

# Project Vane

Submission and Proposal to Darlington Borough Council



April 2012

---

# Contents

1. Introduction.....	1
2. Vision .....	2
3. Floor Plans .....	5
4. Financing.....	6
5. Timetable & Timeframes .....	8
6. Next Steps.....	9
Appendix 1: Due Diligence To-Date .....	10
Appendix 2: Executive Biographies .....	11
Appendix 3: 3D Representations .....	12
Appendix 4: Other Information .....	13



---

# 1.Introduction

The services and value provided by the Darlington Arts Centre ('DAC') to the local community are well documented and understood, as is the potential vacuum that will be created upon its closure. Thus, provided in this document is a proposal which covers:

- The legal transfer of the DAC by Darlington Borough Council ('DBC') to a new private limited company ('NewCo') ideally with an associated Not For Profit ('NFP')/Community Interest Company ('CIC') entity to run grant supported activities;
- Substantial investment, redevelopment, and renovation of the DAC and its surrounding grounds, the repurposing of some buildings and the launch of new complementary commercial activities; and
- The re-launch of the DAC as a sustainable private sector run multi-disciplinary contemporary arts space.

In preparing this proposal we have consulted with many parties including DBC, galleries, arts centres, surveyors, facility management companies, restaurateurs, professional organisations, potential stakeholders, and sources of capital. We have also identified and evaluated a number of comparable businesses (in the UK, Continental Europe, and further afield) and where appropriate sought advice on their operations and underlying business models.

It should be noted that any information, data, and drawings embodied in this document are unless otherwise stated, the property of the authors and are indicative and subject to further due diligence; and nothing in this proposal shall constitute or be deemed to constitute a partnership or contract between any of the parties mentioned hereto and save as expressly provided otherwise none of them shall have authority to bind the others in any way.

In submitting this expression of interest we are indicating that, on the basis of the work we have conducted to-date, we believe there is an opportunity to successfully create a private sector, commercial arts hub (with associated business elements) which will improve and enhance current levels of provision. However we are also indicating there is much to do and it will involve an alignment of interest across various parties to make this a reality.

This proposal is work in progress and we continue to actively seek stakeholder engagement, feedback, comment, and any other practical support that may help take it forward.

Graham Thrower & Andy Bottomley

---

## 2. Vision

Our vision and ambition is for the DAC to be a place of EXCELLENCE and OPPORTUNITY for CREATIVES and YOUNG PEOPLE. This will be achieved by a re-purposed DAC becoming:

- A vibrant, multi-disciplinary contemporary arts space of national significance;
- A focus for artistic aspiration and inspiration;
- A major arts attraction that supports and engages both the local community and a national/ international audience;
- A sustainable, resilient, commercial and cultural success for Darlington and the region.

At its heart we want the DAC to showcase the best of global contemporary creative endeavour, whilst also being a major stimulus to the artistic community of the North East. Through the physical facilities on offer, its outreach and engagement activities, and its facilitation of international collaboration, we want the DAC to be a place where the arts happen and not just a place where art is hung.

The key element in achieving this vision is a thoroughly researched, well-conceived and executed commercial business that delivers the cultural, social, and economic needs of the region, and generates a sustainable and reliable revenue stream - thereby transitioning the DAC from being a cost centre to public funds to becoming a profitable and resilient arts oriented private enterprise.

We believe that the proposed hospitality offerings in the form of a destination restaurant, boutique hotel, and private hire venue fulfil a need clearly expressed in the many discussions we have had. Similarly the provision of supported SME incubator/ grow-on space is also urgently required in the area.

It is telling that at a local, regional, and national level our plans around these activity strands have been met with offers of support and partnership, as well as a belief that this 'hybrid model' points the way forward for future arts provision. This is echoed in the Arts Council for England's (ACE) own public policies calling for effective public/ private partnerships in the arts and cultural sector.

We have looked closely at what drives engagement and usage of similar facilities elsewhere in the UK and abroad. In terms of the arts and cultural offering it is undeniable that aspirational and high quality content provision is a key driver in terms of attracting audiences, creating recognition, and in turn growing a centre's catchment area. In this regard we bring extensive networks and contacts in the areas of contemporary art, music, theatre, and film and fully intend to leverage these when programming the facilities within the DAC.

The incubator strand is one that aligns well with our theme of excellence and opportunity for creative and young people. Partnerships with key local entities such as Teesside University, Digital City, Darlington College and others could increase the impact of our proposed work and programming and could assist in delivering economic, cultural and social benefits that would be felt across the region.

