
CAPITAL RECEIPT FROM SALE OF THE FORMER ARTS CENTRE SITE

**Responsible Cabinet Member - Councillor Nick Wallis,
Leisure and Local Environment Portfolio**

Responsible Director – Richard Alty, Director of Place

SUMMARY REPORT

Purpose of the Report

1. The purpose of this report is to:
 - (a) Update Members on the recent consultation around how to maximise the community and arts benefits from disposal of the former Arts Centre site.
 - (b) Seek approval to progress the preferred option of consultation, that the money should be used for capital costs to support bids for funding the building of a medium-sized and investment in existing arts venues.

Summary

2. The July 2013 Cabinet meeting agreed to marketing of the Arts Centre site and that any capital receipt would be invested in supporting the Arts in Darlington.
3. Darlington Borough Council and Creative Darlington worked with Darlington for Culture to progress consultation during July and August 2013 around how to maximise the community and arts benefits from the disposal of the former Arts Centre site. An online questionnaire presenting various options on how the receipt might be used ran from July to August 2013. Two facilitated sessions were supported on 29 July 2013 to sense check particular options.
4. The most popular option in the consultation was that money should be used for capital costs to support building and / or redevelopment of new or existing arts venues. The next most popular option was that money should be used to develop a small theatre focused on performing arts for children and young people, but which is also available for other arts activities and the wider community.
5. The closure of the Arts Centre resulted in the loss of two small to medium scale theatre spaces, and subsequent comments on arts provision have suggested the variety and number of small to medium scale productions within Darlington has significantly declined.

6. The third round of Arts Council England's large Capital grant programme will close for bids on 12 December 2013. The large Capital grant programme is focused on enabling existing 'National Portfolio Organisations' (NPOs) to develop resilience by giving them the right buildings and equipment to deliver their work, and to become more sustainable and resilient businesses.
7. Darlington Borough Council was unsuccessful in securing a large scale Capital grant offer from ACE in round one of that programme in 2011/12 to develop a new arts venue incorporating a smaller scale theatre space. Project Vane was unsuccessful in round two of the programme in 2012/13 in securing a grant offer for development of the Arts Centre as a multi-use venue, incorporating a variety of cultural uses, including small scale performance space and accommodation for Theatre Hullabaloo, alongside enterprise uses.
8. Theatre Hullabaloo, the only Darlington-based organisation within Arts Council England's National Portfolio of 696 organisations, currently have office space within Darlington but have no dedicated space in which to rehearse and perform and to develop their offer for the young people of Darlington.
9. Creative Darlington supported Theatre Hullabaloo in commissioning an options report which looked at options for the company within Darlington, including maintaining the status quo. Theatre Hullabaloo's board has identified relocation to a new small theatre site operated by Darlington Borough Council as their preferred option. More detailed business planning work to assess the viability of this option was supported by Creative Darlington during October and November 2013.
10. Options for use of the potential capital receipt from the sale of the former Arts Centre site include:
 - (a) Support Theatre Hullabaloo in bidding this year to Arts Council England (ACE) to establish a small flagship theatre focused on performing arts for children and young people, but which is also available for other arts activities and the wider community.
 - (b) Support Theatre Hullabaloo in making the same bid to the Arts Council in round 4, in about a year's time.
 - (c) Spread the capital receipt around various venues in Darlington to support viability/long-term resilience of several venues.
 - (d) Attempt to create a new venue just using the capital receipt from the sale, or with other external funding opportunities that may arise at some stage in the future.
 - (e) Create an endowment fund.
 - (f) Some combination of the above.
11. These options are assessed in the main report, which recommends a combination of (a) and (c), with a fall back of (b) if (a) is not successful.

