revenues. The benefits of later stages of the works cannot be achieved without first completing the barn redevelopment due to the knock-on effects of relocating current uses, such as the Café.

Phase 2 began construction in June 2016, with project spend forecast for £2.49m for the remainder of FY 2017/18. The final £0.4m funding shortfall is sought from Coast to Capital as a Local Growth Fund grant.

It should be noted that unforeseen issues should not impact the deliverability of the project as a 10% contingency has been budgeted for all capital works. There has been significant activity over several years for the Centenary Project such as ground, structural and habitation surveys, planning approval and South Downs National Park Authority negotiations, legal agreements with the landowners (Firle Estate) and our neighbouring farm tenant, as well as initial design concepts with architects. This due diligence gave us the confidence that we could launch the scheme, maximise success and realise our vision:

Work included:

- Local planning consultations were held;
- Strategically important strips of land have been purchased;
- Discussions were held with local farmers, our neighbours and the Firle Estate to ensure disruption is kept to a minimum; and
- A number of surveys were completed including structural, habitation and ground-engineering.

The appointed project management company are now working closely with the preferred contractors for the major building works, ensuring that the project is completed on time and on budget.

2.7) Project disruption

All potential disruption has been planned and managed through the statutory planning process and is not expected to be significant for a construction project of this size given the relative isolation of Charleston and the ongoing positive relations with the neighbouring occupiers. Discussions have been held with the freeholder, neighbouring farmer and neighbouring residential occupiers to ensure disruption is kept to a minimum. A number of surveys have been carried out so the scope for unexpected disruption to the project and therefore the length of any disturbance caused by the works should be minimal.

3. The Economic Case

3.1) Please describe the options that have been considered in selecting the project proposal, completing both box 1 and 2.

Box 1: Options

| Option Name: | Description: | Total cost: | Amount requested: | Core outputs (see 1.5) |
|------------------------|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-------------------|-----------------------------------------------------------------------------|
| Do nothing | No capital investment in the historic buildings at Charleston | £0 | £0 | No additional outputs Likely decline in visitor numbers and revenues |
| Do minimum | The reference case position - maintain current operations through ongoing visitor revenues and charitable donations | £ minimum investment in essential maintenance | £0 | No additional outputs |
| Proposed option | Deliver full £7.643m capital investment programme including all elements outlined in the table at 1.1 | £7,613,183 | £400,000 | See 1.5 |
| Alternative | | | | |

| options: | | | | |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----------|-----------------------|
| Reduced LGF option | Any reduced LGF option would not be sufficient to complete the outstanding elements of the barns, auditorium and exhibition space – leaving the Centenary Project unfinished | £7,413,183 | £200,000 | No additional outputs |

Box 2: Advantages and disadvantages of options

| Option Name: | Advantages: | Disadvantages: |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Do nothing | No additional capital cost | <p>Failure to maximise revenue generating opportunities to secure the financial and operational future of the House and the collection</p> <p>Visitor numbers likely to be restricted and decline</p> <p>Historic farm buildings are at risk of damage and decay. There is an ongoing need to invest in maintaining the integrity of the House and Gardens and doing nothing is therefore not considered to be an option.</p> |
| Do minimum | Maintain current visitor numbers and revenues in the short term | Increased pressures on the upkeep of the House and Gardens will mean that investment will be required in future years to ensure the ongoing integrity of the House and Gardens. |
| Proposed option | <p>Significant enhancements to the visitor offer and capacity of Charleston</p> <p>Physical and aesthetic benefits of reunification of the farm buildings with the House</p> <p>Provision of new spaces for improved visitor facilities, public events and education activities</p> <p>Greater contribution by Charleston to the local economy, generating new jobs and training and learning opportunities for both adults and children.</p> <p>Long term organisational benefits, which will help ensure the longer term survival of Charleston, its artwork, collection and spirit of artistic endeavour for future generations.</p> | <p>This option incurs the greatest public sector capital cost</p> |
| 50% LGF option | <p>This option incurs a reduced public sector capital cost</p> <p>Continued works towards completion but project will not be finished</p> | <p>Insufficient funding to complete the fit-out of the Auditorium and therefore the Trust is not able launch its new and expanded schools and community education programmes</p> <p>Insufficient funding to complete the extension and re-fit of the shop thereby losing the opportunity to increase commercial revenues</p> <p>This option does not guarantee that the maximum economic, financial and cultural benefits can be secured on the basis of the £7.2m already raised</p> |

3.2) The preferred option

The preferred option is to complete the £7.643m two phase capital investment project to fully enhance the scale of the Trust's work and its impact – at a time when the attraction is operating at 93% visitor capacity. The investment will increase capacity by at least 15,000 visits to 50,000 per year. The proposed benefits of each of the elements of the full scheme are summarised below. The preferred option guarantees the delivery of the project by completing the following works:

| | |
|-----------------------------|---------------------------------------------------------------------------------------------|
| Exhibition Gallery | complete building works and fit out |
| Research Studio | complete fit out |
| Hay Barn Auditorium | complete restoration works, excavation of ground floor |
| Threshing Barn Café | completion of restoration works, building and fit out of kitchen, fit out of cafe |
| Visitor Facilities | completion of building works. Fit out of public toilets and new disabled toilet |
| Creating 3 new public areas | completion of courtyard areas including landscaping |
| Office refurbishment | to create more space for increased workforce and allowing development of digital resilience |
| Shop refurbishment | increase revenue generation capacity both physically and on line |

The Centenary Project will enable year round operation, extending the visitor season and improving the visitor experience, thus unlocking significant revenue streams for the Trust.

In the past small exhibitions have taken place in the shop but its lack of museum conditions has prevented the Trust's ability to loan from arts institutions. With a dedicated exhibition gallery, Charleston will be able to show much more of its collection, as well as its dedicated temporary exhibitions and touring works, adding a third entrance fee to the current House and Garden options. The Centenary Project also allows the Trust to greatly expand its education and learning programme. This is currently delivered in the Café and as such is constrained to times when the House is closed. On completion of Phase 2 of the Centenary Project a range of new spaces will provide significant additional capacity for education and learning activities – including the auditorium, exhibition gallery and outdoor public spaces.

A new Auditorium will be a flexible space, available for venue hire, able to hold lectures, artistic performances and film screenings. The Trust's current commercial operations will benefit from increased footfall but will also be a draw in their own right – the local crafts, ceramics and fabrics on offer in the shop have been endorsed by the British Craft Council and British Vogue magazine, and the café/restaurant will be in a restored listed barn. This broader offering will draw greater visitor numbers to Charleston for cultural, educational and leisure purposes. By extending East Sussex's cultural tourism offer, there will be greater dwell time in Lewes and the surrounding region, increased visitor numbers, day visitor spend and overnight stays.

3.3) Issues with preferred option.

There are no process or delivery issues outstanding for the preferred option, beyond the availability of capital funding. If awarded funding, the Trust will spend the £400,000 Coast to Capital grant in 2017/18.

3.4) What are the top 5 risks of this option?

The main risks identified are:

1. The failure to secure additional funding
2. Impact of funding delays on Trust's income generation and delivery of business plan
3. Having insufficient funds to pay contractors

Further discussion of project risk is included above at section 1.6, 2.5, 2.6 and 2.7.