We also see ourselves as one aspect of a broader regional and cultural community. We intend close working with ACE not least through strong support for the existing National Portfolio Organisation ('NPO') Theatre Hullabaloo and working with them to achieve their goals of being a beacon of excellence in theatre by and for children and young people.

And finally, as we are able to talk more widely and freely about our plans for the DAC a period of intensive engagement with regional and cultural stakeholders will ensure that the new DAC has

---

the support and impetus of all behind it. Perhaps this, of all aspects of our coming work, is the most important.

With the above in mind we have laid out in Table 1 (below) the proposed functional and spatial usage of the renovated DAC building. Please note that the spatial plan for the building and the dimensions and usages laid out below are illustrative and may be subject to change as our business planning process and ongoing consultation with key arts-based and other potential stakeholders progress.

**Table 1: DAC Building Uses**

---

Main Gallery	<p>A landmark statement double height principal gallery space hosting major international shows and collaborating with other global contemporary art galleries to feature touring exhibitions. Area will require appropriate temperature, humidity, and security systems.</p> <p>Through our contacts in the international contemporary art market, a strong curatorial team, and the specification of this space we intend and expect to both commission major new works and also accommodate major touring works and exhibitions. In other aspects of our businesses, we work with major global artists and, with corporate sponsorship support aim to bring this talent to the DAC. These headline activities are a major strand of broadening the DAC's catchment area and driving revenue streams across the building as well as providing aspirational impetus to the region's artistic communities.</p>
Secondary Gallery	<p>A secondary gallery which along with the principal gallery will be curated to the highest international levels and will feature a cutting edge agenda of the current and future art landscape. This gallery will be programmed in a complementary manner to the Main Gallery to ensure a consistent offer of leading edge international art.</p>
Central Venue	<p>A theatre style venue with a flexible seating capacity of 300-350. Primary uses will include theatrical productions, music, cinema, dance, comedy and literature.</p> <p>This space is at the core of community engagement and utilisation of the DAC. We aim to continue a diverse range of programming across the principal genre strands outlined above, and to add to these by signing new content deals for simulcasts of major UK and international theatre. We also intend to bring in major artists from music, film, and theatre for performance, "in conversation with" type events, and "limited edition" concerts.</p>
Destination Restaurant	<p>A high-end destination restaurant, seating 150 – 200 covers, occupying a prominent position at the front of the DAH and overlooking Stanhope Park.</p> <p>Strong demand has been expressed by many parties about the need for a high-quality destination restaurant. At this stage we already have two highly regarded potential partners on board, and the additional possibility of operating this as part of a national franchise remains an option.</p>

---

---

**Incubator Space** Incubator and office space for artists, art organisations, and growing SMEs from the creative and digital industry sectors. This space will contain approximately 30 – 40 offices and workshops ranging in size from 150 to 1200 ft2.

There is strong demand for this type of SME provision. Extensive discussions with Digital City and visits to other regional facilities have reinforced the need for this space (many of those visited are at / approaching capacity) and also provided us with knowledgeable potential partners and collaborators in this area. This aspect of the business will be about empowering and supporting the best young creative and digital entrepreneurs, and in turn generating powerful economic and social outcomes. It should be noted here that the authors bring extensive experience of investing in and supporting start-up and early stage companies.

---

**Private Hire Space** A fully catered and licensed state of art flexible contemporary space used for conferences, dinner and dancing, weddings, music, and other medium to large social gatherings. Will accommodate up to 400 visitors sitting and 5-600+ standing.

We have seen in other arts spaces around the country that by having spaces that can be hired by local corporates and individuals helps to create a community sense of “ownership” in their arts facilities. This space will, we intend, reinforce the message that this will be an arts centre for everyone.

---

**Theatre Hullabaloo** A secondary theatre focused venue, with a seating capacity of circa 125, to play host to theatre by and for children and young people and also to be the rehearsal and regional performance base of Theatre Hullabaloo.

In addition to the refurbishment of Theatre Hullabaloo’s existing theatre space, we are speaking with them to ensure an effective provision of rehearsal, dance and office space to enable them to achieve their national “beacon of excellence” in theatre by and for children and young people. Detailed plans for this are ongoing and may entail some amendments to the spatial utilisation of the rear of the site on which the building sits.