12. Options (a) and (b) involve establishing a new venue run by the Council adjacent to the Civic Theatre including a flagship theatre for children and young people, with a office, rehearsal and performance facilities leased to Theatre Hullabaloo. The Civic Theatre team would be responsible for managing the new building. The new venue's facilities would be available for other use/hiring by others when not used by Theatre Hullabaloo (i.e. about 50% of the time), with a strong role for Darlington for Culture and community arts organisations in informing the operation of the venue for this remaining time.
13. The success of a bid for ACE Capital Programme funding cannot be guaranteed, as the fund is primarily targeted at increasing the resilience of National Portfolio Organisations with existing buildings. Nevertheless, the Arts Council appears interested in the concept, and it would improve the resilience of Theatre Hullabaloo as a National Portfolio Organisation. There appears therefore to be a possible window of opportunity to obtain funding for a venue of national significance in children's and young people's performing arts with a dynamic offer for all the young people of Darlington, which would become an important cultural destination for families and would also provide a small-scale venue available for 50% of the time for local community-based arts. This would reflect the two main priorities of the Creative Darlington Vision. It would also support the Civic Theatre's audience development priority of developing young audiences and retaining them as audiences for the future.
14. The proposal would also contribute significantly to the Town Centre Fringe vision of beginning to create a 'Cultural Quarter' in this area, adding to the presence of the Civic Theatre, the Forum, the music shop, cafes and restaurants already in the area. Whilst this would not replace the Arts Centre, the juxtaposition of a range of cultural activities in one part of town could begin to raise the prospect of some similar opportunities for serendipity.

Recommendation

15. It is recommended that Cabinet:
 - (a) Note the findings of the recent consultation on how the receipt from sale of the former Arts Centre site is employed to support the arts in Darlington.
 - (b) Agree Council support for an application to the third round of Arts Council England's large scale capital programme to develop a small flagship theatre focused on performing arts for children and young people, but which is also available for other arts activities and the wider community.
 - (c) Agree to allocate £600,000 of any capital receipt from the sale of the former Arts Centre site as match funding for this application.
 - (d) Note the purchase of an 'option' agreement to enable acquisition of a site adjacent to the Civic Theatre for the new venue, and agree to proceed to purchase should the Arts Council England application be successful.
 - (e) Agree that, should the bid be successful, a revenue subsidy for the new venue would be made available no greater than the existing Civic Theatre subsidy,

- (f) Note that the subsidy required for the proposed new venue can be met by reallocating the current subsidy to the Civic Theatre, which would no longer be required at that stage, and so will not require any additional budget commitment above the current MTFP.
- (g) Request a further report to Cabinet on options for using the rest of the capital receipt, once the amount is known, in the context of the existing commitment that all of the capital receipts from the sale of the former Arts Centre will be used to support the arts in Darlington.
- (h) Delegate to the Director of Resources to complete the option agreement and to the Assistant Director of Resources to complete the legal documentation.

Reasons

16. The recommendations are supported by the following reasons:

- (a) Consultation has been undertaken with Darlington residents and the Arts Community through Darlington Citizen's Panel and Darlington for Culture about how to maximise the community and arts benefits from disposal of the former Arts Centre.
- (b) The most popular option in the consultation was that the capital receipt from disposal of the former Arts Centre site should be used for capital costs to support building and /or redevelopment of new or existing venues. Survey results showed net agreement of 68.2% from the Darlington for Culture respondents and 48.9% from Darlington Citizen's Panel respondents for this option.
- (c) There is a potential opportunity to create, through Arts Council funding, a vibrant, complimentary venue next to the Civic Theatre which has a national profile for children and young people's performing arts and is a local resource for all of Darlington's young people and an important cultural destination for families whilst also creating a small scale venue which will benefit the community arts within Darlington and providing a professionally managed venue to replace capacity lost by the closure of the Arts Centre. This meets the twin Objectives of the Creative Darlington Vision.
- (d) It is anticipated that the Civic Theatre will not require subsidy by the time the new venue opens.

Richard Alty, Director of Place

Background Papers

Analysis of surveys and consultations
Theatre Hullabaloo New Building Study, Roger Lancaster Associates
Creative Darlington: Investing in a Creative Community (aka the Creative Darlington Vision)

S17 Crime and Disorder	There are no specific Crime and Disorder implications
Health and Well Being	There are no specific implications on Health and Wellbeing
Carbon Impact	The carbon impact of any proposed development of the site will be subject to approval through the planning process.
Diversity	The proposal will be of particular benefit for the engagement of children and young people in performing arts, in line with one of the top priorities within the Creative Darlington Vision
Wards Affected	The Vane Terrace building is in College Ward. The Civic Theatre is in Central Ward.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This decision does not represent a change to the budget and policy framework.
Key Decision	This is not a key decision
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	Facilitating the cultural life of Darlington is an important aspect of creating the conditions for investment envisaged in the 'Perfectly Placed' priority.
Efficiency	Sale of the Vane Terrace site would remove continuing costs to the Council.

