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**UPDATE ON FUTURE OPTIONS FOR THE FORMER ARTS CENTRE  
ON VANE TERRACE**

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**Responsible Cabinet Member - Councillor Bill Dixon, Leader**

**Responsible Director - Ada Burns, Chief Executive**

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**SUMMARY REPORT**

**Purpose of the Report**

1. The purpose of this report is:
  - (a) To update Cabinet on the 'Project Vane' investment proposal to revitalise and repurpose the Vane Terrace building as a venue for both cultural and enterprise-related activities. This proposal was first reported to the 1<sup>st</sup> May 2012 Cabinet report on 'Disposal of the Arts Centre and future options for Arts premises'
  - (b) To seek approval for a revised timetable for a decision on the future of the Vane Terrace premises.

**Recommendations**

2. It is recommended that Cabinet:-
  - (a) Asks Officers to continue to work with the proposers of Project Vane to see whether a viable proposal can be put together.
  - (b) Agree to further defer consideration of the options for the Arts Centre Vane Terrace premises up until April 2013.

**Reasons**

3. The recommendations are supported by the following reasons :-
  - (a) To allow time for the Project Vane proposers to have received a decision from the Arts Council on their grant application, and to have pulled together the other elements of the funding package.
  - (b) The benefits of Project Vane would be substantial in relation to One Darlington: Perfectly Placed, in relation to Creative Darlington: Investing in a Creative Community, and in relation to Economic Strategy.

**Richard Alty**  
**Director of Place**

**Background Papers**

No Background papers were used in the preparation of this report.

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| S17 Crime and Disorder           | No impact.   |
| Health and Well Being            | No impact.   |
| Carbon Impact                    | No impact.   |
| Diversity                        | No specific diversity.   |
| Wards Affected                   | The Vane Terrace building is in College Ward.                            |
| Groups Affected                  | All groups.  |
| Budget and Policy Framework      | This does not represent a change to the budget or policy framework.      |
| Key Decision                     | No.  |
| Urgent Decision                  | No.  |
| One Darlington: Perfectly Placed | Pursuing Project Vane would contribute to the perfectly Placed priority. |
| Efficiency                       | None identified at this stage.   |

**MAIN REPORT**

**Background**

4. The 1<sup>st</sup> May Cabinet agreed to defer consideration of bids received for the purchase of the Arts Centre Vane Terrace premises for approximately six months, allowing time for Officers to work with the proposers of Project Vane, to see if a viable business case can be pulled together.
5. Over the past few months, Officers have held monthly progress meetings with the ‘Project Vane’ investors, assisted with promoting the proposal to key stakeholders in the Arts and business sectors and supported the ‘Project Vane’ team with the preparation of Regional Growth Fund (RGF) and Arts Council England (ACE) funding applications.
6. Good progress is being made by the Project Vane investors. This includes:
  - (a) Development of a business plan, financial models (for each strand of the proposed business and the business as a whole) and capital and operating expenditure / income profiles, that show that within 2-3 years operation of the business as a whole can be generating a significant level of turnover and be wholly sustainable in cash flow terms.
  - (b) Work with structural engineers and architects to develop a practical understanding of how the building could be repurposed to accommodate the intended arts spaces, performance venues, SME incubator facilities, private hire venues, a restaurant, café, a members club and hotel.
  - (c) Appointment of architects to work up detailed plans for the refurbishment of the Vane Terrace building, these are now at RIBA design stage B.

- (d) Submission of a funding application to Arts Council England for a £2M capital grant, towards an overall capital expenditure of around £10M.
  - (e) Engagement with private sector equity investors on a proposed funding package, agreement on which will be subject to the completion of the final business case and outcome of Arts Council grant application.
  - (f) Preliminary discussions with banks on a private sector loan; as with 4 (c), agreement with banks will be subject to pulling together the business case including the other elements of funding.
  - (g) Development of a proposed Arts programme for 'Project Vane', including plans for Arts and Cultural activities leading up to the opening of the new venue.
7. Support from Arts Council England is a key element in enabling 'Project Vane' to happen. Through Officer communication with senior representatives of the Arts Council it is clear that they view Project Vane as an exciting and innovative proposal, very much in line with the Arts Council policy of encouraging greater private sector investment in Arts and Cultural activities, particularly where these can demonstrate a financially sustainable business model, with little or no requirement for ongoing public sector revenue funding.
  8. 'Project Vane' submitted an application to the Arts Council for a £2M capital grant, the maximum allowable, on 17<sup>th</sup> September and expect to hear a decision on whether this has been successful in January 2013. Should the bid be successful the final release of funds will be subject to approval of the detailed design and project plan.
  9. As outlined in paragraphs 4 and 5, an Arts Council grant for Project Vane is an important element of the overall funding package, and until a decision is announced on the grant application the Project Vane investors will not be in a position to present their business case to Cabinet.
  10. Since the closure of the Arts Centre in July, additional security measures have been installed within the building, and parts of the building have been let on a temporary basis to short term 'residential' tenants, meaning that the building is occupied overnight.
  11. The ongoing running cost of the Arts Centre building is being managed within existing budgets, (includes non- domestic rates, repairs, water rates and electricity). Note that the main heating system has been turned off.
  12. Subject to there being no major structural damage or need for significant emergency repairs there will be no requirement to release additional revenue funds this financial year.