---

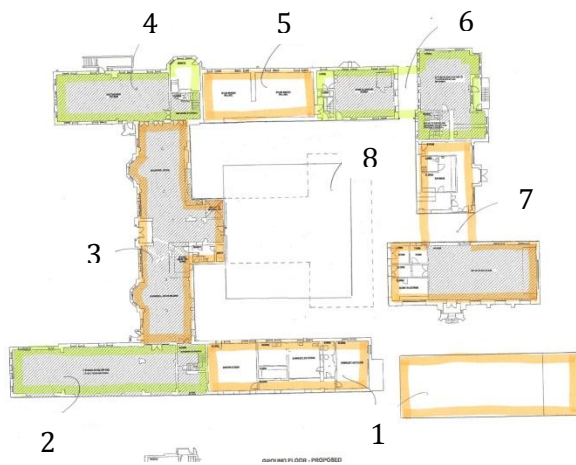
**Boutique Hotel** A discreet hotel, with 20 – 30 bedrooms to the rear of the site, offering private dining and socialising, and luxury overnight accommodation for national and international visitors to the centre and the Darlington area.

Local individuals and companies have expressed a strong desire for more high-end hotel provision in central Darlington. We are also aware that as the DAC’s catchment area grows we will in effect be expanding the market looking for these facilities. The planned hotel will also house an open and accessible brasserie style second restaurant.

# 3. Floor Plans

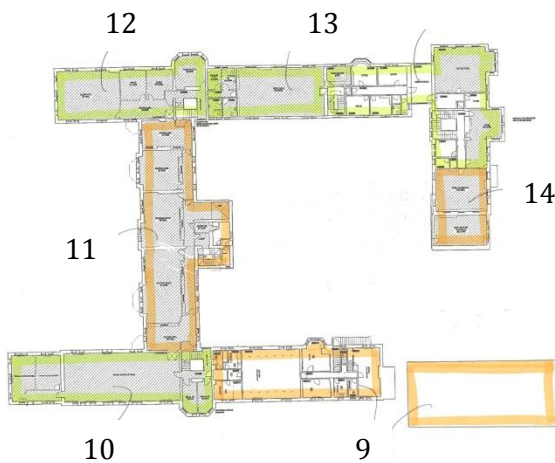
Provided in Figures 1 to 3 are the proposed floor plans for the reconfigured DAC.

**Figure 1: Ground Floor**



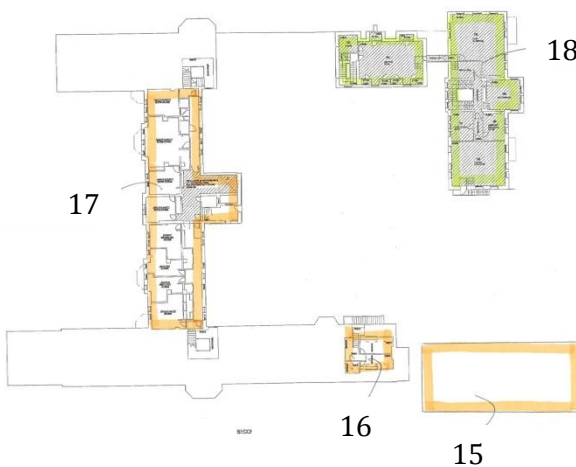
- 1. Incubator Space
- 2. Secondary Gallery
- 3. Reception
- 4. Main Gallery
- 5. Offices
- 6. Hotel
- 7. Theatre Hullabaloo
- 8. Central Venue

**Figure 2: First Floor**



- 9. Incubator Space
- 10. Incubator Space
- 11. Private Hire
- 12. Main Gallery Void
- 13. Hotel
- 14. Theatre Hullabaloo

**Figure 3: Second Floor**



- 15. Incubator Space
- 16. Spare
- 17. Restaurant
- 18. Hotel

---

## 4. Financing

A fundamental concern and central consideration throughout our due diligence has been trying to establish if a business can be built in the new DAC that on a long-term, non-cyclical basis 'washes its face' and covers its operational costs. The hypothesis being that in the event that it can, such an operation would then provide a strong foundation onto which a growing arts programme could be built.

Clearly, because this is an 'arts hub', there are other funding / income strands which can be modelled into the business, which over time could make a material contribution to the overall financial and budgetary profile of the new DAC. And thus, whereas for many arts enterprises these elements would be the core of a funding consideration, for us they are secondary as we are attempting to create a model for sustainable private sector arts funding.

