
**DARLINGTON ARTS
OPTIONS FOR PROVISION OF AN ARTS VENUE(S)**

**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 present the work of the Arts Enquiry Group on the options for the provision of an Arts Venue(s), appraising each option with respect to the Vision for the Arts and risks to delivery, both financial and reputational.

Summary

2. This report details findings on the four venue options considered by the Arts Enquiry Group:
 - (a) Option 1 – retain existing Arts Centre.
 - (b) Option 2 – Arts Centre sold and receipts used to build a new Arts Centre.
 - (c) Option 3 – Arts Centre sold and receipts used to build a performing arts venue with a focus on children and young people, remainder of arts offer consolidated into existing facilities.
 - (d) Option 4 – Arts Centre sold and receipts used to invest into developing arts facilities within existing facilities.
3. Based on an appraisal of each building option and the financial implications the report concludes that:
 - (a) Over the short to medium term if a new sustainable financial model could be delivered, Option 1, retaining the existing Arts Centre, would continue to support a broad arts offer. However given the location, nature and cost of operating the building, retaining the existing Arts Centre is unlikely to provide the best value for money, could restrict opportunities to seek external investment or grant funding, and it is difficult to envisage how, without a substantial or capital investment or subsidies, management of the

building, could be sustained over the long term. A considerable amount of work has been done with Darlington for Culture to see if it was feasible for them to take over the running of the Arts Centre. Whilst they have submitted a proposal, the risks and potential costs mean that it cannot be recommended to Members. Officers have made it clear that the Council remained open to further dialogue on Option 1 but no new proposal has been received from Darlington for Culture that changes the position.

- (b) Provided sufficient capital funding can be found, a new build (Option 2 or 3), offers the best opportunity to deliver a sustainable arts programme out of a modern 'fit for purpose' building with substantially lower operating costs than the existing Arts Centre building. Following Cabinet on 22 November 2011, the existing Arts Centre site has been marketed for disposal and an application for £3m funding has been submitted to the Arts Council England. The outcome of these two pieces of work will be brought back to Cabinet in May 2012 for Members to consider the potential for future re-provision of an Arts Venue(s).
 - (c) Option 2, a new build Arts Centre is preferred, though delivery of this would depend on securing external funding in addition to using capital released from the sale of land occupied by the existing Arts Centre. Option 2 would encompass the home for children and young people's performing arts envisaged in Option 3.
4. Reductions in Arts Council funding and loss of key tenants has put further pressure on the business case for continuing to run the existing Arts Centre. Due to loss of funding, the National Association of Youth Theatres has terminated their lease and Queen Elizabeth Sixth Form have indicated that they plan to vacate their tenancy in the Arts Centre in July 2012.
5. Officers have been meeting with current Arts Centre users, partners and stakeholders over the last two to three months to provide information on the proposals relating to the Arts Centre and looking at ways that the Council can offer support to them for transferring to new venues and spaces if the Arts Centre was to close. A range of options have been considered including utilising existing Council buildings, other facilities in the Borough and bringing back into use the Bridge former school site off Hundens Lane.

Recommendation

6. It is recommended that:-
- (a) Council make provision of £100K in the MTFP to allow the Arts Centre to operate until July 2012.
 - (b) Agree that that any capital receipt from a sale of the Arts Centre would be invested in the future delivery of Arts in Darlington.
 - (c) Council make provision of £10K in the MTFP per annum for the running costs of The Bridge former school site off Hundens Lane as an interim base for a number of displaced organisations.

Reasons

7. The recommendations are supported by the following reasons :-

- (a) In order to meet MTFP savings, the Council can no longer provide a sustainable subsidy for running the existing Arts Centre and arts programme.

Richard Alty
Director of Place

Background Papers

- (i) CREATIVE DARLINGTON - Investing in a Creative Community
- (i) Darlington Arts Centre – report by Globe Consultants, 2011
- (ii) Arts Transformation – Facilities Business Models
- (iii) Bid to Arts Council England

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S17 Crime and Disorder	There are no significant impacts.
Health and Well Being	Arts activities have a role in promoting mental health and well being.
Carbon Impact	Development of a modern Arts venue in place of the existing Arts centre would substantially reduce energy usage and carbon emissions.
Diversity	This will have no significant impact on diversity as Arts programming will continue to focus on providing opportunities for all sectors of the community.
Wards Affected	The Arts Centre is in College Ward. Users of the Arts Centre come from all Wards.
Groups Affected	Arts, community organisations and residents accessing arts activities and using the Arts Centre. A few small businesses operating out of the Arts centre.
Budget and Policy Framework	This report is part of the preparation of the Council's MTFP.
Key Decision	This is a key decision
Urgent Decision	This is not an urgent decision
One Darlington: Perfectly Placed	Arts are an important part of the cultural life in Darlington, supporting outcomes around health & well being and economic prosperity.
Efficiency	Closure of the current Arts Centre and delivery of Arts activities through existing facilities and / or a new build will result in significant savings.

MAIN REPORT

Information and Analysis

8. In 2009/10 the cost to Darlington Borough Council of subsidising the arts service and Arts Centre was £757,959. The unprecedented budget pressures on the Borough Council as a result of the 2010 Comprehensive Spending Review mean that this subsidy can no longer be maintained. Following consultation on the future of arts provision in the autumn of 2010, the Council agreed to provide a reduced level of funding to continue running the Arts Centre on a limited basis for the remainder of 2011/12 and to provide continuing funding for some strategic arts development work thereafter.
9. To help find creative ways forward for the Arts in Darlington, an Arts Enquiry Group was established in spring 2011 under the auspices of Darlington Partnership, chaired by John Orchard. The Group was asked:
 - (a) To recommend to Darlington Partnership:
 - (i) A Vision for Arts in Darlington; and
 - (ii) How this could be taken forward
 - (b) To recommend to the Council, in the light of the Vision, options for Arts venues and factors to be taken into account, to help the Council decide on the future of the Arts Centre building.
10. This report focuses on the outcome of work on options for Arts venues and provides an update on work carried out since the Cabinet report of 22 November 2011.

Enquiry Group Process

11. The Enquiry Group set up four working groups to consider:
 - (a) Creative Darlington – recognising how and why the arts matter
 - (b) Working Together – developing models and solutions through partnership working
 - (c) Spaces and Places – understanding creative spaces and places
 - (d) Voices and Views – ensuring broad engagement and consultation
12. The work of these groups, and the Enquiry Group, is now complete and with respect to building options has included:
 - (a) A report from Globe consultants on the Arts in Darlington and exploring governance and buildings options for future delivery of the Arts.
 - (b) Consultation capturing views across a wide cross section of the community with over 1,500 survey responses and more than 150 individuals contributing to several focus group sessions. This has drawn together the views of arts providers, funders and supporters of the Arts. Darlington for Culture has also played a key role in initiating and promoting dialogue with the Arts community on which the Enquiry Group has

drawn.