Please complete the boxes below, answering only those relevant for the theme of your project, referring to the guidance available. Please also complete the outputs tab of the supporting excel

3.5) Economic impact

Economic benefits

The Centenary Project will significantly increase the visitor offer and capacity at Charleston. The primary quantified economic benefit of the project is to attract new visitors to the area. It is anticipated that the project will attract at least an additional 15,000 visitors per year, bringing overall visitor numbers to 50,000 annually by 2020. The spending of additional visitors is expected to support new long-term jobs, both at Charleston and in the wider C2C visitor economy. As such, the approach to modelling the economic benefits is to estimate the 10 year effects of net additional job gains within the C2C labour market. Investment in the delivery of the project will also bring new temporary employment opportunities in the construction sector. The three benefit streams assessed in the impact assessment are:

1. gross construction-related effects;
2. gross operational employment effects; and
3. wider induced employment effects in the visitor economy.

From gross jobs, net additional employment is also calculated drawing on national guidance and local evidence to estimate the deadweight, leakage, displacement and economic multiplier effects. GVA per job metrics for East Sussex are used to estimate the effects of net additional employment gains to the economy and these are also expressed in Net Present Value (NPV) terms. The table below illustrates how identified benefits significantly outweigh disbenefits:

| Project benefits | Project disbenefits |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Temporary boost to construction sector good and services demands and a temporary boost to local sub-contracting opportunities in the construction sector | A small increase in local traffic |
| An increase in the visitor capacity of Charleston and an overall increase in the visitor offer of the South Downs National Park. | Limited visibility of the proposed development from on top of Firle Beacon, part of the South Downs National Park (we will be using materials for both the car park and contemporary build roof that negates the impact of the development, and the new car park has been designed and built to be less visible from Firle Beacon than the previous car park. In addition, a landscaping scheme was implemented in winter 2016-2017 to mitigate against visibility). |
| An increase in the marketability of the attraction to areas outside of the C2C | Temporary disruption to neighbouring landowners and residents during construction |
| Creation of new permanent and part time operational jobs, including seasonal or specific event related jobs | Increase in revenue costs to cover additional visitor offers and increased staff levels |
| Training for staff and volunteers | Increased numbers placing more pressure on fragile nature of the House and collection |
| An increase in visitor numbers to the local area and an associated increased in spending within the visitor economy | |
| Creation of useable business space for corporate hire | |
| Ability to work more effectively with local schools, universities and community groups | |
| Training for staff and volunteers and contribution to the delivery of apprenticeship and internships in East Sussex | |

The Trust has undertaken a number of consultations with relevant organisations of similar visitor size, turnover and visitor attractions. Further consultations were held with visitors to the attraction, including those attending festivals and learning programmes. The purpose of these consultations was to design a scheme that would have

the greatest potential to attract new visitors to Charleston and thereby enhancing the role of the Centre within the South Downs National Park and wider C2C visitor economy.

To help mitigate against potential adverse effects arising from any planned development, The Trust then consulted with specialist advisors on areas such as increased traffic, café development and ecology. As part of this work, The Trust also looked at Charleston geographically as a travel destination but also in the proximity to other cultural offerings. Charleston's location is just off the A27, a key arterial route across the county, and nestled within an area of outstanding natural beauty. The Charleston Trust has been added to the list of 'Higher Level Stakeholders' which includes the local authorities, Chambers of Commerce and Local Parishes by Highways England and Atkins Global in their ongoing consultation on improvements to Charleston, including the Charleston Junction of the A27 and their consultation includes increased traffic related to the Centenary Project.

This process enabled a number of options to be discounted at an early stage and the options appraisal and supporting consultation process has helped to determine a preferred option for the Centenary Project. The preferred option will see an investment of £7.643m to significantly enhance the offer of the Charleston for visitors. Its position, in beautiful and unspoilt countryside, makes Charleston an ideal untapped opportunity for growing the visitor offer of the South Downs National Park and wider area and once the final funding of £0.4 million has been secured, the Centenary Project will transform Charleston operationally.

The planned new developments at Charleston will attract visitors from a wider marketplace. It will also provide incentives for people to return year after year, enabling us to develop new audiences and provides the best possible way for the Trust to engage with the broadest community possible.

Outputs

The economic outputs assessed are the net additional FTE employment from the capital works 2018 and 10-year operation (2020-2029) of the extended Charleston House; and the wider effects of visitor spending within the C2C economy using evidence from Tourism South East's PRIME Model.

Gross Employment Effects

Gross Direct Construction-related Jobs

It is estimated that a capital works spend of £0.4m would support 6.8 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 **0.7 gross FTE jobs** (applying standard consideration of 10 construction jobs years, equivalent to 1 FTE job for ten years).

Gross Direct Operational Jobs

In 2015, 23 FTE staff were employed at Charleston alongside a further 103 part-time staff (equivalent to 51.5 FTEs). A review of new job roles has been undertaken to support the business plan and this review has highlighted the need for a further 35 direct jobs (**equivalent to 11 FTEs**) at Charleston following the delivery of the project.

Gross direct operational jobs are estimated on the basis of the business plan for 50,000 annual visitors. It is assumed that these new positions will persist within the labour market for at least 10 years.

| Job | New | Total |
|-------------------------------|--------------|-------|
| Existing Managers | 1 (1.0 FTE) | 1 |
| Executive Assistant | 1 (.8 FTE) | 1 |
| Venue Hire Manager | 1 (.4 FTE) | 1 |
| Public Programmes Coordinator | 1 (1 FTE) | 1 |
| Marketing Assistant | 1 (.2 FTE) | 1 |
| Assistant Gardener | 1 (1.0 FTE) | 1 |
| Assistant Curator | 1 (.6 FTE) | 1 |
| Deputy Director | 1 (1.0 FTE) | 1 |
| September Festival Staff | 10 (1.0 FTE) | 10 |
| Events and Performance | 2 (.1 FTE) | 2 |
| Seasonal Catering Staff | 6 (3 FTE) | 6 |
| Retail staff | 3 (.5 FTE) | 3 |
| Venue Hire Staff | 6 (.1 FTE) | 6 |

| | | |
|--------------|---------------------|---------------------|
| Total | 35 (11 FTEs) | 35 (11 FTEs) |
|--------------|---------------------|---------------------|

Gross Induced Visitor Economy Jobs

Charleston has around annual 35,000 visitors per year of which around 30,500 are day visitors and 4,500 stay overnight in the area.

Using its PRIME model, Tourism South East, estimate that Charleston's visitors currently spend £1.82m in the wider visitor economy. This supports an estimated 34 induced jobs (gross) in the visitor economy, based on an established spend per job metric of £54,000 per job in the visitor economy (Deloitte, Oxford Economics 2013).

The ambition of the project is to enhance the overall visitor offer and capacity to allow Charleston to attract a higher proportion of visitors from a wider catchment area. It is forecast that at least 15,000 additional annual visitors will be attracted to Charleston annually once the project has been delivered. Of these, it is estimated that around 5,000 will be the higher-value overnight staying visitors and the remaining 10,000 will be day visitors. Using spending calculations from the PRIME Model, it is therefore estimated that these additional visitors will spend £1.72m each year in the wider visitor economy, which would support a further 32 gross FTE jobs.

However, Charleston visitor survey evidence (2015 and 2016) suggests that a high proportion of visitors to Charleston already live in the C2C area and it may be their spending would occur within the C2C economy regardless of their visit to Charleston. In economic terms, this is considered as "deadweight" with an adjustment (-30%) therefore made to this effect. It is assumed that all overnight staying visitors visit from outside of the C2C area and their spending is wholly additional to the C2C economy.

After deadweight, it is estimated that £1.68m of additional annual spending will occur in C2C's visitor economy as a result of the increase in visitors, supporting 31 FTE jobs.