MAIN REPORT

Context

17. In 2011 an 'Arts Enquiry Group process' backed by Darlington Partnership produced a strategic vision for the arts '*Creative Darlington: Investing in a Creative Community*' which was subsequently endorsed by Cabinet in November 2011, that:

Darlington will be a place where art happens, where the arts matter and where the arts and creativity are central to Darlington's future identity and economic success.

18. The vision identified particular strengths to build on reflecting the importance of both inclusion and excellence:

- (a) Encouraging a BROAD AND DIVERSE ARTS OFFER, responding inclusively to the wide-ranging interests and needs across the borough.
- (b) Reinforcing the SPECIALIST PRACTICE in Children and Young People's Arts, with emphasis on the performing arts; this specialism will be a beacon, as it is now, attracting national recognition to the arts in Darlington.

19. Following the Arts Enquiry process, Darlington Partnership agreed to establish a Creative Darlington Board and Network. Creative Darlington's Board first met in spring 2012 and a Creative Darlington Manager was appointed July 2012.
20. As part of its response to budget cuts, the Council removed the arts programme budget allocated to the Arts Centre in 2012/13 and the Arts Centre closed to the public in July 2012. The Council continues to allocate budget to maintain the Arts Centre site.
21. A Cabinet meeting of 1 July 2013 agreed to remarket the former Arts Centre site, including 30 Vane Terrace and Blanche Pease House, and to consult the arts community on the potential use of any capital receipt. The report to that meeting gives the detail of work on arts options up to that point.
22. The Council has supported the transition of arts activity and organisations to alternative venues following the closure of the Arts Centre in July 2012, including developing new facilities including the Crown Street Art Gallery and the Bridge Centre for Visual Arts, co-ordinating the Moving On... marketing campaign and building strategic capacity for the arts through Creative Darlington. The Creative Darlington strategic arts budget has supported the operation of Crown Street Art Gallery, The Bridge Centre for Visual Arts and the Openart Studio as part of the arts transition process.
23. Various activities and groups formerly housed at the Arts Centre are now located elsewhere in Darlington, including Central Hall and the Dolphin Centre, community centres, schools and public houses. Humantics CIC's venue The Forum currently houses music, film and comedy activity.
24. Following closure of the Arts Centre in July 2012, and the loss of the studio theatre space, Theatre Hullabaloo has temporarily relocated to the Friends Meeting house, on Skinnergate. Although this has enabled some work on children's and young people's theatre to continue in Darlington, the temporary venue does not fully match Theatre Hullabaloo's requirements or provide a small, flexible space for the type of mixed performing arts uses previously held in the studio theatre / theatre in the former Arts Centre on Vane Terrace. There is a major reduction in the children and young people's offer due to the lack of a suitable small scale venue.

Consultation with the Arts Community on Use of Capital Receipt

25. Darlington Borough Council and Creative Darlington worked with Darlington for Culture to progress consultation during July and August 2013 around how to maximise the community and arts benefits from the disposal of the former Arts Centre site.
26. An online survey was promoted through Darlington for Culture via their website and Darlington Borough Council, who sent the survey to the Council's Citizen's Panel. The survey closed mid-August 2013 with 156 people engaged through Darlington for Culture's website and 126 Citizen's Panel respondents.
27. The survey presented options on how any capital receipt should be invested, shown below:

- (a) The money should be used for capital costs to support building and / or redevelopment of new or existing arts venues.
 - (b) The money should be used to cover any cuts to Darlington Borough Council's Arts and Culture.
 - (c) The money should be used to support the running costs of local arts organisations.
 - (d) The money should be used to develop a small theatre focused on performing arts for children and young people, but which is also available for other arts activities and the wider community.
 - (e) The money should be used to develop a small theatre focused exclusively on performing arts for children and young people.
28. The consultation was promoted by Darlington for Culture, Creative Darlington and Darlington Borough Council through the Citizen's Panel, providing access to people with an active interest in the arts and the broader community.
29. The most popular option on the survey was that the money should be used for capital costs to support building and /or redevelopment of new or existing venues. Survey results showed net agreement of 68.2% from the Darlington for Culture respondents and 48.9% from Darlington Citizen's Panel respondents for this option. The second most popular option was that the money should be used to develop a small theatre focused on performing arts for children and young people, but which is also available for other arts activities and the wider community, which secured 17.6% net agreement from Darlington for Culture survey respondents and 13.1% net agreement from Darlington Citizen's Panel respondents.
30. The consultation secured various comments, with several addressing the following themes:
- (a) Calls to re-open the Arts Centre and reminders that the Arts Centre programme and facility was much appreciated.
 - (b) Questions regarding whether the Council should reserve any capital receipt for the arts given current budget pressures.
 - (c) Other areas of cultural provision (including libraries, Civic Theatre, Head of Steam) suggested as being worthy of support.
31. The option which secured least agreement through the survey was that the money should be used to develop a small theatre focused exclusively on performing arts for children and young people, which secured -41.7% agreement from Darlington for Culture survey respondents and -37.9% agreement from Darlington Citizen's Panel respondents.
32. Creative Darlington also supported two facilitated sessions on 29 July 2013, where presentations were made by the Council and Darlington for Culture. Attendees