(c) Financial appraisal of options for Arts venues and work on governance models to support those options.

(d) Mapping of creative spaces and places to inform future planning of the Arts.

13. The Enquiry process generated a substantial degree of debate around the future of the Arts Centre and the other options for delivering an Arts venue(s) in the town. The Arts Vision identifies requirements for:

(a) Arts hub – whether a single building or closely co-located facilities, it is important buildings solutions bring different art forms and arts providers together in close proximity. This requirement is a key driver of the inspire-grow-celebrate-achieve cycle of arts development.

(b) Children and young people’s theatre – the specialist practice in children and young people’s arts, placing strong emphasis on the performing arts, requires a modern performance and rehearsal facility to support high quality production and reinforce Darlington’s national profile.

14. Venue options considered by the Arts Enquiry Group were:

(a) Option 1 - retain existing Arts Centre.

(b) Option 2 - Arts Centre sold and receipts used to build a new Arts Centre or hub.

(c) Option 3 - Arts Centre sold and receipts used to build a performing arts venue with a focus on children and young people, remainder of arts offer consolidated into existing facilities.

(d) Option 4 - Arts Centre sold and receipts used to invest into developing arts facilities within existing facilities.

Financial Implications of Each Building Option

15. Based on actual costs for 2011/12 and accounting for loss of income from Queen Elizabeth College and the Arts Council the subsidy required to support the continued running of the Arts Centre by the Council would be substantially higher, at least £552K per annum.

16. Indicative financial modelling indicates that options 2 and 3 would require a far lower operating subsidy, ranging from £130K - £160K and Option 4 lower again at around £60K per annum. Modelling of revenue costs for the new building (Options 2 and 3) include a modest assessment of income generation through rent, ticket and catering sales. **Appendix 1** gives an overview of estimated revenue costs and income for each of the options.

17. An assessment of the capital costs of each option indicates that:

- (a) Option 1 – Within the existing Arts Centre there are significant internal areas that need major investment, this would require as minimum several hundreds of thousands of pounds and would not provide a commercial return on the initial cost.
- (b) Option 2 – Based on EC Harris standardised build costs, adjusted for inflation and validated by the Council’s own in-house capital projects team, construction of a new 1000 m² Arts Centre would cost around £3.2m and a 1600 m² Arts Centre would cost about £4.5m (as per the bid to the Arts Council), excluding cost of land.
- (c) Option 3 – using the same methodology as for Option 2, construction of a new 500 m² venue including a studio theatre suitable for use as performance space for Children and Young People would cost around £1.8m, excluding cost of land.
- (d) Option 4 – It has been estimated that a minimum investment of £320K would be needed to adapt existing facilities. Alteration of leisure facilities to accommodate the arts would also have an impact on revenue income from leisure, meaning that in addition to a one off capital cost there are potential costs in terms of lost income used to support the cost of leisure facilities. It is also very likely that the Council would be required to payback some or the entire £500K Arts Council grant invested in the Arts Centre Studio Theatre.

Appraisal of each option

18. The Enquiry Group considered each option within the context of: the Breadth of Arts Offer retained; Children & Young Peoples' Arts Offer; Opportunity to attract external funding; Fit with core principles of the Arts Vision; Fit with governance design principles; and the capital and projected revenue costs. Key points from this appraisal are that:

- (a) Most people considered that Options 1, 2 and 3 met all or most of the core principles of the Arts Vision (Inspire, Grow, Celebrate, Achieve).
- (b) Option 4 is the least favourable in terms of retaining a clear Arts hub, and supporting nationally recognised areas of excellence in the Arts such as the work of Theatre Hullabaloo.
- (c) Options 1 and 2 are perceived as offering the greatest breadth of Arts offer.
- (d) Option 1 would require the greatest subsidy, at a level outside the Council’s current Medium Term Financial Plan, to continue to run the Arts Centre as it is at present £400K. From April 2012 for the Arts Centre to continue with the existing operating model would require further revenue contribution of approximately £190K, which is a result of the withdrawal of the Arts Council grant of £120K and a loss of £70K rent from Queen Elizabeth Sixth Form College. Therefore, to maintain the existing operating model, a subsidy from April 2012 would be approximately £550K to £590K. It also requires substantial capital investment in the building in the medium term, for which no solution has been identified at the moment.
- (e) Options 2, 3 and 4 may achieve more in relation to ‘One Darlington’ than Option 1, as moving the Arts hub into the town centre may increase the use by people from different

parts of Darlington and different social groups.

- (f) Option 2 carries the greatest capital funding gap, followed by Option 1, though it is likely that there will be greater opportunities to secure grant funding or sponsorship for a new build than for the existing Arts Centre.
- (g) Option 3 was considered more deliverable with regard to capital cost, assuming the value of the existing Arts Centre site could be realised.

19. Figure 1 gives an overview of the four options, comparing revenue cost with the perceived impact on achieving the Vision for the Arts.