Some of those we will be exploring and progressing will include:

- ACE support, primarily for the renovation and restoration period capital spend;
- Potential support for a Regional Growth Fund bid (endorsed by Tees Valley Local Enterprise Partnership);
- Eligibility for any further qualifying NFP funds;
- A 'Friends' / Donation / Membership programme along the UK and US models;
- Trust / Foundation and corporate support for the DAC;
- An 'art fund' where art from key exhibitions is purchased at an agreed discount direct from the artist and then held in a DAC collection whose value builds over time;
- The potential to take equity stakes in start-up businesses in the Incubator Space;
- Corporate sponsorship for individual exhibitions or spaces;
- The potential for external partnerships or joint-ventures with third parties such as, for example, an outdoor sculpture exhibition curated by DAC but physically located at alternative venues such as Lingfield Point, and also the scope for pre-opening "pop up" artistic events curated by DAC but placed around the town and area in the build-up to the DAC opening;
- Branded retail, merchandising, content production, and publishing.

It is important to note that at present our modelling takes NO account of any public/ quasi-public money (such as ACE Capital Round 2, RGF Round 3, ERDF etc.). Nor does it factor in the positive impact of any endowment, foundation giving, charitable donation type activity that we may court as the DAC launches and builds a growing reputation for its artistic programme and cultural, social, and economic outputs.

What is also not captured in our business modelling at this time is the extent of the interplay and commercial interrelationship between the constituent parts of base models and those elements above. We know through our own research and due diligence that high quality arts programming provides a 'kicker' to a broader business model. For example, the Turner Prize at the Baltic in Newcastle and its huge impact on the catering revenue numbers around this event are perfect evidence in this regard. The aim here is to create a virtuous circle where high quality



---

arts programming drives the restaurant business, the hotel, the bars and so on, as well as providing broader economic benefit to the surrounding area.

In terms of sources of finance for the renovation we aim to apply the same commercial principles applied to the broader business model. Our objective here being to secure the finance from traditional sources such as:

- Tranched and staged mortgage instruments;
- Real estate funds;
- Specialist hotel / restaurant / leisure funds;
- Single asset syndicates for specific commercial properties such as the DAC.

Early discussions on financing have been positive and give us strong grounds to continue.

---

## 5. Timetable & Timeframes

Moving forward, a three staged process is envisaged:

### Stage 1: Planning, Financing, Acquisition - 2012

During 2012 key milestones, objectives, and deliverables will include:

- Further engagement of key regional and cultural stakeholders;
- Development of a viable business plan;
- Business plan approval;
- Agreement of a private limited (with NFP / CIC ) company structure;
- Public announcement of bid (on a managed and coordinated basis, timing to be agreed);
- Acquisition of the building;
- Exploration and acquisition of public and private sources of funding;
- Agreement of secondary issues, such as parking etc.

### Stage 2: Planning and Renovation to Buildings: 2013 - 2014

During this period key milestones, objectives, and deliverables will include:

- Agreement of matters relating to building regulations and planning consent;
- Engagement of architects, surveyors, and key contractors;
- Initiation of renovation, development, and refurbishment work
- Contractual agreement with potential business partners (such as facilities management, catering concession holders, etc.);
- Recruitment of artistic advisory board and regional stakeholder group.

### Stage 3: Launch & Commercial Operation: 2014

- New DAC opens its doors mid 2014

### Soft Issues & Publicity

As mentioned previously and touched on above, we are mindful of the extremely sensitive nature of this project (both in terms of the public and media interest), and we commit to work with DBC to navigate those logistical issues and keep the public/ media onside and informed (as is appropriate) throughout this process.

For example, the DAC building will be closed for a considerable period (from mid 2012 until early/ mid 2014) and that this will impose logistical issues around the continued provision of cultural content in Darlington for that time. Clearly, as prospective owners of the new DAC, we would be pleased to cooperate with the DBC and ACE to discuss options for arts provision during this period.