were invited to sense check and comment on a selection of the survey options and to make further suggestions. The facilitated sessions focused on the two options which secured greatest agreement in the survey, that the capital receipt should be used for capital costs to support building and / or redevelopment of new or existing arts venues, and that the money should develop a small theatre focused on performing arts for children and young people, but which is also available for other arts activities and the wider community.

33. A suggestion was made within a facilitated session, and in comments within the survey, to invest the capital receipt to establish some form of endowment which might offer awards to support arts activity within Darlington. Further discussion identified costs in administering any endowment mechanism and that the scale of the capital receipt might impact on the viability of this option, as the interest generated on the capital receipt each year would not create a large fund to support arts activity.
34. In order to take forward the preferred option of using the capital receipt for capital costs to support building and / or redevelopment of new or existing arts venues a process will need to be agreed to determine how the capital receipt is allocated between new and existing venues.

Arts Council England

35. Over the period 2012-15, Arts Council England (ACE) will allocate £234.6 million to a Capital investment programme to support organisations to develop resilience by giving them the right buildings and equipment to deliver their work, and to become more sustainable and resilient businesses. Of this £234.6 million ACE has allocated £214.6 million to a large capital programme for grants above £500,000. The large scale Capital budget will be allocated as a series of rounds with £114.6 million for 2011/12, £50 million for 2012/13 and £50 million for 2013/14. £20 million has been budgeted for small capital grants between £100,000 and £499,999.
36. Only organisations which are included in ACE's National Portfolio can apply for large scale Capital support, unless ACE's regional office agrees to another organisation applying. Theatre Hullabaloo, a pioneering theatre company creating quality work for young audiences is the only organisation in Darlington which currently holds a place within ACE's National Portfolio. It would therefore be essential that any application for large scale Capital support for Darlington considers the sustainability and resilience of Theatre Hullabaloo.
37. Theatre Hullabaloo currently has an office base in Darlington but no dedicated space in which to produce and perform new work or lead participatory activity. Theatre Hullabaloo, with support from Creative Darlington, have commissioned options appraisal work regarding development options for the organisation, which included maintaining their current office base in Darlington, building capacity within the organisation to secure an operating base and potential relocation, managing a small scale theatre space in Darlington or working within a small scale theatre space in Darlington operated by the Council.
38. The next round (round 3) of Arts Council England's large scale capital programme will close for bids on 12 December 2013. Theatre Hullabaloo have been given

permission to apply for funding by the ACE. . There is then a two stage application process for ACE large scale Capital funding. At stage one of the application process the applicant is expected to apply online outlining their vision for the project, the amount of funding required and how the project will contribute to ACE goals. If applying for a building project, the applicant is expected to include a feasibility study and options appraisal for the proposal and for the proposal to be developed to at least RIBA work stage B.

39. ACE will then advise stage one applicants for large scale Capital grants whether they have been invited to complete a stage two application through notification expected to be around Spring 2014. If invited to apply to stage two, applicants should submit a second application showing plans at a detailed stage of design and development to secure a grant for the sum that ACE have set aside on a conditional basis. If successful at stage one, ACE may also award development funding to help the applicant undertake the work required to develop their project to be ready for submission at stage two. To apply at second stage design drawings and specification should be developed to at least RIBA Work Stage D and at least 90% of proposed partnership funding for the application is expected to be confirmed.
40. It is also important to bear in mind that the Arts Council gave the Council a grant of £459,000 for the creation of a studio theatre dedicated to work for and by children and young people at the former Arts Centre, and the grant was subject to a clawback clause should the building be sold within 20 years from 2005.