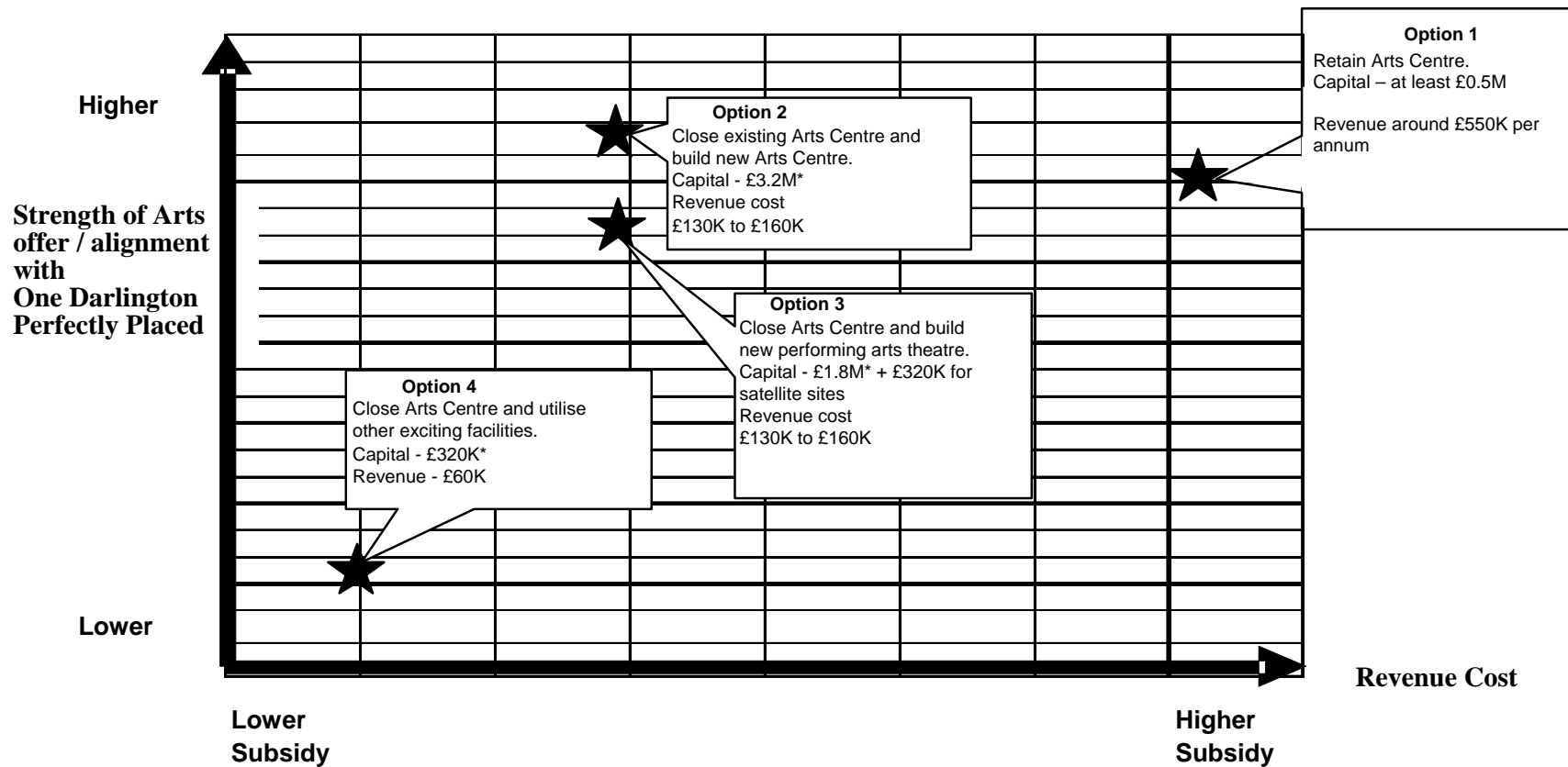


Figure 1

Darlington for Culture

20. Officers have given very substantial support to Darlington for Culture to assist them in putting together their proposal and business case for running the Arts Centre. Darlington for Culture were given until the end of October to submit a viable business plan to support their desire to run the Arts Centre (attached at **Appendix 2**). Whilst Darlington for Culture have been successful in engaging volunteers and promoting events, they have not been able to demonstrate a viable business plan for running the Arts Centre at substantially lower costs.
21. Within the business plan Darlington for Culture describe the document as a road map “a way forward” for which the detailed work still needs to be completed. There is therefore a great deal of uncertainty attached to the deliverability of the business plan as it is based on unknowns and assumptions at this moment in time. The financial analysis suggests that in Year 1 a subsidy of up to £200K is required which in future years will reduce if some of the assumptions and aspirations within the business plan are delivered, however, if Darlington for Culture fail to achieve their aspirations they would no doubt require an ongoing subsidy to continue to operate the Arts Centre. There are currently no ongoing financial contributions built into the MTFP to support the running of the Arts Centre. Officers have made it clear that the Council remained open to further dialogue on Option 1 but no new proposal has been received from Darlington for Culture that changes the position.
22. The Darlington for Culture proposal is to continue the business carried on at the Arts Centre. The Transfer of Undertaking and Protection of Employees Regulations 2006 will apply to this transfer (Regulation 3(1)(b) provides that for a Service Provision Change (such as the transfer of a library) TUPE still applies)
23. As a result the staff (whose roles will be carried out in the new business) must be transferred with the business to the new organisation on their existing terms and conditions, including salary, pension and any other benefits. Darlington for Culture state in their Business Plan that they will not take on board the staff who (as set out above) would be legally entitled to transfer. If the Council is required to make these staff redundant prior to transfer this is likely to be unlawful and the Council and / or Darlington for Culture could be liable for legal challenge/ employment tribunal claims and the risk of costs arising as well as damage to the reputation of the Arts Centre and the parties involved.
24. The correct approach is for Darlington for Culture to take on the staff and then if appropriate on economic grounds change terms and conditions accordingly after the transfer has taken place. However the new operator would be liable to the redundancy costs arising and the Darlington for Culture proposal makes no provision for these additional costs which are likely to substantially affect the sustainability of the offer made.
25. With regard to the lease of the Arts Centre to Darlington for Culture, the intention was for this to be a short term interim solution while a more permanent sustainable solution could be found for an arts building/hub in the medium term. Darlington for Culture have indicated that they would require a 5 year lease with no break clauses with the opportunity of right to buy at the end of that term. This arrangement would restrict the ability of the Council to dispose of the Arts Centre in the future for which a capital receipt could be gained and invested in a new and more sustainable arts facility.

26. To meet the Council's obligations under with the Public Contracts Regulations 2006; if the option of Darlington for Culture taking on the Arts Centre was to be pursued, there would be a requirement for the Council to go through a full procurement exercise to enable other interested parties to submit bids to provide the same service which would take up to six months.
27. Having considered Darlington for Culture's proposal within their business plan, it is believed that the risks around financial uncertainties, TUPE and lease are too great for the Council to accept. The proposal does not set out a sustainable future for the Arts Centre and therefore it is proposed not to continue with the option of Darlington for Culture operating the Arts Centre post July 2012.
28. There will, however, continue to be the opportunity for the Council to work with Darlington for Culture particularly around the strategic function 'Creative Darlington' with them being a key part of the Creative Darlington network.

Risks

29. Assuming the Council cannot afford to continue to operate the Arts Centre itself, there are risks to all of the other options being considered; some above what would usually be considered as an acceptable risk threshold. Key risks are summarised below:-
30. Transfer of Arts Centre to an organisation like Darlington for Culture:
 - (a) Inability of a trust or similar organisation to demonstrate sufficient financial resilience to take on employment and associated costs (required within TUPE regulations) of existing Arts Centre staff. With legal duty placed upon the Council to demonstrate due diligence on transfer of employment liabilities to another organisation.
 - (b) Inability of a trust or similar organisation to obtain a commercial loan or credit from suppliers (for example utility companies, brewery) to support cash flow.
 - (c) Difficulty in booking professional performers without guarantees that performance costs can be met or underwritten.
 - (d) Loss of key existing tenants, impacting upon income levels and Arts offer. The Board of Theatre Hullabaloo have informed officers that, for their organisation, the risks of failure of transferring management of the Arts Centre to Darlington for Culture or to a similar organisation are too high, and that should this happen they would move out of the Arts Centre.
 - (e) Failure of this option after a short period, with reputational impact on Darlington as a place to invest in the Arts.
 - (f) Risk of claw back of £500K Arts Council grant for the youth performance venue at the Arts Centre, should the venue no longer be used for that purpose.