---

## 6. Next Steps

The key consideration for us at this stage is how we get from this indicative proposal to a definitive, committed offer upon which a final decision can be made by DBC. We understand that the timings of DBC meetings, annual budgeting, and public undertakings may have an impact on exact dates, but the key issues that we believe need to be addressed include:

- Further issue specific due diligence and refinement of a financial model, to the point where a firm offer of investment / financial backing can be secured. The development of an agreed financing strategy, wherein the balance of grants, public monies, commercial debt and equity is decided is a key aspect of this, which will run in parallel with the evolution of our business modelling;
- Identification and securing of key partners, including most importantly the opening of formal dialogue with ACE (and facilitated by DBC);
- Consultation and dialogue with a broadening range of regional and cultural stakeholders to ensure support is locked in place;
- Further detailed discussion with DBC on spatial / planning issues (including the closure of Vane Terrace to traffic, parking, etc.);
- Joint working with DBC regarding the management of public/ media / arts community expectations, and contingency plans for the period during which DAC will be closed.

We would hope to commence DBC facilitated conversations with ACE no later than early April. We do appreciate that any potential new ACE bid (be that for capital or NPO type ongoing support) may have a protracted timescale. Similarly the outcomes of opportunities such as RGF3 will not be known in any short timeframe.

Notwithstanding the above we would ask DBC members to endorse a proposal to work with us for a period of up to 6 months to enable us to deliver a fully funded and committed solution for the DAC. Such a timeframe would allow finalisation of spatial plans, development of a commercial model, and also permit the detailed exploration of the commercial debt, equity investment, ACE and RGF financing required to fund this evolving proposal.

---

## Appendix 1: Due Diligence To-Date

It has been our intention in all of our discussions and activities to-date to achieve two things. Firstly (and within the constraints of confidentiality) to seek out, initiate dialogue, and find common ground with key regional entities and potential stakeholders. There are many businesses, individuals, and initiatives currently active within and around Darlington and the North East region that represent best practice and can logically contribute to the success of the DAC project going forward. We have sought these out and many, we are pleased to say, have offered their assistance to us and indicated a willingness to work with us on this. These would include Theatre Hullabaloo, Digital City, Lingfield Point, Todd Milburn Partnership, Fresh Element, and Darlington College.

Secondly, and in addition to seeking out regional excellence, we have also been keen to learn from best practice around the world. Accordingly we have spent significant time visiting and talking to various entities at a senior level, understanding their key business drivers and using their experiences of both commercial and public funded models to inform our own plans.

The indicative yet non-exhaustive list of companies and entities consulted with and/or referenced includes:

### Construction & Renovation

- Todd Milburn Partnership
- Billingham George & Partners
- Chirmarn Group
- Modem, Berlin
- Caixa Forum, Madrid
- Zollverein, Germany
- Spike Island, Bristol
- Lakeside Nottingham

### Catering & Hospitality

- Fifteen / JamieOliver.com
- Fresh Element
- Darlington College

### Incubator / SME Space

- Digital City Business
- Creative Space Management
- Toffee Factory, Newcastle
- The Media Centre

### Galleries & The Arts

- Nottingham Contemporary
- Wysing, Cambridge
- Watershed, Bristol
- Workplace Gallery, Gateshead
- Tate, Liverpool
- M+ , Kowloon
- Magasin 3, Stockholm
- MOCA, Los Angeles

### Financial

- Available on request

### Other

- Thinking Practice
- Theatre Hullabaloo
- Mark Adamson Consulting

---

## Appendix 2: Executive Biographies

### Graham Thrower

- Graham Thrower has had an extensive international career in corporate finance advising many of the major global companies in the creative media, telecoms, and technology sectors. Graham worked at Lloyds Bank, Societe Generale, and most latterly at US investment bank Citigroup where he was a Managing Director;
- Since 2004 Graham has been based in the North East of England where he has founded, invested in, and mentored a number of digital and creative enterprises;
- Graham has served on the Board of the regional development agency One North East since 2007. The economic regeneration of the region and the role of the private sector in that are key drivers for him in this role;
- Graham also sits on the board of North East Access to Finance, the receiving body for the region's legacy Single Programme and ERDF related equity and quasi-equity funds;
- Since 2008, Graham has also Chaired the board of the national music development agency, Generator, guiding them through a period of unprecedented national growth and securing significant EU based support for their work.

