



DERBY CITY COUNCIL

COUNCIL CABINET
6 JUNE 2006

ITEM 12

Cabinet Member for Personnel, Performance
Management and Economic Development

Lease to Derby QUAD Limited

SUMMARY

1. The construction of the QUAD building will commence in autumn 2006. Terms for letting of the completed building to Derby Quad Limited need to be approved and documented and the proposed terms are set out in the report.

RECOMMENDATION

2. To approve the granting of a lease to Derby QUAD Limited of the QUAD building, on the terms set out in the report.

REASON FOR RECOMMENDATION

3. To allow the occupation of the building by Derby QUAD Limited.



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Report of the Corporate Director of Corporate and Adult Social Services

Lease to Derby QUAD Limited

SUPPORTING INFORMATION – BACKGROUND

- 1.1 QUAD is being developed by a partnership of Derby City Council, QUAD Ltd, Q Arts and Metro Cinema. It will provide a regional centre for contemporary visual arts and media. Q Arts and Metro Cinema will merge into QUAD Ltd in autumn 2006. When constructed the building will be leased to Derby QUAD Limited.
- 1.2 The QUAD building will consist of four floors including a 230 and 128 seat cinema, two galleries and workshops, artist and multi-media studios, 60 seat media lounge and education and meeting rooms. It will also include a café/bar and exterior seating areas, plus workshop space and business units for creative industries. Cabinet approval will be sought in a later report in the summer for approval for the main contract to be signed, ready for the works on site at the end of September
- 1.3 Proposed heads of terms have been agreed with Derby QUAD Limited for a lease of the building. These terms are detailed in Appendix 2. Briefly the lease is for a term of 35 years at a market rent with rent reviews at the end of the fifth year and every subsequent five years. The use is as a visual arts and media centre and ancillary activities and facilities to support and generate income to support the main use. The tenant may assign or sublet the whole or any part of the premises.

OTHER OPTIONS CONSIDERED

2. The option of separate leases to individual occupiers of the building (i.e. Q Arts and Metro Cinema) was considered during the earlier development of the project but would leave the Council responsible for the overall management of the premises and not allow for the delivery of a co-ordinated project.

For more information contact: Steve Meynell (25)5557 e-mail steve.meynell@derby.gov.uk
Background papers: Previous Cabinet Reports
List of appendices: Appendix 1 – Implications
Appendix 2 – Heads of Terms
Appendix 3 – Plan of the Site

IMPLICATIONS

Financial

1. Derby QUAD Limited will pay a market rent for the premises. This rent has been estimated at £260,000 per annum but will be subject to revision based on actual built areas, and final valuation and the finalisation and agreement of the full lease with the QUAD Board. All or part of the rental cost may be covered by an Arts grant to the organisation, subject to further negotiation.

Legal

2. The Council will complete a lease of the premises to Derby QUAD Limited for 35 years.

Personnel

3. None.

Equalities impacts

4. Both Q Arts and the Metro Cinema have a reputation for reaching out to the community to encourage participation, particularly by disadvantaged groups. After merger of the two organisations into QUAD Ltd the provision of the new building will expand these possibilities through greatly improved physical access arrangements and further development of targeted activity programmes.

Corporate priorities

- 5.1 The proposal comes under the Council's objectives of
 - Improving the quality of life in Derby's neighbourhoods
 - Encouraging lifelong learning and achievement as a catalyst for economic growth
- 5.2 Proposal will further the priorities of
 - Reinvigorating the city centre and river areas

Heads of Terms of Lease for Quad – 3 February 2006

Landlord:	Derby City Council
Tenant:	Derby QUAD Limited
Agreement for Lease:	Both parties to enter into an agreement to complete a Lease on these terms.
Funding Agreement:	The tenant to comply with the terms of any Funding Agreements and any subsequent funding agreement between the parties.
Completion:	The tenant to enter into a Lease and commence fitting out of the premises within six months of the certified practical completion of the Landlord's build to agreed specification.
Demise:	Land and Premises between Corporation Street and Tenant Street, Derby, as shown edged black on the drawing at Appendix 3.
Term:	35 years.
Rent:	Market rent to be agreed based on estimated net internal areas, subject to revision to actual built areas to be determined by joint measurement by surveyors representing the Landlord and Tenant.
Rent Reviews:	The rent to be subject to upward only reviews tied to an inflation indicator on the fifth anniversary of the term and at subsequent five-year intervals.
Outgoings:	The tenant to be responsible for all outgoings, including rates and all utilities.
Maintenance and Repair:	The tenant to be responsible for internal maintenance, repairs and decorations and fixtures and fittings including wiring, pipes and other services, plant and machinery, and glass. The Landlord will be responsible for the exterior, main structure and roof and external decoration.
Alterations:	The tenant will not make any alterations to the premises without the prior written consent of the Council, such consent not to be unreasonably withheld.
User:	Visual arts and media centre and ancillary activities and facilities to support and generate income to support the main use. Change to the agreed uses to be subject to the prior written consent of the Council.

Alienation:	The tenant will be able to assign or sublet the whole or any part of the premises, and the tenant may enter into licenses to use part of the premises for uses ancillary to the main uses of the tenant or to further the objectives of the tenant as set out in the funding agreement.
Statutory Requirements:	The tenant to comply with all statutory requirements, orders and regulations and obtain all necessary planning and other consents at its own expense.
Insurance:	The Council will insure the premises against normal perils, with the tenant responsible for contents insurance.
Exclusion of Rights:	The tenant to agree with the Landlord to exclude the tenant's rights under sections 24-28 of the Landlord and Tenant Act 1954.
Termination:	At the end of the Lease or it's earlier determination the tenant will yield up the premises in accordance with the repairing obligations.