31. Should Members decide to pursue this, the Council would need to conduct a procurement exercise, likely to take between three to six months.
32. Option 2, Arts Centre sold and receipts used to build a new arts centre, managed by the Council or in the future by an Arts or Cultural Trust, key risks are:
- (a) Loss of key existing tenants, impacting upon income levels and Arts offer. This is a significant risk during the interim period between closure of the Arts Centre and opening of a new build. Interim arrangements would be put in place to maintain an arts programme, though inevitably this would not be as comprehensive as it would be with a dedicated Arts venue.
 - (b) Risk of the claw back of £500K Arts Council grant is seen as low, given that the new venue will be built to include a youth performance venue.
 - (c) There is a risk that the Council is unable to raise additional capital funding required to build the new arts centre, both through sale of the current Arts Centre site and through grant funding or sponsorship.
 - (d) The ability to generate additional external funding is dependent on the location of the proposed new facility, the purpose(s) for which it is used, the organisation(s) that own and run the facility and the business model operated. Should Members recommend Option 2, officers will work within the overall remit of the Arts Vision, with the arts community and potential funders to maximise opportunities for securing further funding. Arts Council England gave the Council permission in December 2011 to submit a bid for capital funding, and a bid for £3m for a £4.5m project was submitted.
33. Option 3, Arts Centre sold and receipts used to build a studio theatre, with other arts activities accommodated within existing facilities, such as Crown Street Library, Central Hall, community centres and other public buildings. Studio theatre to be managed by the Council or in the future by an Arts or Cultural Trust.
- (a) Key risks to delivery are the same as for Option 2, though based on build costs detailed in point 16, sale of the Arts Centre would provide sufficient capital to build a studio theatre without the need to secure grant funding or sponsorship.
 - (b) Option 3 would make it harder to achieve the sense of an Arts hub in Darlington. Meeting this need would require a more imaginative approach to bringing arts practitioners together.
34. Option 4, Arts Centre sold and receipts used to invest into developing arts facilities within existing facilities.
- (a) It is very likely that Arts Council would demand repayment of the £500K grant for the development of the youth performance venue at the Arts Centre.
 - (b) That it would be difficult to deliver a professional programme of arts activities without a dedicated venue, and that Darlington could no longer retain or in the future attract

high quality arts organisations to the Borough.

- (c) It would be hard to achieve the sense of an Arts hub in Darlington.

Update on work carried out following Cabinet of 22 November 2011

35. As reported in November 2011, Cabinet agreed to commence the marketing for disposal of the Arts Centre site, which has now taken place; bids were due back by 29 February 2012, evaluation is currently taking place and should be complete by mid March 2012.
36. Alongside this, a grant application was also completed and submitted to the Arts Council England's Capital Grants Programme for £3m to develop a new Arts Centre within Darlington's town centre. The Council will be notified of the decision on the application on 2 April 2012 and successful bids will then have a period of 18 months to develop through to Stage 2.
37. This new venue would be sustainable, resilient and innovative in its design, artistic programme and collaborative ethos, attracting more people to create and engage with excellent Arts experiences. The venue would be located within the town centre and would be a cutting-edge performing arts venue designed to receive small to mid scale touring work with a nationally recognised Children and Young People (CYP) offer at its heart. It would have space for new work by professional artists and community arts groups within a building that encourages cross-fertilisation of the art and digital innovation. It would fulfil both the 'broad and diverse' and 'specialism' aims of the Arts Vision.
38. The outcome of the marketing exercise for the Arts Centre site and Arts Council bid will be reported to Cabinet in May 2012 with the intention of providing options for Cabinet to consider for the future re-provision of an Arts facility.
39. During the consultation period, an option was also put forward to use the existing Council Chamber and Committee Rooms as a possible town centre location for the re-provision of Arts facilities. There would be considerable costs involved in adapting the existing space to meet the requirements of a new arts centre, for example to provide suitable access facilities for delivery of stage equipment by large vehicles, to provide changing rooms / toilets and a secure location for touring company vehicles.
40. The support of a National Portfolio Organisation is key to securing Arts Council England supporting and funding, Theatre Hullabaloo (or any other NPO) would not support the use of this type of facility.
41. This option would need to be considered in any final proposals, however Members considered a report to Cabinet on 4 October 2011 where they agreed to supporting the principle of release and redevelopment of the Feethams site, which included the Town Hall location for future redevelopment, therefore this option may need to be ruled out due to its inconsistency with other long-term options.
42. As part of the ongoing consultation, Place Scrutiny Committee considered the proposals within the November 2011 Cabinet report for the Arts Centre. Place Scrutiny Committee

resolved:

- (a) That this Scrutiny Committee endorses the principles outlined in the paper ‘Vision for the Arts’ and is convinced of the argument in favour of building a new Arts Centre in a town centre location as a long term and sustainable solution. It believes that Darlington’s past record as a provider and champion of the arts has worked as a driver of economic regeneration and must not be jeopardised.

This Scrutiny Committee considers that uncertainty remains on the following issues:

- (i) the possibility of success of the grant application to the Arts Council for the provision of a new Arts hub;
- (ii) the position regarding the provision and facilitation of arts and cultural activity and the cost of such provision in the intervening period; and
- (iii) any new governance model.

and therefore wishes to monitor the situation closely by the establishment of a Task and Finish Review Group as highlighted at Minute EE11(f(iv))/Sep/11 of the former Economy and Environment Scrutiny Committee.

Update:

The Task and Finish Review Group has been set up and will be fully involved in the future programme of work with regard to the replacement Arts Centre.

- (b) That a full range of models for the re-development of the Vane Terrace site be pursued.

Update:

The outcome of the marketing exercise to disperse of the Arts Centre will inform any future use of the existing site. It is intended that a report will be brought to Cabinet in May 2012 for Members’ consideration following the outcome of this exercise.

- (c) That the Arts Centre continues to operate on a limited basis in conjunction with partners.

Update:

If Members agree the proposal within this report, the Arts Centre would close in July 2012, however alternative transitional arrangements would be put in place as discussed later in this report.

- (d) That Members place on record their thanks to all the officers who have given their time and attention to all questions directed to them with regard to the Arts Centre.

Transitional Arrangements

- 43. Officers have been meeting with current Arts Centre users, partners and stakeholders over the last two to three months to provide information on the proposals relating to the Arts Centre and looking at ways that the Council can offer support to them for transferring to new

venues and spaces, if the Arts Centre closes. These groups include tenants, clubs and societies, and a range of hirers, including both arts related hirers and non-arts hirers who currently utilise the venue. This has enabled officers to build up a picture of where each group is, in terms of their requirements and their aspirations for future development of their individual offer.