The table below outlines the overall assumptions regarding annual visitor numbers, their spending within the visitor economy and the FTE jobs that this currently supports within the wider visitor economy. It also demonstrates the estimated additional gross FTE jobs that could be achieved in the wider visitor economy through the project.

| Visitors, spending and FTE jobs supported – Current and with scheme additionality | | | |
|--------------------------------------------------------------------------------------------|--------------|----------------------------|----------------|
| | Day visitors | Overnight staying visitors | Total |
| <i>Current position</i> | | | |
| Total annual visitors | 30,500 | 4,500 | 35,000 |
| Spend per visitor | £13 | £318 | |
| Total annual spending in the visitor economy | £0.399m | £1.429m | £1.83m |
| Total FTE jobs (based on £54,000 spend per visitor economy job. Deloitte Oxonecon 2013) | 7 | 26 | 34 FTEs |
| <i>Project Additionality</i> | | | |
| Additional annual visitors | 10,000 | 5,000 | 15,000 |
| Additional annual visitor economy spending | £0.131m | £1.587m | £1.72m |
| Additional FTE jobs | 2 | 29 | 31 FTEs |
| <i>Deadweight effects</i> | | | |
| Deadweight effects | -30% | -0% | |
| Additional annual spending in C2C | £0.279m | £1.587m | £1.68m |
| Additional gross FTE jobs | 2 | 29 | 31 FTEs |

Summary of gross FTE jobs

It is estimated that a total of 7 job years (equivalent to 0.7 FTE jobs) will be supported by the capital works required to complete the Centenary Project. Upon opening a total of 42 (11 operational + 31 visitor economy) longer-term FTE jobs would be generated within the Charleston and the wider visitor economy of the C2C area.

Net additional FTE jobs

To estimate net additional employment in the C2C labour market, prudent adjustments have been made to reflect leakage (-10%), displacement (-25%) and indirect and induced (multiplier) effects (1.4). These have drawn on national guidelines including HCA Additionality Guide (2015) and research by BIS (Occasional Paper 1: Research to improve the assessment of Additionality, 2009).

No multiplier effects are considered within the assessment of net additional jobs supported within the wider visitor economy as these FTE jobs will be supported through the spending of additional visitors to the area and can therefore be considered to already be induced.

In applying these assumptions, it is estimated that the additional capital works **project has the potential to support a total of 32 net additional FTE jobs**, comprising:

- 6.4 net additional jobs years (equivalent to 0.6 net additional FTE jobs) during capital works
- 10 net additional operational FTEs at Charleston
- 21 net additional FTE jobs within the wider visitor economy of the C2C

Sensitivities

A number of sensitivity tests have been applied to the preferred option to reflect uncertainties in the assumptions used. The main risks to the delivery of new FTE jobs within the C2C labour market include the potential for fewer than anticipated visitors and the potential for higher levels of leakage and displacement. A further risk to the delivery of jobs includes the potential for delays associated with the delivery of the project (planning risk etc.).

Based on these main risks, four potential scenarios have been considered within the modelling. These are as follows:

- **Scenario 1:** 25% fewer jobs achieved through the project arising from fewer visitor numbers and higher levels of leakage and displacement;
- **Scenario 2:** Three-year delay in the delivery of the project; and,
- **Scenario 3:** Three-year delivery delay and 25% fewer jobs.

The table below presents the gross and net additional employment and GVA effects when these scenarios are applied to the modelling:

| Gross and net additional employment gains – Sensitivities | | | | |
|------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------|-------------------------------------------|-------------------------|
| | Construction effects | | Operational effects | |
| | Gross direct FTE job years (10 years per FTE job) | Net additional FTE job years (10 years per FTE job) | Gross direct and visitor economy FTE jobs | Net additional FTE jobs |
| Scenario 1: 25% fewer jobs | 5 during 2018 | 5 during 2018 | 32 by 2021 | 24 by 2021 |
| Scenario 2: Three year delivery delay | 7 during 2021 | 6 during 2021 | 42 by 2024 | 31 by 2024 |
| Scenario 3: Three year delivery delay + 25% fewer jobs | 5 during 2021 | 5 during 2021 | 32 by 2024 | 24 by 2024 |

As such, it is estimated that the project will have a modest but beneficial impact on the C2C labour market. Given that the project will bring a long-term uplift in visitor numbers to the area, it is anticipated that the project will have a great beneficial impact on the economy.

3.6) Environmental Impact

The Centenary Project has environmental sustainability at its core. By bringing together the architects, building designers and technical specialists very early on in the development of the project, the Trust has considered how all elements must work together, along with the main House, in order to plan efficient, affordable and practical sustainable solutions, whether for the new contemporary build, the rebuilding of the granary or in the redevelopment of the existing barns. The landscaping, for example, will see the introduction of additional native planting to encourage biodiversity.

This will ensure that the environmental impacts of buildings are kept to a minimum. As part of the project, we looked at, and continually monitor, key areas included within BREEAM such as Energy, Materials, Land Use and ecology, Pollution and Waste. The Trust also looked at areas including proximity to local transport links, flooding risks, lighting, ventilation and recycling waste and the decision to opt for new build or to reuse an existing structure or façade. This will ensure the final design evolved on the basis of low energy use, recycling and cost effective measures to significantly reduce the carbon footprint of the project.

As the plans for the Centenary Project developed, especially within the later Design Stages D and E, the Trust has given particular attention to the materials selected for walls, windows, roofs, floor slabs and floor finishes and coverings. Similar attention was given to the components that will serve systems such as lighting and heating, and energy from renewable sources. The Project Managers have consulted and briefed Contractors regarding any environmental impact of the construction process, site impact, visitor noise and disruption, good construction practice and the Considerate Constructors Scheme.

The Renovation Works – Barns

Historic buildings, by their nature, provide exceptional cost in use benefits. They are, inevitably, built from recyclable materials therefore lowering the overall environmental impact of the project such as high amounts of embodied energy, CO2 production and transport costs. The barns at Charleston are no exception with the roof tiles, timber and brickwork all potentially readily recyclable. Further environmental points are:

- planning for the majority of any 'new' materials being used to be reclaimed, second-hand materials
- reusing and recycling; reducing wastage which may otherwise go to landfill
- the insulation value of the barns will be improved with the introduction of Hiss Reet insulation panels
- an underfloor heating system will be installed
- replace the existing barn doors with a double layer of new external boarded doors and internal glazed screen doors to improve thermal performance and reduce draughts
- the internal screens will be double glazed and allow controlled daylight to enter without opening the doors completely, improving the natural light levels in the barns even during inclement weather
- new windows will be installed, being sympathetic in design but built to modern standards

The Contemporary Build

The architects are adopting a passive approach to environmental design with regard to the new build aspect of the project. The focus has therefore been on producing a low energy use building, ensuring the specification of thermally efficiently building fabric which incorporates high levels of insulation. Further environmental points are:

- a large proportion of manufacture takes place off site, enabling a high degree of precision and quality control. This process also enables airtight construction and therefore enhanced building fabric efficiency
- re-using elements of the old demolished buildings such as wood panelling
- the new build element is constructed from Cross Laminated Timber components, a renewable material that provides first class thermal qualities and contains extremely low carbon content
- installation of a high efficiency boiler (greater than 90%) in conjunction with under-floor heating. This design improves natural ventilation and provides improved personal/local control over mechanical ventilation by the use of controlled air supply, with the employment of air quality (AHU) and temperature sensors
- the new Collection Store will be environmentally controlled and insulated to a high degree
- all lighting to be LED which reduce significantly the carbon footprint and in energy consumption
- natural light has been enhanced by new windows and the use of roof lights, reducing overall electric lighting
- all windows can open to make use of natural ventilation as much as possible

3.7) Social Impact

Arts, culture and heritage are commonly linked to the development of social value which can have economic values attributed through contributions to skills levels, employability, health and productivity⁹. The development of social value through culture is a key ambition of the Government's 2016 *Culture White Paper* and the Government

⁹ See for example, CEBR 2015 *op cit* and O'Brien, D. *Measuring the value of culture: A report to DCMS* (2010).

supports this as a key rationale for capital investment in artistic and cultural institutions.

