

# Assurance Summary

VERSION 1 24.11.2021



## 1 – SCHEME DETAILS

<b>Project Name</b>	Barnsley Civic Eldon Street Capital Development	<b>Type of funding</b>	Grant
<b>Grant Recipient</b>	BMBC / Barnsley Civic Trading Limited	<b>Total Scheme Cost</b>	£3.1m
<b>MCA Executive Board</b>	Housing and Infrastructure	<b>MCA Funding</b>	£1.26m
<b>Programme name</b>	Gainshare	<b>% MCA Allocation</b>	41%
<b>Current Gateway Stage</b>	FBC	<b>MCA Development costs</b>	n/a
		<b>% of total MCA allocation</b>	n/a

## 2 – PROJECT DESCRIPTION

The redevelopment of Barnsley Civic will bring renewed life to a landmark Grade II listed cultural building on Barnsley's main thoroughfare, thereby engaging more people in cultural activities whilst also delivering against Barnsley town centre regeneration ambitions.

The project will deliver a renewed frontage onto the busy Eldon Street, facing onto the Glass Works development and opposite the transport interchange. The front door to the Civic building will be opened for the first time in 25 years, providing permeability and visibility to many more people.

A bar, restaurant and coffee shop will take the ground and first floors, the second floor will see quality office provision and the third floor will become a creative space for the community. These developments will attract new audiences and participants into the Civic and bring new income into the operation which will be recycled into enhanced programming.

The applicant has provided a clear overview and description of the project in the FBC. SYMCA funding will be used alongside other funds from HAZ, AHF and Barnsley Civic to secure the full delivery of the project. Given the Civic's role in the town as an anchor cultural and creative building, serving a wide range of users, including services for young people, the applicant has clearly outlined how the proposed redevelopment addresses market failures and represents a 'public good' which will deliver positive externalities for Barnsley. Through investment, the Civic will be able to maintain and extend its services, while attracting new users/visitors and being a key part of the town centre's wider regeneration agenda.

<b>3. STRATEGIC CASE</b>	
<i>Options assessment</i>	<p>There is a clear rationale for the selection of the options presented in the FBC and the selection of the preferred option.</p> <p>The FBC includes a ‘do-more’ option which is the preferred option with the addition of the redevelopment of Mandela Gardens as a high-quality green events space for the Civic. This option delivers a strong BCR and wider benefit scores but has been discounted as there is no further funding available to support c £400k of costs. Clarifications have confirmed that this remains a longer-term ambition for partners. In due course, further technical and design work could be undertaken by partners to understand costs and feasibility, but that is not possible at this stage.</p> <p>The Do Minimum option was rejected by the applicant as it fails to meet any of the strategic objectives, while without investment, Barnsley Civic would likely close and this would represent a major loss of a culturally important asset in Barnsley Town Centre.</p> <p>The preferred option delivers against the project objectives, has a strong BCR, has already secured all other funding required, while it will deliver an enhanced offer and a sustainable future for the Civic.</p>
<i>Statutory requirements and adverse consequences</i>	<p>In terms of planning, the project secured planning consent in August 2022. As such, the project is wholly compliant with local planning policy and can proceed. No statutory consultation required, although the project leads will undertake further discussions with neighbouring businesses as the construction plans are confirmed.</p> <p>The applicant was not required to undertake an Environmental Impact Assessment or related studies as part of the planning application. However, the applicant has considered the temporary disruption and implications from the construction activities and will seek to work with local partners to minimise any potential disruption. In terms of social and economic adverse impacts, these have been considered and are judged to be negligible.</p>
<i>FBC stage only – Confirmation of alignment with agreed MCA outcomes (Stronger, Greener, Fairer).</i>	<p>The Civic is a project which can deliver the SEP vision as well as across a range of strategic outcomes identified in the SEP/RAP.</p> <p>The FBC outlines how the project will support the ‘Stronger’ outcome through the creation of new businesses and employment in the knowledge and creative sectors, as well as the F&amp;B sector, supporting the growth of the local economy as well as providing a mix of employment and skills opportunities for local people.</p> <p>In addition, the project has a clear focus on inclusivity and participation through the delivery of a mix of new job roles, as well as a focus on wellbeing and education through encouraging participation in activities, workshops and classes. Cultural and creative activities can support people to develop new life skills and provide wellbeing (mental and physical) benefits to participants.</p> <p>In terms of the ‘Greener’ outcome, the Civic will be redeveloped which will ensure that the building protects embodied carbon compared to a demolition and re-build option.</p>

