
**FUTURE OF THE FORMER VANE TERRACE, ARTS CENTRE
AND OPTIONS FOR SUPPORTING THE ARTS**

**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 Cabinet on the 'Project Vane' investment proposal previously reported to Cabinet on the 1 May 2012 and 9 October 2012.
 - (b) Seek approval for marketing of the former Arts Centre on Vane Terrace.
 - (c) Outline options for investment in the arts should the Vane Terrace building be sold for a non-arts use.

Summary

2. Following extensive consultation with the Arts Community and with the general public, when agreeing the 2012/13 MTFP Cabinet made the difficult decision to remove the £0.5M subsidy to Darlington Arts Centre, and it closed in July 2012.
3. Cabinet also agreed to marketing of the Arts Centre site and that any capital receipt would be invested in supporting the Arts in Darlington.
4. In 2012 the former Arts Centre site, including 30 Vane Terrace and Blanche Pease House, was marketed together with a planning and development brief as being suitable for a range of uses, including the existing arts use and residential use. Three tenders were received, though all of these required further working up, before the Council could consider entering into a conditional contract for sale.
5. As a result of the publicity around the closure of the Arts Centre and the marketing of the building, potential investors approached the Council with a proposition to use the building for a collection of cultural- and enterprise-related uses. This proposal was given the working title 'Project Vane'.

6. In May 2012 Cabinet agreed to allow the Project Vane investors six months to develop a business case, this time period was then extended at Cabinet in October 2012. During this time the investors engaged architects to work up detailed plans for refurbishment of the building, identified potential business partners, entered into discussions with private equity investors, with commercial lenders and with high wealth individuals who might be interested in making a philanthropic investment.
7. In order to build a strong business case for private sector investment, with the support of the Council, the Project Vane investors bid to the Arts Council England (ACE) capital funding programme for a £2M grant. This was towards the £11M in capital investment required to redevelop the building. Unfortunately the bid was unsuccessful, leaving a substantial gap in the proposed funding portfolio and impacting on the reputation of the project with potential investors.
8. During the period since ACE announced the bid was unsuccessful the investors have continued to seek the capital funds they need for Project Vane, but to date have been unable to come forward with a firm business plan, supported by the necessary private sector investment.
9. Since July 2012, through an arrangement with Ad Hoc property management several tenants have occupied the former Arts Centre on a temporary lease. This arrangement has reduced the requirement for expensive and obtrusive security measures. However the need to pay non domestic rates, fuel and water bills and to carry out any emergency repairs means that there is an on-going cost of owning and maintaining the building of around £7,500 per month.
10. To avoid a continuing open-ended commitment to the building it would be helpful to bring its future to a resolution. Also, Members made a commitment to re-invest any proceeds from the sale of the building into the arts. Again it would be helpful to bring to a resolution that future investment.
11. Following enactment of the Localism Act 2011, and the introduction of the right of community organisations to apply for community facilities to be registered as assets of community value, the former Arts Centre has been placed on the community assets register.
12. Through the Creative Darlington Network officers can consult with the Arts community on options for use of any capital receipt from sale of the former Arts Centre in supporting the Arts in Darlington.

Recommendation

13. It is recommended that Cabinet:
 - (a) Note that, so far and despite the substantial work done on the project, the Project Vane investors have been unable to come forward with a robust business case with the necessary funding for the redevelopment of the former Arts Centre on Vane Terrace.

- (b) Agree to marketing of the former Arts Centre site as being suitable for a range of uses and consider the outcome of the exercise in a further report to Cabinet.
- (c) Confirm the commitment to investing any capital receipt generated from the disposal, into supporting the Arts.
- (d) Agree to consider the outcome of consultation with the Arts Community on potential use of any capital receipt in a future report to Cabinet.
- (e) Agree to the release of £75K in revenue funding to cover the interim cost of maintaining the former Arts Centre.

Reasons

14. The recommendations are supported by the following reasons:

- (a) Marketing the former Arts Centre site will open up the potential for a number of bids, these might include development proposals for a number of uses including for the arts, commercial or residential development.
- (b) Marketing the site will potentially give the Council the option to consider a number of proposals, and subject to selection of a suitable tender, to generate a capital receipt for investment in supporting the Arts in Darlington. Marketing of the site will not preclude Project Vane from putting forward a firm bid.
- (c) The outcome of consultation with the Arts Community through the Creative Darlington network will assist Cabinet in making choices about how to maximise the community and arts benefits from disposal of the former Arts Centre.
- (d) To cover the ongoing maintenance costs of the former Arts Centre.

Richard Alty
Director of Place

Background Papers

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

Owen Wilson: Extension 2464

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	There are no specific diversity implications.
Wards Affected	The Vane Terrace building is in College 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 building would remove continuing costs to the Council.