Local Growth Fund investment will deliver Phase 2 of the Centenary Project – which include the Auditorium thereby enabling Charleston to expand the capacity and increase the quality of its Learning Programmes, which are currently hosted in the Café. **It is expected that the Centenary Project investment will see overall education and learning activity attendance increase by 48% to 19,000 by 2019.**

The Centenary Project will also enable the Charleston Trust to accommodate an expanded paid internship programme for early career academics, with the addition of the research studio and improved staff facilities and offices. Research has shown that holders of creative degrees with placements are 5% points more likely to be employed at all, and 7% points more likely to be employed in a creative occupation than those without – pointing to the economic value-added of programmes such as Charleston's¹⁰.

3.8) The number of people and businesses positively impacted by the intervention?

15,000 additional visitors p/a

6,000 additional participants in cultural programmes and events

3.9) Follow on Investment

Following the completion of Phase 2 of the Centenary Project, a third phase has been proposed which, subject to funding, will see a further investment of over £2m in additional educational facilities.

3.10) Skills projects only- Impact on Skills Provision

N/A

3.11) Business and enterprise projects only- Impact on business growth

N/A

3.12) Infrastructure and Regeneration and Housing projects only- Physical and aesthetical impact- Does the project make a positive and lasting contribution to the physical, human and cultural environment?

Overall design concept

Charleston is a seventeenth century farmhouse – located around seven miles from Lewes – which hosts a collection of artwork and artefacts of unique cultural and historical significance. The Centenary Project aims to preserve Charleston's heritage, enhance the Trust's economic and cultural role, and expand the site to achieve a sustainable financial future.

The overall design concept for the restoration and new build construction at Charleston is to re-unify the historically integrated group of barns and yards and farmhouse to return it to the way it was in the middle years of the twentieth century when used by the Bloomsbury group. A carefully considered programme of works will re-establish the nature and extent of the original groundscape so that the visitor will be able to recognize the historic scenery recorded by Duncan Grant and Vanessa Bell. The design approach has been tested and validated through the statutory planning and listed building consent processes.

The sensitive nature of this rural site on the edge of the South Downs was a primary concern. Estate, local farmers and the town of Lewes were all included in consultation. The aesthetic impact will be positive, both through the restoration of the traditional farmyard layout; and screening of views from the South Downs. New trees will be planted, together with hedges of appropriate species, to conceal the existing car park enclosures and to further conceal the new car park situated on the north side of the group.

In 2009 Jamie Fobert Architects won an invited competition in partnership with Julian Harrap Architects to restore and protect the original grade II listed barns, , create a new Café and Auditorium, an archive store and gallery, and modernise the existing office space.

In 2011, with planning and designs had been approved, we formally launched this transformative £7.643m project, which aims to protect Charleston for future generations through a programme of sensitive restoration, preservation and development. The Project will help safeguard Charleston's heritage, address its real needs as an organisation and a museum and provide it with a sustainable and financially secure future. We will also have the space to

¹⁰ Arts Council/CEBR, 2013

increase the scale of our current education programme, ensuring more schools, community groups and the public can learn and be inspired. Furthermore, we will be able to increase the number of local, national and international visitors thereby helping develop tourism in the South East with all the related financial and job related benefits.

Protecting the Past

Currently it costs almost £1.2m to maintain Charleston, and operate as a successful charity. Due to the fragile nature of the house, our conservation constraints mean we are only able to open from late March through to early November and are limited to no more than 25,000 visitors to the House in a year. These limitations, whilst incredibly important for the protection of Charleston, does inhibit our ability to generate income from visitors.

Building for the Future

The magnificent Grade II Listed barns opposite the House are a central part of Charleston's historic setting. However, in the last fifty years, they have suffered damaging neglect with the gradual disintegration of their structural fabric. In the early 1970s, the eighteenth century granary that adjoined the barn (and which featured in many of Duncan Grant's paintings) was demolished and replaced with an open-sided tractor shed. These and other alterations to the adjacent farmyard have had a detrimental effect upon the site and the barns remain at risk both from further neglect and unsympathetic development.

We aim to sensitively restore the two main barns, making safe the existing structures, but also to upgrade the infrastructure within the buildings to allow for flexible learning activities in a space that can be used all year round. As part of this, a new Auditorium will be created for an expanded program of talks, lectures and artistic performances with a new staging area. Visitor facilities will also be improved including far better disabled access and enhanced facilities for those who are hard of hearing.

The Barns

The Hay Barn will be used as small Auditorium and activity space focussed on a stage at the east end. The Threshing Barn will be used as a Cafe and reception space in conjunction with the Hay Barn. The Trust is sensitive to the original uses and wants to retain the agriculture feel of the interior. The design proposals include the reconstruction of timber frames throughout, the repair of the flint walls and brick dressings and the removal and relaying of original roof coverings. The L shape of the two barns remains the dominant element, and the opportunity is being taken to reinstate those parts lost over time, including the granary wing that originally provided a third side to the courtyard, now intended for education. The courtyards and surrounding ground is to be levelled to not only help with disabled access but with seasonal events.

The New Buildings

A newly built second L shape structure will complete the Centenary Project. Many functions will come beneath its quirkily angled roof, due to be made of sheets of Corten steel, a material beloved alike by architects and sculptors such as Richard Serra and Anthony Gormley. This new structure will include the necessary lavatories plus the collection store for Charleston's 11,000 pieces of art, and the art and exhibition gallery. Containing three linked but distinct rooms, the gallery will be made in tune with the domestic scale of the farmhouse. These rooms can flow into each other, or alternatively, partitions can be introduced for smaller shows.

The roof of the new building will be Coreten steel, continuing the robust, agricultural aesthetic, and referencing the distinctive ochre colouring of the existing clay roof tiles and brick. The gallery space is made up of three volumes, identical in scale to the main living spaces of Charleston's farmhouse. This gives a sense of balance and familiarity between the farmhouse and the new building and it means that the gallery is perfectly suited to displaying the domestically-scaled paintings of the Bloomsbury group.

Car parking and access

The Charleston Trustees were very sensitive to the planned location of the new car park so as to ensure that it was not an intrusion onto the views from the rooms of the Farmhouse, as recorded in Duncan Grant's paintings and old family photographs. There was a need to avoid a visual intrusion into the unique landscape that surrounds Charleston from the South Downs Way and from the ridge-line of the Downs themselves.

Those walking the South Downs Way would be unconscious of the whole of the new developments proposed as a result of the re-unification of the historic group of the farm and its barnyard. This includes the new access route, the car park and the new buildings to be accommodated within the former stable yard to the south of the House. Hedging materials will include blackthorn and hawthorn, as well as field cherry and some of the willow and alder families. The existing concrete road is seen as offering a distinct memory of the wartime use of the site and will be maintained and repaired. New road surfaces will include consolidated lime-based chalk roads similar to those which occur naturally in this landscape and the thin grass sward will be reinforced with metal and nylon mesh where necessary to resist short and longer term parking.