### Andy Bottomley

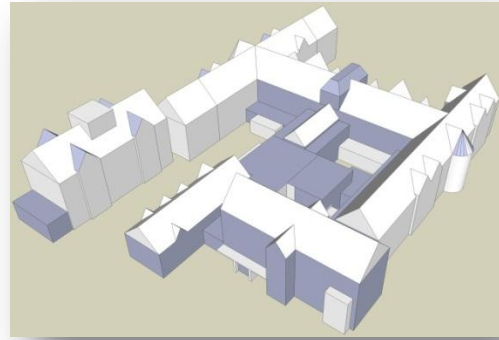
- Andy is a professional investor with formal director level experience in private equity, public companies, investment banking, and asset management. He has experience of building businesses through every point of their life cycle;
- Founder and Director of KVS Incorporated, an email archiving vendor sold to Symantec in 2004 for \$225m;
- Founder and current joint CEO of Imprimatur Capital Limited, a London based investment business, which has made over 30 investments in 11 different countries around the world;
- Currently owner manager of circa 30 private investments globally across a range of sectors;
- Co-Founder and Director of Meridian Rock Capital Management, a wealth and asset management business specifically targeted at the needs of the music industry;
- Co-Founder and Director of Beady Eye Ventures, a vehicle through which he has personally financed the careers of emerging bands and their managers;

---

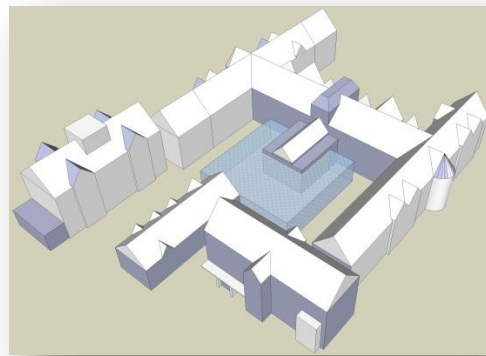
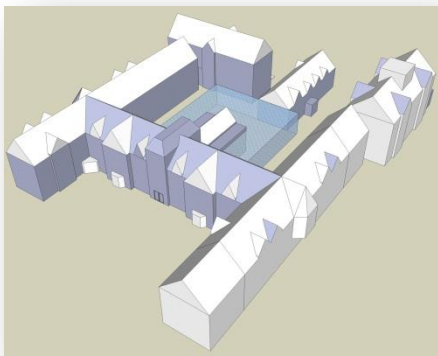
## Appendix 3: 3D Representations

Provided below are 3D representations of the existing and proposed DAC, prior to and post renovation and development work. This work will include removing most of the post Victorian additions to arrive back at the core structure and shape of the building (as these are generally regarded as having a detrimental effect on its fabric) and retaining the central venue but "re-skinning" it so as to improve the internal perception of space and the external aesthetic.

### Existing Building View



### Proposed Development



---

## Appendix 4: Other Information

The following links are relevant and useful:

<http://www.magasin3.com/en/collection/about/>

<http://www.guardian.co.uk/uk/the-northerner/2011/jun/10/north-east-museum-hosts-vivienne-westwood-exhibition>

<http://www.meridianrock.com/>

<http://www.outset.org.uk/>

<http://www.guardian.co.uk/culture-professionals-network/culture-professionals-blog/2012/jan/24/arts-index-private-funding>

<http://www.bbc.co.uk/news/entertainment-arts-13956615>

<http://www.ft.com/cms/s/0/69f4cc70-6783-11e1-b6a1-00144feabdc0.html#axzz1ocACen3J>

<http://www.thestage.co.uk/news/newsstory.php/35393/business-support-for-arts-drops-by-7->

<http://www.guardian.co.uk/uk/the-northerner/2012/jan/09/balticgallery-gateshead-turnerprize2011-recordattendance>

<http://www.thefreelibrary.com/Baltic's+figures+put+London+to+shame%3B+Turner+Prize+exhibition+was...-a0276610077>

<http://www.hotel-industry.co.uk/2011/11/uk-hotel-investment/>

[www.instituteofhospitality.org/news/2011-news/april\\_issue/uk\\_hotels\\_forecast](http://www.instituteofhospitality.org/news/2011-news/april_issue/uk_hotels_forecast)

[http://www.telegraph.co.uk/sponsored/travel/enjoy\\_england\\_trips/8020021/Art-and-culture-in-North-East-England.html](http://www.telegraph.co.uk/sponsored/travel/enjoy_england_trips/8020021/Art-and-culture-in-North-East-England.html)

[http://www.thenorthernecho.co.uk/news/9573212.\\_32m\\_golf\\_complex\\_in\\_Newton\\_Aycliffe\\_gets\\_the\\_go\\_ahead/](http://www.thenorthernecho.co.uk/news/9573212._32m_golf_complex_in_Newton_Aycliffe_gets_the_go_ahead/)