Options for Use of any Capital Receipt for supporting the Arts

41. The site of the former Arts Centre is being marketed. (It was necessary first to go through the process of informing voluntary/community organisations of the intention to sell, due to the site being an Asset of Community Value under the Localism Act.) As yet the exact scale of the capital receipt is not yet known. An estimate of the potential capital receipt is in **Appendix 1** (which is confidential, not for publication, in order not to affect the potential bids).
42. Should the Vane Terrace building be sold for a non-arts use then options for use of the capital receipt include investing in creating a new facility to meet any perceived gap in venue provision in Darlington, investing in existing venue(s) to ensure their sustainability, and investing in existing organisation(s) to ensure their sustainability.
43. Through the work of the Creative Darlington network, supported by the Council, most of the arts activities formerly based at the Arts Centre are now taking place in other venues throughout Darlington and other venues have developed what they offer accordingly. The flexible, small scale theatre events space at the former Arts Centre (the theatre/studio theatre) has not been replaced, and the provision of this type of venue operated with a financially sustainable business plan, could be a key element in achieving the Creative Darlington Vision.
44. At this point in time, the most likely external funding to create a new venue is round 3 of the Arts Council England large scale Capital Programme for National Portfolio Organisations, for which bids must be made by 12 December. There is expected to be a final round of this fund, round 4, in late 2014 or early 2015.

45. The role of Theatre Hullabaloo in contributing to the Children and Young People's Arts priority in the Creative Darlington Vision is an important factor. Creating a long-term sustainable operating model for Theatre Hullabaloo will contribute to retention of its National Portfolio Organisation status.
46. The options available at this point in time would therefore appear to be:
- (a) Support Theatre Hullabaloo in bidding this year to the Arts Council to establish a small flagship theatre focused on performing arts for children and young people that is child centred at its core, but which is also available for other arts activities and the wider community and can become a major destination for families and a resource to all young people in Darlington.
 - (b) Support Theatre Hullabaloo in making the same bid to the Arts Council in round 4, in about a year's time if unsuccessful this time.
 - (c) Spread the capital receipt around various venues in to support viability/long-term resilience of several venues.
 - (d) Attempt to create a new venue just using the capital receipt from the sale, or with other external funding opportunities that may arise at some stage in future.
 - (e) Create an endowment fund.
 - (f) Some combination of the above.
47. Option (e) is not thought to create substantial benefits for the arts in Darlington for the reasons set out in paragraph 33 above. It may also increase the risk of clawback from the Arts Council.
48. In relation to Option (d), the capital receipt is unlikely to be sufficient on its own to create a medium-sized venue. Other options for matched funding may arise in future, but the ACE fund is the one that is immediately available.
49. Little work has been done on Option (c) at this stage, though work done for Theatre Hullabaloo has looked at various options for creating a small scale venue. If Option (c) did not result in the creation of something like the former Arts Centre's Studio Theatre then this may also increase the risk of clawback from the Arts Council.
50. The following sections therefore examines whether it is possible to pursue either Option (a) or Option (b) as the main use of the potential capital receipt, whilst retaining some of the receipt for Option (c). Officers can work with Creative Darlington and Darlington for Culture to identify how the retained element of the capital receipt is best allocated once the receipt is known, and report back to Cabinet.
51. The following paragraphs, in italics, are from a proposition from Theatre Hullabaloo:

A Flagship Theatre for Children in Darlington, Available for Wider Community Use

52. *“Theatre Hullabaloo, in a partnership with Darlington Borough Council, seeks to realise a flagship theatre for children and young people on a site adjacent to the Civic Theatre. The venue will have national significance as a centre of excellence for theatre for children, will be a destination for families from across the North East and beyond and will be a fantastic resource for children and families in Darlington, contributing to Darlington’s attractiveness as somewhere that is a good place to both be a child and to bring up a family.”*
53. *“The venue will be vision-led, creating a space that is truly child-centred, but will be designed to meet the dual aims of the Creative Darlington vision to:-*
- Support specialist artistic practice in Children and Young People’s theatre.*
 - Support the broad-based arts offer within the Borough.”*
54. *“It is anticipated that the ‘specialist’ use of the venue, operated, funded and delivered by Theatre Hullabaloo, will amount to 50% of the capacity of the venue, leaving 50% capacity for use by other arts organisations and community groups. A high level of investment from the capital receipt from the Arts Centre is therefore justified through the public consultation which identified as priorities:-*
- Investment in capital projects rather than revenue funding*
 - Investment in a children and young people’s studio theatre whose facilities could be used by the wider community”*
55. *“Theatre Hullabaloo, with support from Creative Darlington, have commissioned a Business Options Report from Roger Lancaster Associates to advise on the best way to realise the vision within the context of the partnership. The report has been considered by the Board of Theatre Hullabaloo, and this paper reflects the position of the organisation in response to the recommendations of the report.”*