The considerable advantage of the new circulation plan is that it enables the Trust's activity to take place in a totally pedestrian curtilage, while at the same time providing a separate and efficient delivery pattern for goods and visitors. The Charleston Trust previously sought the advice of the Highways Agency in 2005 about the possible

impact of the Charleston Barn Project on the A27. The view of the Highways Agency was at the time: "Given the information provided to date, should the scheme be submitted as a planning application the Highways Agency would not be likely to object subject to the completion of the proposed right turn lane into Charleston prior to the operation of the conversion".

3.13) If your project results in service and other improvements then please provide baseline data below.

| Metric | Baseline | | What the intervention will achieve | |
|-----------------|----------|------|------------------------------------|---------|
| | Figure | Year | Figure | By when |
| Visitor numbers | 35,000 | 2015 | > 50,000 | 2019 |

4. The Commercial Case

4.1) Please provide details of your envisaged procurement route.

All packages of work have been procured through a traditional procurement route, using a JCT standard building contract. This route was deemed the most appropriate for a complex project, which includes a new build of some architectural merit, and delicate conservation works to the barns, which have been designed and specified by two high profile architects – Jamie Fobert Architects (RIBA award winning for new building work) and Julian Harrap Architects (specialists in conservation).

4.2) Involvement of private development partners.

The Trust's Capital Appeal Manager and Appeal Committee have successfully secured private charitable investment from a number of companies, individuals, trusts and foundations for the Charleston Centenary Project.

PRIVATE: CORPORATE/CORPORATE FOUNDATIONS

£127,000 / 1.8% of funds raised. Supporters include:

Burberry (donation amount confidential)
Croudace Homes (donation amount confidential)

EVENTS

£237,000/ 3.27% of funds raised. Events include:

Clarence House Reception with Charleston's Patron – Her Royal Highness The Duchess of Cornwall
National Portrait Gallery Gala Dinner
Fundraising dinner at the 2016 Charleston Festival

PRIVATE: PHILANTHROPISTS

£1.799m / 24.84% of funds raised. Supporters include:

Dame Pippa Harris - £30,000
Kevan and Prudence Watts - £25,000
Lady Kate Gavron - £25,000
Lisbet Rausing - £75,000
Marit Rausing - £50,000
Michael Farthing and Alison McLean - £25,000
Philip & Psiche Hughes - £10,000
Sir Christopher and Lady Ondaatje - £250,000
The Aisbitt Family - £100,000
William and Virginia Nicholson - £265,000

PRIVATE: TRUSTS & FOUNDATIONS

£2.36m / 32.63% of funds raised. Supporters include:

Ashley Family Foundation - £100,000
Charles Hayward Foundation - £20,000
David and Claudia Harding Foundation - £25,000
Doric Charitable Trust - £9,000
Elizabeth Cayzer Trust - £50,000
Garfield Weston Foundation - £117,500†
JP Getty Charitable Trust - £50,000
Glenn & Phylidda Earle Trust - £25,000
Michael Marks Charitable Trust - £30,000
Monument Trust (Sainsbury Family Charitable Trusts) - £700,000

Philip & Psiche Hughes Trust - £10,000
 Rothschild Foundation - £25,000
 Sigrid Rausing Trust - £75,000
 Sir Siegmund Warburg's Voluntary Settlement - £324,600*
 South East Museums Fund - £45,000
 The Band Trust - £30,000
 The British Library Trust - £60,000
 The Consuelo and Anthony Brooke Charitable Trust - £22,500
 The Foyle Foundation - £150,000
 The Paul Mellon Centre for Studies in British Art - £30,000
 The Sackler Trust - £10,000
 The Spencer Wills Trust - £5,000
 The Steel Charitable Trust - £ 10,000
 Wolfson Foundation - £380,000

OTHER NOTED SUPPORTERS INCLUDE:

Heritage Lottery Fund - £2.447m
 Arts Council England - £250,000
 South Downs Sustainable Communities Fund - £20,000

†The overall support from Garfield Weston totalled £150,000. This was split between core costs of £32,500 and Centenary Project costs of £117,500

*The overall support from Sir Siegmund Warburg's Voluntary Settlement totalled £500,000. This was split between core costs of £175,400 and Centenary Project for £324,600

4.3) Procurement plan and timescales.

Phase zero was the Enabling Works, which included the new car park and access road, and clearing the site for future building works – was tendered in late 2014 and completed in September 2015. The next stage of the Centenary Project has been split into two separate procurement packages.

The main contractor for Phase 1 works, R. Durnell & Sons Ltd, was appointed from three preferred contractors following a rigorous tender and interview process which involved 15 contractors who initially completed Pre-Qualification Questionnaires. The chosen contractor has been established since 1591 and has worked on many heritage and education projects including Dulwich Picture Gallery, Heywood House and Salisbury Cathedral, as well as Turner Contemporary. Charleston's Trustees gave approval on 26th February 2016 to sign contracts and work commenced on Phase 1 in June 2016.

The existing design and management teams developed Phase 2 using this established procurement process.

Phase 1 Building Works (Started June 2016, now complete)

- structural groundworks, sheet piling and underpinning
- building of new contemporary buildings - gallery, collection store, visitor facilities
- restoration works to roof of Hay Barn - stripping roof tiles, removing rotten and fire damaged timbers, replacing and strengthening timbers where necessary
- conservation works to main flint wall of Hay Barn
- sheet piling providing structural support to the two main barns and contemporary buildings

Phase 2 Building Works (Started June 2016, with LGF funding due for completion February 2018)

- internal fit out of gallery, collection store and visitor facilities
- conservation works to two Grade II listed barns including replacing roof
- building of Auditorium in the Hay Barn
- building of new Café/restaurant in the Threshing barn
- completion of 3 public courtyard spaces between the barns and the new contemporary buildings
- landscaping

4.4) How will the project contribute towards social value?

Opportunities for entrepreneurs and SMEs

The creative economy is a growing sector. The number of people employed in the cultural and creative sectors has been increasing since 2011 and now stands at 321,000¹¹. The South East has the largest arts and culture industry outside of London, with a contribution of £1bn (0.52%) to the region's GVA in 2010. As well as absolute size, regional employment in the sector grew 50% faster than the UK average, expanding 12% between 2003 and 2008.

More locally, there are approximately 5,400 employees working in creative businesses across East Sussex, and an estimated 5,650 more are self-employed. The highest concentration of Cultural and Creative Industry workers in the county are in Lewes, with the area recognised as a strategic location in the South East Cultural Economy.

Heritage, cultural and artistic institutions support the creative economy as valuable patrons and consumers of the work and services of individual artists and creative professionals – in areas as diverse as architecture, web design, media, journalism and TV production. CEBR's 2013 study for the Arts Council found that over a quarter of the arts and culture sector's supply chain expenditure is in the creative industries representing almost £2.2 billion in 2010¹².

The support that institutions provide for individuals in the creative industries as hubs of activity and advice is also economically valuable in terms of productivity. **Charleston contributes to the cultural gravity of Lewes and the wider South East**, and through its festivals it plays an important role in the creative economy. Arts festivals, as well as drawing 3.3% of all UK tourists each year, are vital networking opportunities for creative professionals, and are a source of collaboration and innovation.

Fragmentation is a recognised growth barrier in creative industry, where self-employment is about four times more prevalent than in the wider economy¹³. Higher density clusters of arts and cultural activities support commercial creative industries and are associated with higher pay and higher productivity in cultural and creative occupations¹⁴.