44. At the same time, officers have also been investigating ways in which the Council's facilities, such as the Dolphin Centre, can be used to relocate some of the existing users. For example, Darlington Music Society, Darlington Piano Society and the New Orleans Jazz Club have looked at facilities within the Dolphin Centre, taken on board views of their members and generally feel that they could happily relocate to the Dolphin Centre. A space within Crown Street Library has been identified as a suitable alternative for a community art gallery. This proposal has been well received by visual arts organisations, who have welcomed a possible town centre location for exhibiting the work of local artists.
45. In addition to looking at Council buildings, officers have also worked with partners, including schools, the Forum and Lingfield Point, who may be able to provide meeting spaces, classroom facilities, rehearsal space and performance space to meet the needs of a range of groups currently based at the Arts Centre. Some existing users have also been investigating alternatives themselves through their own contacts of networks and have been sharing these ideas with us.
46. As part of this ongoing work, an alternative site has been identified that may well be suitable for re-provision for a number of organisations. The former Bridge (school site) building located on Hundens Lane was vacated by Services for People in July 2011. The initial intention was for this building to be demolished as part of the Eastbourne School demolition contract, however the Council was approached by an external organisation expressing an interest to utilise the facility; unfortunately this has not materialised. Through the consultation process for the relocation of Arts Centre users, it is evident that a mixture of specialist and functional multi-use space will be a requirement. The Bridge has a footprint of several classroom-like spaces, which is the type of multi use space that is required for a number of displaced clubs and societies. Discussions have taken place with key partners such as Darlington Media Group, Adult Social Care (Community Arts Project) and the Open Arts Studio to look at these premises with positive feedback that this could be an ideal interim solution. Access to the site via transport routes is very good; also the site has a number of parking bays with the building all on one level. The site itself is secure with the building infrastructure still intact.
47. This facility provides the opportunity for a number of organisations to relocate and the business model would require a small contribution from them to the running costs, as they already do at the Arts Centre.
48. There will be a need for a subsidy from the Council of approximately £10,000 per annum to assist in the overall running costs of this site. Staff within Cultural Services will manage the building arrangements, operation and groups as a cooperative.

Proposed Way Forward

49. A significant amount of work has taken place over the past 12 months to try to find a sustainable future for an Arts Venue. Four of the options have been looked at, which have been discussed within this report. The most sustainable options being Option 2 and Option 3, selling the existing Arts Centre and using the capital receipt to provide a new build, the scale of which will depend on the level of capital available. Option 4 is the least desirable, whereby the existing Arts offer would be spread across a range of facilities.
50. As highlighted earlier in this report, the cost to continue the existing operating model at the Arts Centre would be approximately £550K per annum with a requirement also for capital investment in the existing building. Detailed discussions have taken place with Darlington for Culture, who submitted a business plan to operate the Arts Centre at an annual cost of approximately £200K, however it is believed that the risks around financial uncertainties, TUPE and the lease are too great for the Council to accept and therefore this is not seen as a sustainable solution.
51. Officers have been working closely with all organisations involved in the Arts Centre on transitional arrangements should Members choose to close the building. There are alternative solutions within existing Council buildings and other facilities across the Borough. In addition, the former Bridge site on Hundens Lane can be reused to provide a base as a base for some of the displaced organisations from the Arts Centre.
52. Members could obviously continue to fund the Arts Centre until the new arts building is provided in approximately three years time, however the cost to do this based on the existing operating model would be at approximately £550K per annum, which for the three-year period would be £1.65m. There is also a significant risk that capital will also be required to continue to maintain the building. If Members do choose to keep the Arts Centre open, they would have to find a similar level of saving elsewhere within the MTFP. Also, a capital receipt from the existing Arts Centre would need to be received before a contract could be entered into for building a new venue, and a developer is likely to require possession of the existing building when paying for it. It is for these reasons why a sustainable solution for the existing Arts Centre is not possible, and that it is proposed to close the building from July 2012 and put in place transitional arrangements for existing service users/organisations.
53. Once the outcome of the marketing exercise for the disposal of the Arts Centre and the results of the bid to the Arts Council is known, Members will bring a report back to Cabinet in May 2012 for Members to consider all the options for the re-provision of a new arts centre.
54. Should Members decide to close the Arts Centre in July, so long as the building and site remain in Council ownership there would, however, be an ongoing annual cost of approximately £40,000 per annum for insurance, fire alarm system maintenance/monitoring, security system maintenance/monitoring, key holding costs, utility costs, repairs and maintenance, exterior works and property surveyor visits. In addition, there would also be a one-off cost of approximately £20,000 to secure the building with suitable shuttering.
55. The approximate cost of redundancies if the Arts Centre is closed is £160,000.

Equalities Impact Assessment

56. The Council must have due regard to the impact of its decisions on the three strands of the Public Sector Equality Duty, namely:
- (a) Eliminating discrimination, harassment and victimisation;
 - (b) Advancing equality of opportunity; and
 - (c) Fostering good relations.
57. In doing this, it must consider the effects on nine 'protected characteristics: age, disability, race, religion/faith, sex, sexual orientation, gender reassignment, pregnancy and maternity, and marriage and civil partnership. In addition, seven local characteristics are taken into account in the local equalities approach: unemployed and low waged, carers, young people leaving care, gypsies and travellers, refugees and asylum seekers, people with spent criminal convictions and geographical impacts.
58. An initial appraisal of risks to protected characteristics related to the four options suggests that the following key variables should be considered:
- (a) Composition and focus of the governance body managing the arts offer;
 - (b) Embedding and implementation of equalities policies;
 - (c) The resources likely to be available for arts programming and development;
 - (d) Programming policy that allocates available resources; and
 - (e) The location and physical characteristics of arts delivery building(s).
59. The risks identified can be summarised as follows:
- (a) It is likely that the overall arts programme will be reduced due to funding constraints in all of the options.
 - (b) Current levels of funding support an arts programme that includes subsidised provision responding to minority cultural interests and needs across the community as well as mainstream arts events. Strong equalities policies in the running of the arts centre also support and encourage the use of the building by diverse groups and individuals.
 - (c) The central issue is whether reduced arts funding impacts disproportionately on programming, and whether equalities policies can be implemented through the governance models for each of the options to maintain fairness and diversity in the use of reduced resources.
 - (d) This issue also relates to access to and use of arts facilities. For example, currently the Arts Centre is a breastfeeding friendly venue, a Safe Place for vulnerable young people and a meeting place for the transgender and LGBT communities. The presence of this

diverse range of interests is safeguarded by active pursuit of equalities policies, and could be at risk if policy is not clearly articulated in future governance models.

- (e) These risks could be triggered by the adoption of a commercial business model in response to financial pressures, pursuing mainstream programming and cultural interests to maximise income, unless the relevant duties under the Equality Act are embedded in the chosen governance model.
- (f) Building accessibility is an important issue, in terms of both design characteristics and location. The principle of a single Arts hub is also important, both to the delivery of a diverse Arts offer in accordance with the Creative Darlington vision and to facilitate fair access to Arts programmes for everyone.
- (g) The extent to which each option would deliver the Creative Darlington Arts Vision is a key consideration. The vision is rooted in equalities and diversity principles.