An Artistic / Operational Partnership

56. *“Roger Lancaster Associates have considered several options for the management of a new building, including Theatre Hullabaloo as operators with sole responsibility for delivery of an artistic programme, an alternative operator or the Council as operator as an extension of the operations at the Civic Theatre.”*
57. *“The costs of managing a separate operation adjacent to the Civic Theatre versus the much lower costs of extending the Civic Theatre’s operations to include those of the new venue are significant and the Board do not think that Theatre Hullabaloo would be able to meet the significant resource required to maintain both operational and artistic responsibilities of the new venue. No credible alternative operator has been identified and, where the Civic extension provides such good economies of scale, this is deemed to be the lowest risk and best value option for both partners.”*

58. *“Our proposal, therefore, is that Theatre Hullabaloo and Darlington Borough Council enter into an artistic / operational partnership to realise a flagship theatre for children and young people which also provides a studio theatre which serves the broader arts offer and community use. TH will be responsible for funding and delivering an ambitious programme of activity for young people, using the facilities for approximately 50% of the time, with the other 50% available for other users through hires and own promotions where additional funding permits. The report recognises the need for increased revenue funding for both elements, the former being realised primarily through NPO uplift for increased programme and the latter requiring an extension of the Civic Theatre’s operations and budget line in order to support the facilities for community use (projected at approximately £40k per year once a rental from TH of £20k and hires of £10k per year had been achieved).”*
[Theatre Hullabaloo have subsequently clarified that a bid to the ACE Capital Programme would not anticipate any increase in revenue subsidy from ACE, but will look to increase income from other sources to improve the resilience of the company. Following discussion between the Council, Theatre Hullabaloo and Roger Lancaster Associates a model requiring remodelling of the existing Civic budget rather than an increase to the Civic Theatre budget is considered viable.]
59. *“Time and again new capital projects fail within the first few years of opening because there has been little thought given to revenue funding and infrastructure. This is a great strength of this opportunity as Theatre Hullabaloo as the artistic lead and key tenant bring infrastructure, programme and expertise funded through their portfolio status at no additional cost or liability to the local authority. This is envisaged as a wide range of activities for children and families including a professional theatre programme, youth theatre activities and summer schools, baby yoga, creative play installations, child-centred exhibitions and more. This programme of work will be nationally and internationally significant and will enhance the offer of the Civic Theatre.”*

Design & Build

60. *“Theatre Search has been involved with the development of design options to inform the Business Options Appraisal and is briefed to finalise a design which accommodates the dual purpose of the venue, providing a child-centred facility through which to access a studio theatre whilst also devising access from the Civic Theatre to the studio appropriate for adult users. Whilst the site is limiting, we are confident that we can finalise a design that will serve the vision.”*
61. *“It is understood that both this project (requiring additional funding from Arts Council England) and the Civic Theatre development (requiring additional funding from HLF) need to remain independent of each other, but there is no doubt that the synergies and expanded possibilities will be exciting to both funders. It is our view that the timelines of the projects should be aligned as far as possible with development of each building happening simultaneously to achieve minimal disruption and further economies of scale. This is considered broadly achievable within the application timeframes.”*