MAIN REPORT

Creative Darlington – Arts Context

15. In 2011 an 'Arts Enquiry Group process' delivered with the backing of Darlington Partnership and independently chaired by John Orchard from Marchday, produced a strategic vision for the arts '*Creative Darlington: Investing in a Creative Community*'.

16. Recognising the contribution the Arts can make to One Darlington: Perfectly Placed, the Creative Darlington vision, which was endorsed by Cabinet in November 2011, is 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.

17. The Vision looks to create, over time, for a range of different art forms and audiences, a 'virtuous circle' or 'cycle of development', which will:

- (a) INSPIRE people to engage with and enjoy the arts, whether as participants in creative activity or as audience.
- (b) GROW and retain audiences, talent, enthusiasm, creativity and production in Darlington.
- (c) CELEBRATE together through high quality arts activities.

- (d) ACHIEVE excellence and specialist practice for which Darlington is recognised and respected, and which helps to attract further interest and investment in inspiring, growing and celebrating the arts.
18. The vision identifies two particular strengths to build on initially, 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. To support the Creative Darlington vision sets out the requirement for:
- (a) an 'Arts Hub', a single venue or closely co-located facilities.
 - (b) a dedicated children and young people's theatre.
 - (c) a strategic arts function, delivered through a partnership involving the Council, business and the arts community.
20. Arising from the Arts Enquiry process, the Darlington Partnership decided to set up a Creative Darlington Board and Network, and this was endorsed by Cabinet in November 2011.
21. The Creative Darlington Board and Network were set up to ensure that in future, creating the conditions for a thriving arts and cultural scene in Darlington depended less on Council funding and activity, and more on the involvement and resources of all sectors working together in partnership.
22. Since 2011, the Creative Darlington Board and Network have:
- (a) Supported the development of The Bridge Centre for Visual Arts as a community led venue which encourages visual arts involvement in Darlington.
 - (b) Supported the development of the Crown Street Art Gallery as a gallery space championing innovative and exciting new artwork by local and regional artists, community groups and young people.
 - (c) Supported the relocation of the Borough Art Collection to Crown Street Library.
 - (d) Monitored the transition of arts activity formerly located in the Arts Centre to alternative locations in Darlington.
 - (e) Worked with Darlington for Culture in promoting their first Arts Festival in May 2013 and with various partners proposing to stage a Festival of Thrift in Darlington in September 2013.

23. Following closure of the Arts Centre in July 2012, and the loss of the studio theatre space, Theatre Hullabaloo have temporarily relocated to the Friends Meeting house, on Skinnergate. Although this has enabled work on Children 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, medium-sized space for the type of mixed performing arts uses previously held in the studio theatre / theatre in the former Arts Centre on Vane Terrace.

Marketing of Former Arts Centre and Project Vane submission

24. In 2012 the former Arts Centre site, including 30 Vane Terrace and Blanche Pease House, was marketed together with a planning and development brief as being suitable for a range of uses, including the existing arts use and residential use. Three tenders were received, though all of these required further working up, before the Council could consider entering into a conditional contract for sale.
25. In approving the marketing of the Arts Centre site, Cabinet previously agreed that any capital receipt would be invested in supporting the Arts in Darlington.
26. As a result of the publicity around the closure of the Arts Centre and the marketing of the building, potential investors approached the Council in March 2012 with a proposition to use the building for a collection of cultural- and enterprise-related uses. This proposal was given the working title 'Project Vane'.
27. The Project Vane submission received in March 2012 described the Vision for the project as:

"Our vision and ambition is for the DAC [Darlington Arts Centre] 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 art happens 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 sustainably generates a reliable revenue stream."

28. In May 2012 Cabinet agreed to allow the Project Vane investors six months to develop a business case, this time period was then extended at Cabinet in October 2012. The Project Vane investors have put in a huge amount of work (as outlined in paragraph 7) to progress this project, developing strong design and business plans for the building and its operation, with the potential to be ground-breaking in creating a new model for Arts venues in the UK based on private sector business models and high quality arts accessible to all.
29. In order to build a strong business case for private sector investment, with the support of the Council, the Project Vane investors bid to the Arts Council England (ACE) capital funding programme for a £2M grant. This was towards the £11M in capital investment required to redevelop the building. Unfortunately the bid was unsuccessful.
30. During the period since ACE announced the bid was unsuccessful the investors have continued to seek the capital funds they need for Project Vane, but to date have been unable to come forward with a firm business plan, supported by the necessary private sector investment.
31. With the support of the Council the Project Vane Investors have also explored a number of other grant funding options, including an unsuccessful bid to the Regional Growth Fund (RGF). The physical location, in a more affluent ward and difficulty in demonstrating tangible economic benefits made Project Vane less attractive to the RGF and other grant giving organisations.