60. The initial appraisal indicates that Option 2 poses the lowest risks across the three strands of the equality duty and protected characteristics. It combines the opportunity to provide a fully accessible arts venue with the strongest potential to implement fair and inclusive programming policy.
61. Option 1 is also relatively low risk, but raises questions about continuing to deliver the Arts offer from a building that is not fully accessible. A further concern is the potential for financial pressures to drive programming, rather than the vision and equalities policies, with a consequent focus on more commercial events at the expense of subsidised programming for diversity.
62. Option 3 offers a strong anchor for Theatre Hullabaloo and the young people's specialism, together with a fully accessible new performance building. However, delivery of the vision would be weakened by not co-locating the specialism and wider arts programming in a single Arts hub, and the wider programme would be delivered through existing buildings that could pose risks in terms of physical access.
63. Option 4 is a high risk option from an equalities perspective. It would not deliver a single Arts hub and would be weak in supporting the young people's specialism, both core components of the arts vision and its underpinnings of diversity and equalities. It would utilise existing buildings that will pose accessibility risks.
64. Since the November Cabinet meeting further work on the impact assessment has included consultation through face to face contact with specific groups and individuals using the Arts Centre, consultation at Talking Together events and information gathering on impacts through the Council's on line forum and comments submitted via telephone, email and letter.
65. It is clear that the closure of the Arts Centre will impact on a substantial number of groups and individuals who use the existing building. As described in earlier in this report Council Officers are working hard to identify alternative venues for many of the groups currently using the Arts Centre, and should funding be secured for a new venue, the Council will engage with the arts and wider community to develop plans for the new venue. The following table identifies the people and groups that would be impacted by closure of the

Arts Centre.

66. Table 1 – Impacts by ‘protected characteristic’.

Protected Characteristic	Relevant Current Provision at Arts Centre
Age – older	<ul style="list-style-type: none"> • Daytime programming is generally geared to older people • Range of rooms available for meetings and self-run groups/courses • Clubs and societies, e.g. Jazz, Film, Rn’B, Folk often attract an older demographic
Age - younger	<ul style="list-style-type: none"> • Theatre Hullabaloo – nationally important young people’s theatre • Schools outreach programme • Daytime workshops and performances for schools/young people at Arts Centre • Carnival workshops • Arts Centre has ‘Safer Places’ for vulnerable young people status
Race	<ul style="list-style-type: none"> • Outreach programming includes activities and events with Chinese, Bangladeshi and Afro-Caribbean communities • Polish Film Club and programming of other East European events (though with very low level of uptake) • Professional programme includes race diversity-related events
Disability	<ul style="list-style-type: none"> • Open Arts Studio provides creative activities and programmes for disabled people, particularly people with Learning Disabilities and mental health problems; organised by DBC arts team and funded by PCT • Community arts programme is outreach scheme focused on development of life skills for people with Learning Disabilities • Access to performances and courses – implementing the Public Sector Equality Duty • Professional programming includes disability-related events • Visual impairment service/facilities provided at Vane House in grounds of Arts Centre
Religion/Faith	<ul style="list-style-type: none"> • Arts centre has been used occasionally as a place of worship
Sex	<ul style="list-style-type: none"> • Safe, welcoming meeting place for Transgender Community • Good gender balance in arts staffing and in arts programme • (See pregnancy and maternity)
Sexual Orientation	<ul style="list-style-type: none"> • As above, Lesbian Gay Bisexual and Transgender (LGBT) community use Arts Centre as a welcoming meeting place • LGBT issues and interests reflected in programming when events/material is

Protected Characteristic	Relevant Current Provision at Arts Centre
	available
Gender Re-assignment	<ul style="list-style-type: none"> As above, Arts Centre is a safe, welcoming place for the whole community
Pregnancy and Maternity	<ul style="list-style-type: none"> Weekly daytime mother and toddler group Music with mummies sessions Breast Feeding Friendly venue
Unemployed and Low Waged	<ul style="list-style-type: none"> Affordability – concessionary scheme for ticket purchase LIVE Darlington leisure card Arts Centre provides a welcoming free venue for people who may not be spending – exhibitions, café/bar, meeting place – important social functions
Carers	<ul style="list-style-type: none"> Young carers’ respite programmes – partnership between Social Services, Mental Health Trust and Open Arts Studio Open Arts Studio benefits well-being of people with Learning Disabilities or mental health problems, and thus indirectly benefits carers
Young People Leaving Care	<ul style="list-style-type: none"> As for unemployed and low income Safe Places status for vulnerable young people
People with Spent Criminal Convictions	<ul style="list-style-type: none"> Safe and welcoming place for people who are amongst the most vulnerable in the community Capacity for outreach around, e.g. homelessness
Gypsies and Travellers	<ul style="list-style-type: none"> Some use of Open Arts Studio by members of Gypsy/Traveller community
Refugees and Asylum Seekers	<ul style="list-style-type: none"> As above Outreach projects have been run with refugees/asylum seekers
Geographical Impacts	<ul style="list-style-type: none"> Arts Centre provides social/meeting venue in West End area that otherwise lacks such provision, though access by public transport services is relatively poor, with very limited car parking on site.

67. Comments received by phone, email, post and in person at meetings and at the Arts Centre include:

- (a) *‘It would be sad for the whole town, we enjoy every aspect of the Centre. My whole and extended family’s social, learning and positive approach to life will be*

affected'

- (b) *'I have been a member of the Studio Group for well over 15 years and I am devastated by the decision to close the building in July'*
- (c) *'Fundamentally wrong but degree of inevitability on public spending cuts. Relocation of Piano Society to another venue?'*
- (d) *I disagree with the proposal. I would be unable to attend a photography course locally'*
- (e) *As a family we use the Arts Centre regularly, school holiday activities, dance class and guitar classes, how will we access these things in the future?'*

68. A full list of feedback and comments is held by the Council's Communities Team.

69. Using Customer Insight social profiling data officers have completed a desktop analysis based on 23,066 addresses on the Arts centre database¹. It is important to note that this analysis is only of people who have bought tickets and so will not be representative of the full range of Arts Centre users. This shows that the majority are from the 3 most affluent 'ACORN²' categories (79.9%). The individual group that contains the most postcodes from the ticketed events is Secure Families (19.5%) which sits within the middle range of affluence. The analysis also demonstrates the geographical spread of households on the Arts Centre database, see figures 2&3. Note that each postcode plot (coloured dot) may represent more than one household, where this is the case categories are allocated, based on which household type is predominant within that postcode grouping.

¹ The data base is a record of households sold tickets over the period 2004 -2011; it is not possible to determine how often each household visits the Arts Centre.