The Next Stage

62. *“In order to secure strategic capital funding from Arts Council England, it will be necessary to submit a strong bid by mid-December. This is a significant piece of work. ACE seem very supportive of the vision of the project and recognise the level of match from the local authority as a great asset, however, detailed business planning to inform the capital bid will need to be undertaken in order to present the best chance of funding in a competitive round. As Theatre Hullabaloo is a national portfolio organisation, it seems to make most sense that we are the applicant, but a detailed description of the partnership and the delivery of the capital project will need to be incorporated within the bid.”*
63. *“In order to move forward to achieve submission within this timescale, an agreement on the following issues needs to be reached:-*
- *DBC should respond to Theatre Hullabaloo’s proposal that there is an artistic / operational partnership at the heart of new venue requiring DBC to extend budget lines by between £35 – 40k per annum to support operational costs and community access. We are sensitive to the pressures faced by the local authority but a decision in principle is key to the success or otherwise of the project.*
 - *DBC should take a view in principle on commitment of all or a high proportion of the capital receipt from the Arts Centre to be invested in this project.”*
64. *“There is considerable work to be done to ensure a robust bid to ACE including:-*
- *“A detailed business plan to inform the first stage of the capital bid to be undertaken by Roger Lancaster Associates. The fee for this work is £5,000.” [Creative Darlington’s Board have subsequently agreed to fund this work.]*
 - *“Branding work to ensure the venue has a distinct and complementary identity to the Civic Theatre delivered through Brand Consultant, Lisa Baxter, who is already working with the Civic through the North East Children’s Theatre Consortium. The fee for this work is £800. Theatre Hullabaloo would be prepared to meet 50% of this cost.” [Creative Darlington’s Board have subsequently agreed to fund this work.]*
 - *“Support from Pam Bone in the writing of the Capital Application. Over the past 15 years Pam has secured over £50m for arts buildings, artistic and learning programmes and individual projects, she has also secured several ACE Capital bids in previous rounds. The fee for this work is to be confirmed.” [Creative Darlington’s Board have subsequently agreed to fund this work.]*
 - *“Support from David Wilmore and Theatresearch in finalising the design option and submit a design report with options analysis to inform the bid.”*
- “Please note that both the fee for Roger Lancaster and Lisa Baxter’s work is significantly below their usual rates to reflect their commitment to making this project work. It is our intention to apply for a Development Grant to support the work to the second phase so these are the only upfront costs.”*

65. *“We appreciate the pressures on the Council and the anxieties around ongoing support, but as a small charity Theatre Hullabaloo are not resourced to meet these costs. Both [the Creative Director] and [Chair of the Board] are actively committed to furthering the project and will lead on the management of the bid delivery if required.”*
66. *“As Roger Lancaster Associates’ report outlines, there are significant challenges to be resolved before we can realise this fantastically ambitious project for Darlington, but through this partnership we are uniquely placed to secure an investment of in excess of £1million to Darlington’s arts infrastructure and deliver a high quality arts offer for the benefit of Darlington children, their families and the wider community, at a fraction of the real cost to the authority.”*

Pursuing This Proposal

67. Should Members wish to pursue this proposal then the implications for the Council would be:
- (a) The Council would need to allocate up to approximately £600,000 of the potential capital receipt from the sale of the former Arts Centre site to this project. The rest could then be used in due course to support viability/long-term resilience of some other venues, once the actual amount of the capital receipt was known.
 - (b) The Civic Theatre currently requires subsidy of £60,000 per year. On current performance, and particularly after the proposed restoration, the Theatre is expected to break even before the new venue would open. The Council would therefore need to re-allocate (some of) the current subsidy of the Civic Theatre to the new venue.
 - (c) The Council would need to agree to manage the new building from the Civic Theatre management team, with Theatre Hullabaloo being responsible for the main programming and artistic content as the main tenant. Whilst it is vital that the Civic Theatre’s team is focused on the management and programming of the Civic Theatre, it is felt there is sufficient synergy for the building management of an adjoining venue to be accommodated. (This would not be the case if the new venue was not adjoining.) The remainder of the time not used by Theatre Hullabaloo in the new venue (about 50%) would be available to be programmed for local organisations such as Darlington for Culture. Darlington for Culture’s committee is supportive of having input on this.
 - (d) The Council would need to purchase the site of the former Ambulance/Fire Station adjacent to the Civic Theatre. Using delegated powers, Officers have provisionally agreed to secure an ‘option’ to purchase the site prior to the submission of a bid to ACE in December, so that there is certainty that the Council can complete the purchase if and when the bid to ACE is successful and a capital receipt is obtained from the former Arts Centre site. A range of options will be investigated to create a venue at the site linking to the Civic Theatre in the area of the current conservatory.