4. VALUE FOR MONEY		
<b>Monetised Benefits:</b>		
<i>VFM Indicator</i>	<i>Value</i>	<i>R/A/G</i>
<i>Net Present Social Value (£)</i>	£10,119,182	G
<i>Benefit Cost Ratio / GVA per £1 of SYMCA Investment</i>	2.64	G
<b>Non-Monetised Benefits:</b>		
<i>Non-Quantified Benefits</i>	<p>The FBC outlines how the project will make a number of contributions to delivering a fairer and more inclusive economy. These include the following:</p> <ul style="list-style-type: none"> <li>• supporting a more productive and prosperous workforce through increased GVA in the MCA area via a variety of new employment opportunities at The Civic.</li> <li>• supporting a range of new jobs of varying skill levels which are accessible to local residents due to the project's location to the transport interchange.</li> <li>• supporting social value, health and wellbeing, and climate resilience through, for example, a programme of activities and enhanced cultural participation for young local people.</li> </ul>	
<b>Value for Money Statement</b>		
<p>The FBC provides a very clear overview of how the applicant has assessed the scheme's benefits, costs and value for money (VFM). Following clarifications at the SBC and FBC stages, the applicant has provided further detail and explanations on the approach used and the assumptions made. Based upon the information and responses provided, the scheme represents 'high' value for money for the MCA, with a BCR of 2.64.</p> <p>The applicant has assessed the monetised and non-monetised benefits and costs of the proposal in a structured and clear way. The quantified economic benefits from the construction phase of the development are outlined, in line with the place-based analysis guidance, as well as the longer-term operational effects from the enhanced Civic operations. For example, the jobs and GVA related to an expanded facility. Wider social value impacts linked to increased participation are also quantified and included within the VFM assessment. The FBC also includes a scoring of non-monetary benefits, including factors such as image, wellbeing, complementary regeneration etc.</p> <p>The preferred option has monetised benefits of £11.75m and a costs of £8.56m, including 5% optimism bias – which is sensible given cost certainty is high. This delivers an NPV of £10.12m and a BCR of 2.64.</p>		
5. RISK		
<p>The applicant has provided both a longer risk register and included the 'top 5' risks as part of the business case application form. These top five were chosen via scoring ranking system in the risk register based on likelihood of occurring and impact. The most significant risks are summarised below (likelihood/impact):</p>		

- Potential cost over-runs (low, medium)
- Scope of works increases operational costs (medium, medium)
- Revenue forecasts shortfall (medium, medium)
- Funding delays defers programme completion (medium, high)
- Asbestos (low, high)

All risks have a risk owner identified (Barnsley Civic) and a clear approach is outlined for mitigation and monitoring of risks. Given the well developed stage of designs and cost plans, as well as contractor appointment, risks linked to buildings costs are well understood and manageable. Funding risks are linked to the SYMCA process, while revenue forecasts/shortfalls will be carefully monitored by the applicant.

The project has in place monitoring and evaluation procedures to track performance, outputs and outcomes, given the mix of funding being utilised. The MCA should work with the applicant ensuring there is a focus on securing the outputs and outcomes identified and maximising benefits of the project for the local and wider area.

All other funding has been secured for the project by the applicant. The applicant requires SYMCA approval to secure the full funding for the project.

The procurement strategy has been implemented and a contractor has been appointed on the basis of a fixed fee budget and a JCT form of contract. As such, where possible, the applicant has outlined how they will seek to transfer financial risks associated with the project to the contractor.

The applicant has shared a risk register which refers to key risks and responsibilities for construction cost changes, while a quantified risk assessment (QRA) has been prepared for the RIBA Stage 4 costings. The project costs include a risk allowance. The applicant has flagged that further clarifications on drainage costs are needed, but any costs would be met within the existing cost allowances.