² **ACORN** is a geodemographic segmentation of the UK's population which segments small neighbourhoods, postcodes, or consumer households into 5 categories, 17 groups and 56 types. Where category 1 is the most affluent and category 5 the least affluent.

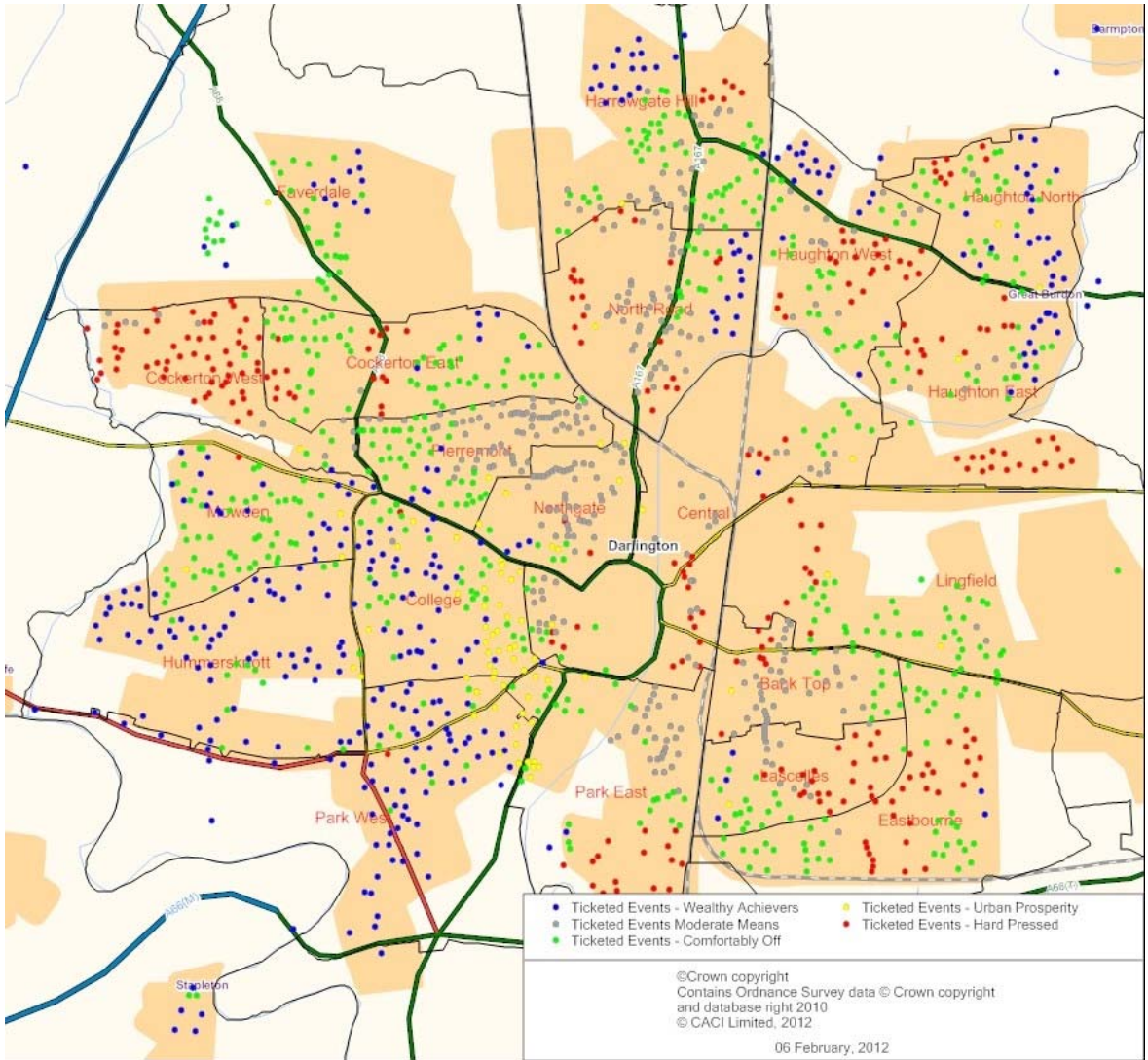


Figure 2

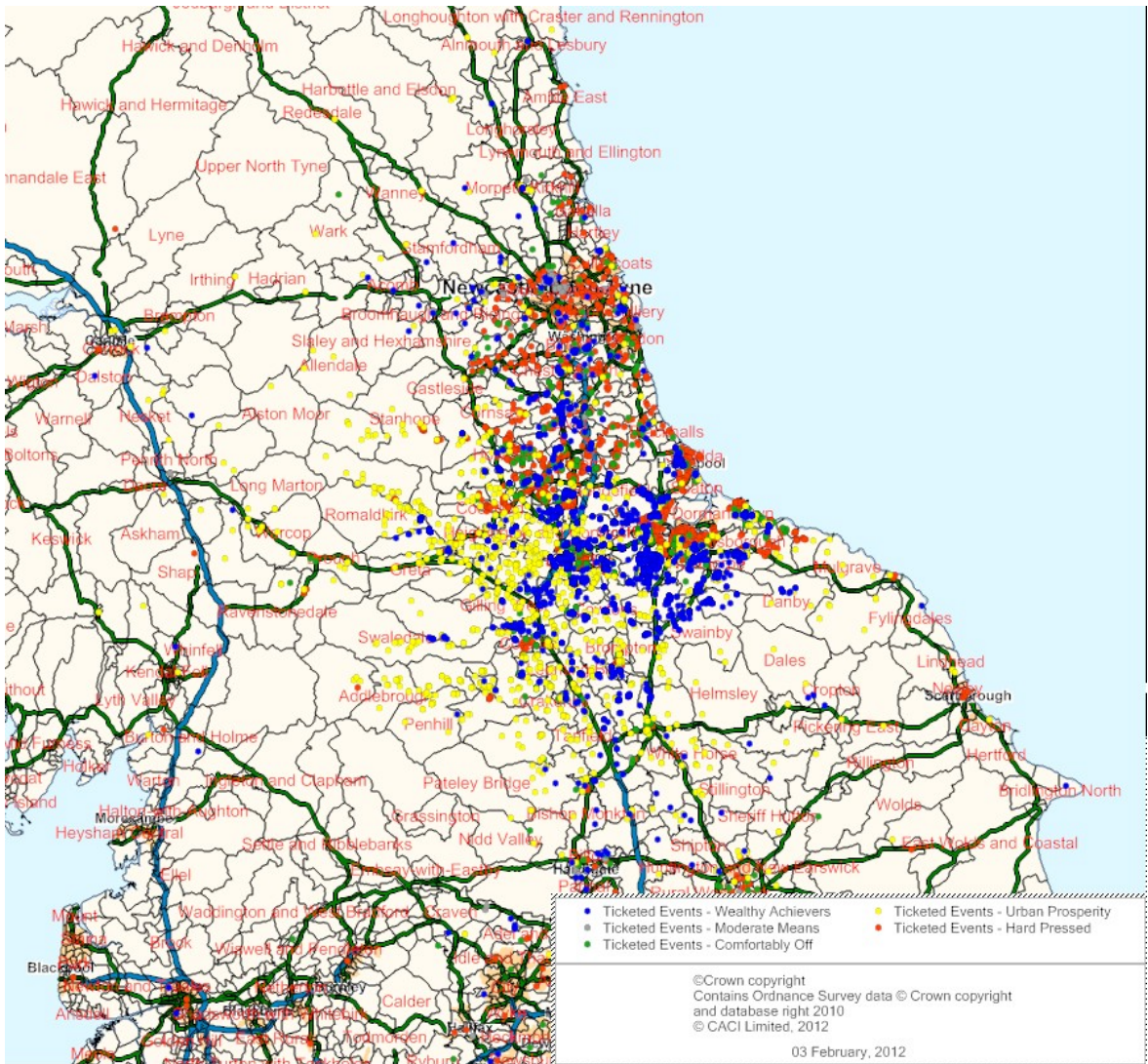


Figure 3

70. Figures 4 and 5 compare the distribution of households by ‘ACORN’ category, figure 4 comparing all households on the tickets database and with all households in Darlington and in the UK, and figure 5 comparing just households on the database in Darlington Borough only. Again, those buying tickets may not be representative of the full range of Arts Centre users.

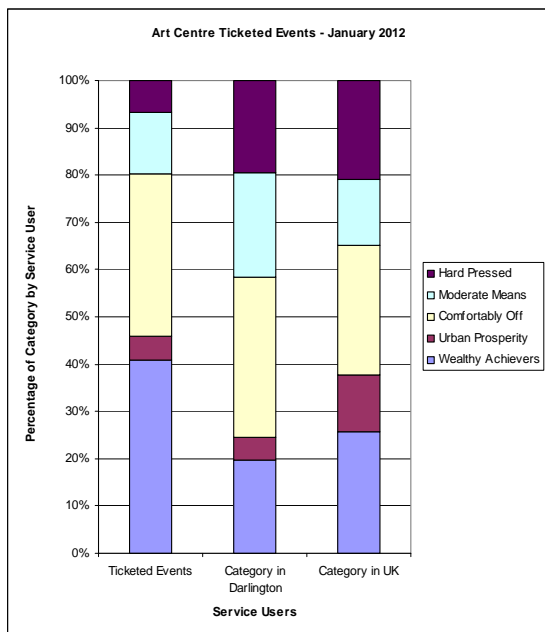


Figure 4

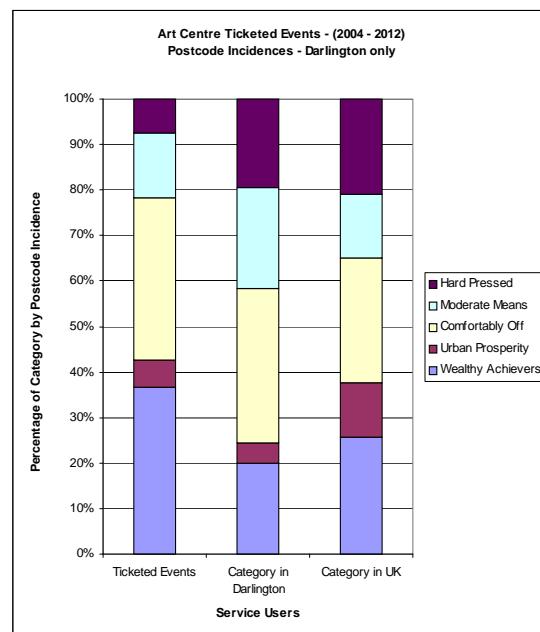


Figure 5

71. Members’ attention is drawn to the disability impact assessment (**Appendix 3**) and the equality impact assessment (**Appendix 4**) and the impacts that have been identified through consultation as a consequence of implementing this proposal. Council are therefore being recommended to consider the impact of the decision within the context of the Council’s wider budget strategy.

Mitigation of Impacts

72. As highlighted earlier in this report Officers are working to put transitional arrangements in place for groups and activities based in the Arts Centre. This includes the proposal to re-locate Open Arts Studio, Community Arts Project and Media Group to the former ‘Bridge’ site on Hundens lane, options to re-locate activities for mother and toddlers to the Dolphin Centre, use of Central Hall as a performance venue and to store equipment, for example the ‘Grand Piano’, use of space at Crown Street Library for a Community Art Gallery space. Officers have also facilitated contact with venues managed by other organisations, for example Hummersknott Academy, where the Clarinet and Karate Club have relocated.