- (e) The proposal would be for the Council to own the new venue, with Theatre Hullabaloo occupying and using the venue in return for a rent.
- (f) Designs for the new venue, to RIBA stage B will need to be complete before 12 December. The Council can commission these from the specialist architect retained for work on the Civic Theatre for a cost of about £25,000, funded from the eventual capital receipt from the former Arts Centre site. The key characteristic of any new venue needs to be flexibility, so that it can adapt to changing requirements over the decades. It should be possible to create the main venue in the space so that it has access for children and young people through child-friendly facilities on the new site, and separate access for adults (with access to bars, etc.) through the Civic Theatre at other times.
- (g) Officer time and input will be required to support the bid for ACE funding by Theatre Hullabaloo. The Council's Capital Projects team would manage the contracts for the construction of the new venue, should the bid be successful.

Risks

68. Key risks of the this proposal include:

- (a) The eventual capital receipt from the former Arts Centre site not being sufficient to meet the commitment of £600,000 to this proposal. This is unlikely given past bids. However, should it occur then it would be known after the stage one bid to ACE bid before the stage two bid. The bid to ACE could then simply be withdrawn, with the only abortive costs to the Council being the design work commissioned and the cost of the option to buy the site, or the Council could decide to allocate other capital to this project. (For Creative Darlington the cost of funding business plan work for Theatre Hullabaloo would not be wholly abortive as it will feed into the company's bid for renewed NPO status in 2013.)
- (b) A bid to ACE is unsuccessful at stage 1. Depending on the feedback, consideration could then be given to a further, refined application in round 4 (in 2014/15). Other funding options could also be considered, although none are immediately obvious at this point. Should no other way forward with this proposition eventually be found, then there could be abortive costs for the design work and the option. However, the Council could consider at that stage whether there was a business case to complete the purchase of the adjoining site and sell some or all of it for other regeneration purposes.
- (c) ACE taking an adverse view on the potential clawback of their funding to the Arts Centre studio theatre. Discussions will need to take place with ACE to resolve this as part of the new bid process.

69. If the stage 1 bid is successful, then there will be other risks in moving to a stage 2 bid, and ultimately to construction, but these can be considered by Members at that stage.

Financial Implications

70. At this stage the Council is only committed to :
- (a) Funding the cost of design works to RIBA stage B for the new venue, at about £25,000, set against the eventual capital receipt from the sale of the former Arts Centre site.
 - (b) An option to purchase the site adjoining the Civic Theatre, at a cost of about £10,000, set against the eventual capital receipt from the sale of the former Arts Centre site. This would form part of the match funding for a successful bid.
 - (c) Officer time to support the bid.
71. The Council will also need to commit that, should the bid be successful:
- (a) Approximately £600,000 of the anticipated capital receipt from the sale of the Arts Centre site would be committed to this project. The £600,000 would include funding the purchase cost of the site. The total cost of the scheme, including land purchase and fees is likely to be around £2.1m, requiring Arts Council funding in the region of £1.5m.
 - (b) A revenue subsidy of no more than the current subsidy of the Civic Theatre would be allocated to this new venue, to be achieved by re-allocating the current subsidy to the Civic Theatre.
72. The Arts Council £459,000 grant to the Arts Centre may need to be considered, as described above.
73. The marketing and disposal of the former Arts Centre is being done in accordance with the requirements of the Localism Act.

Equalities Considerations

74. The decision to close the Arts Centre was preceded by an equalities impact assessment.
75. Any plans forthcoming for the development of the former Arts Centre or for use of any capital receipt will include an appraisal of equalities impacts as necessary.

Conclusion

76. The success of a bid for ACE Capital Programme funding cannot be guaranteed, as the fund is primarily targeted at increasing the resilience of National Portfolio Organisations with existing buildings. Nevertheless, the Arts Council appears interested in the concept, and it would improve the resilience of Theatre Hullabaloo as a National Portfolio Organisation. There appears therefore to be a possible

window of opportunity to obtain funding for a venue of national significance in children's and young people's performing arts, which would also provide a medium-sized venue available for 50% of the time for local community-based arts and help the Civic Theatre to achieve its priorities for audience development and creative learning.

77. The proposal would also contribute significantly to the Town Centre Fringe vision of beginning to create a 'Cultural Quarter' in this area, adding to the presence of the Civic Theatre, the Forum, the music shop, cafes and restaurants already in the area. Whilst this would not replace the Arts Centre, the juxtaposition of a range of cultural activities in one part of town could begin to raise the prospect of some similar opportunities for serendipity.