With both the annual Charleston Festival and Small Wonder Festival providing important platforms for the book publishing sub-sector, Charleston is a key hub for creative professionals – particularly book publishing professionals – the highest value of all arts and culture occupations. The Centenary Project – with LGF funding – will enable the expansion of the festivals, particularly through the provision of the Auditorium, outdoor courtyard space and expanded catering capacity. Book publishing jobs are the highest paying of the arts and cultural industry (£32,400 in 2008, £38,000 in 2014) and therefore the festivals can be said to be bringing high-value visitors to the area.¹⁵

| GVA per FTE | 2008-2011 | 2009-2013 |
|--------------------------|-----------|-----------|
| Book publishing | £78,200 | £85,000 |
| Arts and culture average | £52,600 | £58,000 |

Opportunities for skills and career enhancement

Arts, culture and heritage are commonly linked to the development of social value which can have economic values attributed through contributions to skills levels, employability, health and productivity¹⁶. The development of social value through culture is a key ambition of the Government's 2016 *Culture White Paper* and the Government supports this as a key rationale for capital investment in artistic and cultural institutions.

Outreach and education programmes provided by such institutions are a direct contributor to this economic benefit. Even the simple *existence* of culture and heritage is thought to have a social value, even to those who do not participate, which can be measured as a 'non-use' economic value – for example reflected in the sense of pride of place people feel and the importance they attach to the existence of historic buildings and cultural institutions¹⁷. A common approach to monetising non-use value is to assess people's willingness to pay for the continued existence of assets (*hedonic pricing*).

Local Growth Fund investment will enable the completion of Phase 2 of the Centenary Project – which includes the Auditorium. This will enable Charleston to expand the capacity and increase the quality of its Learning Programmes, which are currently hosted in the Café, both in the short and longer term. **It is expected that the Centenary Project investment will see overall education and learning activity attendance increase by 48% to 19,000 by 2019.** The investment will also establish the potential for a possible a future third phase, to include a

¹¹ *The Culture White Paper*, (DCMS, 2016)

¹² *The contribution of the arts and culture to the national economy*, (Arts Council/CEBR, 2013)

¹³ *Impact Assessment of Creative Industry in SELEP*, (SELEP, 2016)

¹⁴ Arts Council/CEBR, 2013

¹⁵ Arts Council/CEBR, 2013 and 2015

¹⁶ See for example, CEBR 2015 *op cit* and O'Brien, D. *Measuring the value of culture: A report to DCMS* (2010).

¹⁷ O'Brien, *op cit*

Creative Learning Studio – although all planned educational and outreach programmes can be delivered in the short-term on the basis of the new phase 1 and Phase 2 facilities.

The Centenary Project will also enable the Charleston Trust to accommodate an expanded paid internship programme for early career academics, with the addition of the research studio and improved staff facilities and offices. Research has shown that holders of creative degrees with placements are 5% points more likely to be employed at all and 7% points more likely to be employed in a creative occupation than those without – pointing to the economic value-added of programmes such as Charleston's¹⁸.

4.5) State Aid Compliance.

The Trust does not believe that State Aid is applicable to the Charleston Centenary Project under the exemptions offered by Article 53 of the General Block Exemption Regulation of the European Commission, 2014 'Aid for culture and heritage'.

5. The Financial Case

5.1) what is the estimated total project cost and the amount of LGF being applied for? Please complete the funding breakdown tab in the supporting excel spreadsheet.

| Year | Total project cost | LGF |
|------------------------|--------------------|-----------------|
| Pre 2016/17 sunk costs | £2,531,422 | £0 |
| 2016/17 sunk costs | £1,397,896 | £0 |
| 17/18 sunk costs | £1,220,539 | £0 |
| 17/18 | £2,493,543 | £400,000 |
| 18/19 | £0 | £0 |
| 19/20 | | |
| 20/21 | | |
| Total | £7,643,401 | £400,000 |

5.2) Please set out the project expenditure items – No rounding up please

Please state the date of this estimate- September 2017

| Projects costs (delete as appropriate) | Total cost (£) | LGF (£) | Match funding (£) |
|-----------------------------------------------------------------------|----------------------|----------|-------------------|
| Land Acquisition | £209,467 (leasehold) | | £209,467 |
| Planning and Feasibility studies | £305,919 | | £305,919 |
| Surveys | Included above | | |
| Construction, inc- materials, equipment and labour | £4,788,368 | | £4,788,368 |
| Fit out (inc. equipment and furnishings not included in construction) | £538,980 | £400,000 | £138,980 |
| Project management | £246,672 | | £246,672 |
| Consultancy/staff costs | £543,447 | | £543,447 |
| Other (please specify) | | | |
| Fundraising | £197,529 | | £197,529 |
| Learning programme | £278,869 | | £278,869 |
| Total Net Cost | £7,109,251 | | £6,709,251 |
| Irrecoverable VAT | £534,150 | | £534,150 |

¹⁸ Arts Council/CEBR, 2013

| | | | |
|-------------------------|-------------------|-----------------|-------------------|
| Total Gross Cost | £7,643,401 | £400,000 | £7,243,401 |
|-------------------------|-------------------|-----------------|-------------------|

Please ensure the matched funding and LGF amount to the total costs and that the LGF requested does not exceed the percentage allowed for the type of project ie. 85% for transport and 50% for all other projects.

5.3) Net Present Value cash flow analysis.

| Options | NPV |
|-----------------------------------|----------------------------------------------------------------------------------------|
| Do nothing, minimum or status quo | £0.0m |
| Proposed option | £8.9m (cumulative additional GVA at present value) £8.5m (net present public value) |

Please detail your project assumptions and discount rate used - 3.5% p/a social preference discount

5.4) Value for money

Gross Value Added and Benefit: Cost ratio

An assessment of Gross Value Added (GVA) has been undertaken to estimate the effects of net additional FTE jobs on the productivity of the C2C economy, the economic return on investment and the value for public investment. 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.

In the **Preferred Option**, the results of this modelling and the overall assessment of Cost Benefit is outlined in the table below:

| GVA and Value for Money – Preferred Option | | | | | | |
|---------------------------------------------------|-------------------------------|----------------|----------------------------|--------------------------|---------------------------|---------------------------------|
| | GVA (cumulative undiscounted) | Discounted GVA | LGF investment requirement | Benefit Cost Ratio (BCR) | Total Net additional Jobs | LGF Cost per Net additional job |
| With LGF | £11.7m | £8.9m | £0.4m | 22:1 | 32 FTEs | £12,491 |

Against an investment of £0.4m of LGF, it is anticipated that the preferred option could achieve reasonable value for money at a Benefit Cost Ratio of 22:1, 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) and the HCA Mid-Point Benchmark (£39,850) (2015 *Calculating Cost Per Job*).

Applying the same assumptions and considerations for the scenarios developed for the **sensitivities** gives the following results:

| GVA and Value for Money – Sensitivities | | | | | |
|------------------------------------------------|-------------------------------|----------------|--------------------------|---------------------------|---------------------------------|
| | GVA (cumulative undiscounted) | Discounted GVA | Benefit Cost Ratio (BCR) | Total Net additional Jobs | LGF Cost per Net additional job |
| Scenario 1: 25% fewer jobs | £8.7m | £6.7m | 17: 1 | 24 | £16,654 |
| Scenario 2: 3 year delay | £9.4m | £6.7m | 17: 1 | 32 | £12,491 |

| | | | | | |
|---------------------------------------------|-------|-------|------|----|---------|
| Scenario 3: 25% fewer jobs and 3 year delay | £7.1m | £5.1m | 13:1 | 24 | £16,654 |
|---------------------------------------------|-------|-------|------|----|---------|

Even with these sensitivities applied, the scheme still represents reasonable value for money in Benefit: Cost Ratio terms.