## 6. DELIVERY

The proposed timetable for delivery has been informed by the technical team supporting the development of the Civic and has been well considered given the design of the building and the procurement of a contractor. Given a contractor has been appointed, planning permission is secured, the overall timetable appears reasonable – approximately 6 months construction rising to 9 months before opening. The specific months of January-June will likely slip given the funding process is still underway in January 2023.

Given the timings of this project and when the FBC has come back for appraisal, the project applicant has confirmed that the procurement of a contractor is now complete. Code Building Solutions were successful following an EOI and competitive tender process, with the contract award issued towards the end of November 2022. This is a fixed fee budget and a JCT form of contract approach.

The FBC clearly outlines that a strategy/process for selecting and procuring a contractor was followed by all parties involved and this was in line with a set of agreed milestones.

The level of cost certainty is 95% which is IN line with what is required at this stage of the assurance process. Project designs and costs have been completed to RIBA Stage 4 and include a reasonable level of contingency. The applicant has confirmed that the contractor tender process has provided further confirmation of costs for the FBC.

The applicant has confirmed that any cost overruns would be shared jointly and equally between Barnsley Civic and BMBC.

The applicant has outlined clear project delivery and governance arrangements for the project. The FBC outlines that Anthony Baker, CEO of the Civic, is the SRO for the project, while a Project Manager has also been appointed (consultant) to manage project delivery. An organogram has been prepared which highlights the Board and Oversight committees the project will report in to every 1-2 months.

The current FBC has not been signed off. This will need completing for SYMCA.

Public consultation has been undertaken in various forms. The project is a long-standing ambition for stakeholders in Barnsley. It has featured as a key plank within the town's regeneration strategy, which has been extensively consulted upon, while the project has had coverage in local press and promoted on the Civic's website. The applicant has also outlined how the development of the project has taken 3 years of engagement and consultation with key partners, funders, and local boards – which include businesses, leisure, and education stakeholders - which has helped shape and evolve the project.

There are appropriate monitoring and evaluation processes in place. These are well set out in the response in the business case. The project manager will have responsibility for monitoring progress and a budget of £20k has been included within the project costs to enable the appointment of an independent evaluator to undertake mid-term and final evaluations. Note, that the project has monitoring obligations to both the Arts Council and BMBC, in addition to any monitoring that will be required for SYMCA.

## 7. LEGAL

The applicant has provided a summary of their assessment of subsidy control/state aid and concluded that the funding would meet the subsidy definition.

There are references in the response to a current lack of guidance on UK subsidy control, so the answer provided draws on both EU and UK information. While this is in line with the question, we understand that guidance is available, given the responses reviewed on other recent SYMCA projects and that the UK regime came into effect on the 4<sup>th</sup> January 2023. This new guidance helps applicants to determine whether financial assistance is determined as a subsidy if all four tests/'limbs' are met.

## 8. RECOMMENDATION AND CONDITIONS

<b>Recommendation</b>	Full approval subject to conditions
<b>Payment Basis</b>	Payment on defrayal
<b>Conditions of Award (including clawback clauses)</b>	

***The following conditions must be satisfied before contract execution***

1. Any allocated funding drawn down and not committed by the deadline is returned through the inclusion of funding clawback mechanism as part of the grant agreement.
2. Applicant will cover any cost overruns
3. Clawback on outcomes at the MCA's discretion
4. The FBC to be signed off by the person responsible for the application and the applicant organisations Director of Finance.
5. Update on the drainage risk costs and to advise if these can be accommodated within existing project contingencies.

***The following conditions must be satisfied before drawn of funding***

6. Evidence of internal Board approval to proceed
7. Solicitor's opinion to confirm Subsidy Control position
8. Confirmation of the definitive set of outputs and outcomes which the MCA will contract against and monitor.
9. Agree detailed schedule of inclusive growth indicators and targets (e.g. % of [previously unemployed] locals offered permanent contracts and apprenticeships, mentoring and school engagement and engagement with the local supply chain) to ensure the project delivers wider socio-economic benefits and that these can be captured, monitored and reported.

***The following conditions must be included in the contract***

10. All required statutory consents including planning enquiries must be satisfied.