Future of the former Arts Centre

32. Since July 2012, through an arrangement with Ad Hoc property management several tenants have occupied the former Arts Centre on a temporary lease. This arrangement has reduced the requirement for expensive and obtrusive security measures. However the need to pay non domestic rates, fuel and water bills and to carry out any emergency repairs means that there is an on-going cost of owning and maintaining the building of around £7,500 per month.
33. Under the Localism Act 2011, community organisations can apply for community facilities to be registered as assets of community value. This includes facilities that have closed or ceased to be in use for a period of up to five years, prior to an application. Following an application received early in 2013 the former Arts Centre has been registered as a community asset.
34. The provisions of the Localism Act place a requirement on owners of land or buildings listed by the Council as an asset of community value to inform the Council of their intention to dispose of the asset. This triggers a moratorium period during which time community groups can prepare and submit a bid to purchase the asset. The right does not restrict who the owner of a listed asset can sell the property to, or at what price, and does not confer a right of first refusal on the bidding community group.
35. This means that, as the owner of the former Arts Centre, the Council must inform the local community of the intention to dispose of the building, and allow time for a

community group or groups to prepare and submit a bid. In practice this means that community groups must be given six weeks to submit an expression of interest, and if one or more expressions of interest are received, given a further six months to prepare and submit a bid.

36. Marketing the site with a planning and development brief as being suitable for a range of uses, will allow a range of proposals to come forward. It would not preclude Project Vane.
37. The marketing of the former Arts Centre, must comply with the requirements of the Localism Act, described above.
38. It is considered that the site may be suitable for a range of uses from its existing use as an Arts and Community Building to full residential development, subject to the grant of planning permission. It is proposed that the site is marketed with a similar brief to that used in 2012, in which it stated that: 'There may be a range of development options from refurbishment to demolition of part or all of the building although there will be a presumption against demolition unless a prospective purchaser can demonstrate both that the existing building does not make a positive contribution to the significance of the Conservation Area and that any replacement will be of the very highest quality and make a positive or neutral contribution to the character and appearance of the conservation area'.
39. In reviewing potential development proposals Cabinet will need to consider the relative merits of proposals requiring a complete site clearance, with any plans involving re-use of all or part of the building. Clearance of the site is likely to generate a higher capital receipt.

Options for use of any capital receipt for supporting the Arts

40. Should the Vane Terrace building be sold for a non-arts use then options for use of the capital receipt could include:-
 - (a) Investing in creating a new facility to meet any perceived gap in venue provision in Darlington;
 - (b) Investing in existing venue(s) to ensure their sustainability;
 - (c) Investing in existing organisation(s) to ensure their sustainability.
41. 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, medium-sized 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. However, the arts landscape has changed substantially since the closure of the Arts Centre, with the growth and achievements of Darlington for Culture and the strengthening of other venues, so it will be important to consult on options.

42. 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 (NPO) status.
43. A further round of funding for capital projects is about to become available from Arts Council England, with the closing date for bids likely to be October 2013. This funding will be available only for projects which help the sustainability of an NPO organisation. Theatre Hullabaloo is the only NPO organisation in Darlington, and any bid for Arts Council capital funds in Darlington would therefore need to be built around Theatre Hullabaloo's needs.
44. It is also important to bear in mind that the Arts Council gave the Council a grant of £0.5m for the creation of a studio theatre at the former Arts Centre.
45. Through the Creative Darlington Network officers can consult with the Arts community on options for use of any capital receipt from sale of the former Arts Centre, in supporting the Arts in Darlington, taking into account the above factors.

Financial Implications

46. The Council has minimised the on-going security and maintenance costs of the former Arts Centre, through the use of property management company 'Ad-hoc'. However there are significant on-going fixed costs in owning the building, (e.g. Business rates, insurance) plus the potential for increasing structural repair costs, the longer the building is retained within Council ownership. On-going costs are around £7,500 per month.
47. Any proposal to use any capital receipt from the sale of the former Arts Centre would be subject to a thorough appraisal of the business case, with an expectation that it would be one-off commitment not requiring any further continuing funding from the Council.
48. The Arts Council £0.5m grant to the Arts Centre may need to be considered.

Legal Implications

49. The marketing and disposal of the former Arts Centre, must comply with the requirements of the Localism Act, described above.

Equalities Considerations

50. The decision to close the Arts Centre was preceded by an equalities impact assessment.
51. 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.

Consultation

52. The Arts Enquiry group process shaped the vision for the Arts in Darlington. This process 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.
53. Within the auspices of Darlington Partnership, since the autumn of 2011 the Creative Darlington Board and Creative Darlington Network have been integral to delivering the Creative Darlington Vision for the Arts, and have been consulted on options for the former Arts Centre, and have an important role in advising on options for future investment in the Arts in Darlington.