Optimism Bias

A 44% increase in project cost requirements has been applied to the overall public sector project costs to account for optimism bias. This is based on Supplementary Green Book Guidance for Optimism Bias (HM Treasury) and reflects the upper end levels of optimism bias in capital projects for standard civil engineering. In practice, some of this bias can be mitigated based OB is retained at 44% at this stage for sensitivity purposes.

Based on these adjustments, the Benefit Cost Ratio and public sector cost per job would be as follows:

| Value for Money (LGF, including optimism bias) | | |
|---------------------------------------------------|--------------------------|----------------------|
| | Benefit Cost Ratio (BCR) | LGF Cost per Net Job |
| Preferred Option | 15: 1 | £17,987 |
| Sc. 1: 25% fewer jobs | 12: 1 | £23,982 |
| Sc. 2: Three year delivery delay | 12:1 | £17,987 |
| Sc. 3: Three year delivery delay + 25% fewer jobs | 9: 1 | £23,982 |

With these adjustments, the investment still represents reasonable value for money when compared to established benchmarks.

5.5) VAT status

Irrecoverable VAT is the VAT we incur on purchases but we are not allowed to claim back from HMRC. This is because our 'supplies' are both taxable and exempt. E.g. tickets to the House and Charleston Festival tickets are both exempt but most of our shop and Café income is standard rated. If a cost is related to purely exempt income, then we cannot claim back any VAT and if a cost is related to purely standard rated income then we can claim back all the VAT. But on any costs that relate to both taxable and exempt income e.g. all our overheads and the build costs of the project (as we will be using the building for a variety of purposes) then we can claim just a proportion back. In April 2015 we agreed a Partial Exemption Special Method (PESM) with HMRC which uses a formula based on the site usage to work out what percentage we can claim back – currently 54%. We have to recalculate this every year.

5.6) Financial Sustainability

The commercial opportunities of the Charleston Centenary Project were first developed in the 2010 Business Plan – followed by the 2015 Plan (Cragg Management Services Ltd) which details the proposed project's impact on Charleston's ongoing operations, and its financial sustainability. By 2018, the benefits of the project are expected to allow Charleston to make an annual surplus, which will be used to build up sufficient free reserves to cover 6 months' of overheads and then reinvested into the organisation. Revenue from the Centenary Project will reduce the reliance on unrestricted fundraising.

The aims are (i) to allow Charleston's legacy to actively continue, through expanded public programmes of events, exhibitions and educational activities and (ii) to ensure Charleston's financial sustainability, as a small organisation with no direct public funding. The aims are linked – an expanded public programme will bring new audiences and increased visitors, and will cement Charleston's reputation as a cultural hub for the South East. As well as increased income through ticket sales, there will be secondary spend in the Café and shop.

The specific financial benefits that the project will bring are:

- a new exhibition gallery, which will host three paying exhibitions per year
- a new restaurant, with more covers and a kitchen suitable for an expanded operation. For the first time, we will be able to take group bookings and cater for large events
- a unique space for venue hire. When not in use for public programme, the Barns offer a large space for private parties, conferences and weddings. This represents a substantial income stream which has not been available to Charleston to date

- space to expand Charleston's two literary festivals, which already receives over 10,000 visitors per year

As Charleston receives no public funding, it is recognised that significant investment must be made in order to guarantee long term financial sustainability. When completed, this investment will be in the region of nearly £8 million. In terms of future revenue support, whilst the Centenary Project will generate additional levels of income for Charleston, we will still need to embark on strategies that generate further sources of funding whether fundraising, trade or commercial. As we are a charitable organisation, the Trust has no shareholders, and any operational surpluses are reinvested directly back into the organisation.

Please see the Income and Expenditure section of the business plan, as a guide for our cash flow, and our latest audited accounts.

6. The Management Case

6.1) In which financial year do you expect your project to commence?

2014/15

6.2) In which financial year do you expect your project to complete?

2018/19

6.3) Please set out the key milestones related to the project.

| Project milestone | Description | Indicative date |
|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Works begin on three new art studios | Charleston to upgrade three existing rooms to become updated art studios for our education and learning programmes. (These will be used until the new Creative Learning Studio is opened.) | Works commenced April 2016. New Studios opened May 2016. |
| R. Durnnell & Sons Ltd prepare for Phase one, main works | R. Durnnell & Sons Ltd will commence with site preparation, including the erecting of safety hoardings and site clearance. Materials will be ordered and site office and storage areas prepared. | Works commenced April 2016. Work completed July 2016. |
| R. Durnnell & Sons Ltd commence key structural works for Phase 1 | This will be the preparing of the site, installation of sheet piling around the site of the new contemporary buildings and the rear of the Threshing Barn | Works commenced June 2016. Work completed February 2017. |
| Phase 1 restoration and drainage works commence on Hay Barn Flint wall | The adjoining farmer's access road runs approximately 6ft high along the south wall of the Hay Barn. This is causing structural and damp issues to the Grade II listed building. Therefore, a new drainage ditch will be built and restoration works will commence on the flint wall. | Works commenced August 2016. Ongoing. Due to be completed December 2017. |
| R. Durnnell & Sons Ltd commence Phase 1 main works for Contemporary buildings | This will see the construction of the gallery, collection store and visitor facilities. Works to the three new courtyards area also begins. | Works commenced February 2017. Ongoing. |
| R. Durnnell & Sons Ltd commence main works on the Charleston's Barns, Café and Auditorium – Phase 2 | This will see structural, preservation and restoration works completed to the barns, the creation of the new café in the Threshing Barn and the building of the new Auditorium in the Hay Barn. | Works commenced June 2016. Ongoing. Due to be completed February 2018. |
| New buildings officially opened by HRH The Duchess of Cornwall, Charleston's Patron | We aim to have the buildings works and fit-out completed by early/mid 2018. | Mid 2018. |

6.4) Project management arrangements

Overall management of the delivery of the project is overseen by the Trust's Buildings Committee, made up of

professionals with a wealth of project management and capital building experience:

- Professor Michael Farthing – former Vice Chancellor University of Sussex; Chair of the Charleston Trust; has overseen significant building projects;
- Dinah Casson – former President of the Royal Designers for Industry, Director of Casson Mann (arts and heritage design practice) with experience of delivering projects for the V&A, Natural History Museum, Cabinet War Rooms and Museum of the North; Committee Chair;
- Alistair Burtenshaw – Director of the Charleston Trust (departing September 2017); Chair of Arvon Foundation; formerly Chair of Book Trust; formerly Director of the London Book Fair;
- Nathaniel Hepburn – Director of the Charleston Trust (starting Directorship October 2017); formerly Director of Ditchling Museum of Art and Craft; formerly Founding Curator of Mascalls Gallery;
- Nick Cragg – Managing Director of Cragg Management Services with experience of delivering heritage capital projects across the UK including restorations of Brighton Dome and Lincoln Cathedral.

The project's two architects - Jamie Fobert and Julian Harrap - also have great experience in both heritage, contemporary and educational projects. Their range of experiences and knowledge has been vital in the development of the Centenary Project, and both will be important partners to its successful delivery.

The Buildings Committee meets regularly quarterly to review progress, issues and exceptions, budget management, and time programme. The Committee receives reports from the Project Manager (Cragg Management), Quantity Surveyors and contractors. Decisions made at these meetings are taken to the Board of Trustees which has the ultimate decision making authority.