73. The future of Vane House will be considered alongside plans for the re-development of the Arts Centre Site, subject to a future Cabinet report, should Members choose to close the building.

Consultation

74. As described throughout this report, an enquiry group process has shaped the vision for the arts in Darlington, including an appraisal of options for arts venues. Consultation has also included face to face contact with specific groups and individuals using the Arts Centre, consultation at Talking Together events and information gathering on impacts through the Council's on line forum and comments submitted via telephone, email and letter.

APPENDIX 1 – Arts Buildings Options, Modelling of Expenditure/Revenue

	Option 1 Arts Centre stays in Council ownership and management	Option 2 New build – arts hub	Option 3 New Studio theatre-	Option 4 Polycentric Model
Revenue - Expenditure				
Rent				
Rates	34,410	5,730	2,865	
Rates Reduction				
Staff inc Technical	241,458	107,499	89,495	61,984
Admin / Office costs (includes Artists for 1a)	120,845	17,795	17,795	
Heat, Light, Power, alarms, insurance	83,000	19,230	9,615	
Less - Efficiency Reduction				
Maintenance (incl replacement equipment etc.)	59,000	33,000	16,500	
Insurance	11,940	8,200	4,100	
Water	18,000	2,500	1,250	
Waste disposal	6,500	990	495	
Cleaning	51,000	24,990	12,495	
Cafe Bar - Cost of Sales		18,750	3,000	
ICT / Finance / Admin/misc supplies	43,994	15,000	10,000	
Marketing	15,656	7,400	5,200	
Finance Costs				
Annual Running Costs	685,803	261,084	172,810	61,984

Revenue - Income				
Specialism rent income contribution	5,380	11,298	11,298	
Lettings	20,000	48,420	6,456	
Cafe / Bar and catering	20,000	37,500	6,000	
Admissions (net)	88,000	2,500	1,000	
DBC contribution to rent		4,800	4,800	
Annual Income	133,380	104,518	29,554	
Subsidy required	552,423	156,566	143,256	61,984

Note: With the exception of option 1, which is based on actual costs and income, these are estimated figures based on evidence of costs you would expect to see for each type of venue and an assessment of income levels.