Day-to-day management is the responsibility of the appointed Project Manager – Cragg Management Services, a specialist arts and heritage management company with over 30 years' experience of capital construction and restoration projects. The PM is responsible for directing the design team, managing contractor procurement and cost management and validation. The company was responsible for developing the Centenary Project business plan and has been intimately involved with the development of the project from the earliest stage.

6.5) Key project roles and responsibilities

Charleston's Director, is overseeing the delivery of the project: with a managed handover between Alistair Burtenshaw and Nathaniel Hepburn under way. The Director is supported by the Head of Collections, Research and Exhibitions, Head of Finance and Head of Public Programmes and Learning in particular. He reports directly to the Chair and the Council of Trustees. The Buildings Committee has the responsibility of reviewing progress, budget management and making key decisions which are then taken to the Board of Trustees who have the final decision making authority. Cragg Management is responsible for directing the design team, managing contractor procurement and cost management and validation. They also work closely with the main contractor and relevant consultants - QS, M&E - to ensure work is kept to schedule and budget.

6.6) Governance, oversight and accountability

The Centenary Project is overseen by the Trustee Council of the Charleston Trust. The Council also has ultimate decision making responsibility and financial and legal accountability for the project. The Council members bring a range and depth of expertise and transferable experience to the governance of the Centenary Project:

Trustees

- Professor Michael Farthing - former Vice Chancellor of the University of Sussex
- Dinah Casson – Award winning interior designer and Director of Casson Mann practice
- Simon Martin – Director of Pallant House Gallery and member of the Churches Conservation Trust Arts Advisory Committee
- David Pickard – Director of the BBC Proms and former General Director of Glyndebourne Festival
- Tom Stuart-Smith – Internationally renowned landscape designer
- Dame Pippa Harris – Film and TV producer; Chair of the BAFTA Film Committee
- Jon Snow – Channel 4 News anchor
- Anne Morrison – former Chair of BAFTA and former director of BBC Academy
- Marion Gibbs CBE – former Headmistress, James Allen Girls School
- Mark Burch – investment fund manager, trustee of Hackney Empire Theatre
- Jolyon Brewis – architect, former managing partner Grimshaw Architects

6.7) Communications and stakeholder management

Communications and stakeholder management are the shared responsibilities of the Trust Director, Marketing and Communications Manager and Capital Appeals Manager. The range of project stakeholders has been identified and classified (see table below) at the outset of the project and the list is maintained as a live document:

| Stake Holder | Involvement | Involvement |
|--------------------------------------------------------------|----------------------------------------------------|------------------------------|
| Major funders (£20,000+) | Supporter | Support |
| Charleston Trustees | Champion, critic | Accountable, Support |
| Centenary Project Appeal Committee | Champion | Support |
| Charleston's Building Committee | Champion | Accountable, Support |
| The Charleston Trust Friends, Omega Members and Life Friends | Neutral, Critic, Opponent and Potential objections | Consulted, Informed, Support |
| East Sussex Country Council | Neutral, Supporter | Consulted, Informed |
| Lewes District Council | Neutral, Supporter | Consulted, Informed |
| South Downs National Park Authority | Neutral, Critic, Opponent | Consulted, Informed |
| Firle Estate (Land owners) | Neutral, Opponent | Consulted, informed |
| The neighbouring cattle farmer | Neutral | Consulted, informed |
| East Sussex Cultural Leaders Network | Supporter | Support, Consulted, Informed |

6.8) Benefits management

Full details of the ongoing operational management requirements and financial sustainability of the Trust and the House as a visitor asset are detailed in the appended Business Plan. In summary the Business plan outlines the following:

- The Trust will consider how the transformation can be used to target new audiences, for whom Charleston already has much to offer, but has not yet exploited, in particular, families, walkers and people interested in gardens/gardeners.
- The exhibition programme will help to contextualise Charleston, as well as showcasing contemporary art and artists with a connection to Bloomsbury. The exhibition programme will be planned well in advance to make the most of marketing and sponsorship opportunities – planning has commenced for the opening year.
- An assessment of the current operations of the House and Gardens will take place, to explore whether more visitors can be welcomed to both, without compromising the House and its collections.
- The public programme will be expanded, to strengthen Charleston's position as a hub for creative thinking. The programme is driven by both the highest artistic quality, and the experimentalism that is part of the legacy of Bloomsbury, and be multi-disciplinary.
- Catering will expand, and a new restaurant should be a destination place for daytime eating, with evening dining to support its public programme.
- Venue hire may well be critical to Charleston's financial sustainability, and models should be piloted which generate income, while being sensitive to the site and neighbours.
- The shop should build on its success by exploring new ranges, such as plants, and high end books.

The current staff base will need to increase significantly in order to deliver Charleston's ambition.

6.9) Project evaluation

Charleston will introduce a number of monitoring and evaluation processes (M&E) to compliment those already in

place. These will be managed by volunteers and relevant staff, with the results being assessed and reported by the relevant department or project managers. Where there are more substantial and complex projects such as with the Heritage Lottery Fund who have helped fund our education programme, an Evaluation Consultant will be contracted to assess and report back. A confidential example of one of our M&E practices was included in earlier submissions.

The M&E will be for both ongoing projects and visitor attractions such as the House tour, our festivals or learning programmes, as well as for the new activities such as the gallery and new standalone events such as exhibitions or seminars. We will use audience or visitor report forms which will be given physically or via email. These will then be collated and comments assessed before disseminating the results to staff and trustees. We will use the scores recorded and comments given as a benchmark for improving our future services. This is a practice we already use to good effect with our current operations. We will look at how the business plan is progressing such as with:

- visitor numbers
- income from venue hire, shop and Café
- profitability of exhibitions
- profitability of the public programme

Additionally, we will continue to assess the following:

- increase in visitor numbers (groups and individuals)
- retail spend per site visitor
- retail spend per shop visitor
- retail conversion rates (60% of visitors making a purchase in the shop)
- customer satisfaction (based on visitor feedback)
- social media: Facebook likes, Twitter followers, unique web visitors
- public programme
- relationships and business created for local hoteliers and B&Bs

A further key part of our overall M&E practice is that we will monitor Café and shop average transaction value and overall spend per visitor head. All areas of our M&E are vital to assess where we currently are in terms of service provision and visitor satisfaction and in helping develop our plans for the future. A full post-completion evaluation will be conducted in either 2019 or 2020 in line with requirements from the HLF and Coast to Capital LEP.

Recommendation/ Declaration

Recommendation- please state clearly the recommended action this business case supports.

Provision of £400,000 Local Growth Fund grant to the Charleston Trust to enable the completion of the Charleston Centenary Project

| | |
|---------------------|-------------------------------------------------------------------------------------------------------------------------|
| Declaration: | I certify that the information provided in this Business Case is complete and correct at the time of submission. |
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| Signature: | Nathaniel Hepburn and Emily Hill |
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| Print Name: | Nathaniel Hepburn and Emily Hill |
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|---------------|----------------------------------------------|
| Title: | Director and Operational Development Manager |
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| Date: | 8.9.2017 |
|--------------|----------|

Before submitting your Business Case ensure you have all the required supporting documentation:

- **One electronic copy of the business case template, signed and dated**
- **Excel Spreadsheet (both tabs completed)**
- **Full risk register**
- **Any other Supporting documents and evidence required (e.g. letter of support from Area Partnership)**
- **Written evidence to the satisfaction of the Coast to Capital Accountable Body from a practicing solicitor / Counsel that the project is compliant with the EU state aid rules.**
- **VAT external advice if applicable.**