

QUAD: Approval of Construction Contract

SUMMARY

- 1.1 Following the Council Cabinet decision on 30 November 2004 design work and tendering is nearing completion on the QUAD project and the construction contract is being prepared for signature.
- 1.2 QUAD – Derby's Visual Arts and Media Centre has been planned and designed as a major public building in the heart of the city, making a strong statement about the future of creativity and technology in Derby.
- 1.3 The main construction contract is due to begin in October 2006 with a projected opening date for QUAD in April 2008.
- 1.4 The majority of the sub-contract prices have been received and are within budget. We shall have 90% cost certainty on all aspects of the project in the next few days.

RECOMMENDATION

2. To authorise the Corporate Director of Corporate and Adult Social Services to sign the construction contract for the QUAD building, once assurances have been received that overall construction costs remain within budget.

REASON FOR RECOMMENDATION

- 3.1 QUAD is expected to bring an estimated £4m of additional spend into the city each year. It will be home to visual arts exhibitions of the highest calibre and a dynamic centre for community arts programmes. Its cinemas will take up a special role in promoting a rich mix of classic, popular, overseas and art films tailored to the needs of Derby's public.
- 3.2 QUAD has attracted investment from Arts Council England, Derby and Derbyshire Economic Partnership, East Midlands Development Agency, EM Media, the European Union and this Council.
- 3.3 QUAD is part of a drive to strengthen the Market Place as a destination and the cultural heart of Derby.



DERBY CITY COUNCIL

COUNCIL CABINET
5 September 2006

Report of the Corporate Director of Regeneration & Community

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SUPPORTING INFORMATION

- 1.1 QUAD promises to provide Derby with a focus for the development of film, lens based visual arts and digital manipulation of images. It will contain two cinemas, presenting a programme of films biased towards art and independent cinema. Its exhibition space will house local, national and international visual arts exhibitions of high quality, aiming to attract visitors from Derby's hinterland, the region and beyond.
- 1.2 After an exhaustive search for the ideal location QUAD will be situated on Corporation Street opposite the Council House, at the corner of the Market Place, next to the Sir Peter Hilton Gardens.
- 1.3 QUAD builds on the decades of foundation work which has been carried out with great success by the Metro Cinema and Q Arts. These two organisations, using limited funding and unsatisfactory accommodation, have built a regional and national reputation in their respective fields. QUAD will not simply be a merger of these two organisations. It will create a powerful new focus for creativity in the visual arts in Derby and beyond.

Architectural Design

- 1.4 The full design team, led by the award-winning architects, Feilden Clegg Bradley, was appointed in April 2005. Their brief was to provide a dramatic but functional home for the intense and inclusive creative activity which will be a direct development of the work of Q Arts and the Metro Cinema.
- 1.5 The exact footprint of the building has been the subject of comprehensive scrutiny and negotiation, notably with the ex-servicemen's groups active in the city.
- 1.6 Many changes to the design of the building have taken place since the project's initiation as a result of work by project partners and stakeholders. The resulting design is firmly rooted in the 21st century, but will display features designed specifically to reflect aspects of the existing landscape and built environment.
- 1.7 The building has been designed in such a way to allow for modifications to the road alignment along Corporation Street at some point in the future.
- 1.8 Planning consent has been given, and approval of the design under the Building Regulations is imminent.

1.9 Choice of Contractor

Bluestone Construction won the main tender competition earlier in 2006, and have been working intensively with the Design Team on preparations for this decision. Bluestone were responsible for the highly successful Multi-Faith Centre at the University of Derby.

1.10 Programme Development

The harmonisation of the existing programmes of Q Arts and Metro Cinema has already begun. Over the coming months joint projects will become their normal method of working up to a point in October 2006 when joint programming will become comprehensive and the two organisations will merge fully into QUAD. Q Arts, the Metro and the City Council's Arts Team have worked closely with the University of Derby to create a festival of lens based art in the summer of 2006, which will be used as a vehicle to celebrate this milestone. This festival was prototyped under the title Format 05 in the early part of 2005. It demonstrated to all concerned the extent of the possible collaboration between QUAD and the University's School of Art, Design and Technology.

1.11 The Progress Towards Opening Day

The opening of the QUAD building is now projected for April 2008. This is still within the timescales required by our funding organisations.

1.12 Timeline

| | |
|----------------|---|
| June 2005 | Creation of QUAD Board |
| August 2005 | Submission of planning application |
| October 2005 | Planning permission granted |
| April 2006 | Selection of preferred construction contractor |
| July 2006 | Merger of Q Arts and Metro Cinema into QUAD, and approval of charitable status. |
| 29 August 2006 | Installation of hoardings around QUAD site for final site Investigations |
| September 2006 | Signing of construction contract |
| October 2006 | Start of construction work |
| December 2007 | Completion of building work |
| April 2008 | Doors open |

OTHER OPTIONS CONSIDERED

- 2.1 This is the last in a series of key decisions to proceed with the QUAD project. At each point, the option exists to cancel the work. This would entail the loss of very significant investments from the Arts Council and the East Midlands Development Agency, together with a reduction in their confidence in Derby as a city with rising ambitions. It would leave Derby as the only city in the East Midlands without a major capital project in the cultural sector.
- 2.2 Development work on the project has considered a range of sites and building configurations, and we can be certain that the current design hits the right balance between function and inspiration.

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Background papers: None
List of appendices: Appendix 1 – Implications

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| IMPLICATIONS |
|---------------------|

Financial

1.1 Capital Project Cashflow Summary

| Funding Stream | Target Total (£) | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | |
|---|-------------------|---------------|----------------|------------------|------------------|----------------|--|
| EU Objective 2 ERDF funding | 1,700,000 | | 284,536 | 489,055 | 905,992 | 20,417 | |
| EU Objective 2 ERDF funding - further application: not confirmed | 404,000 | | | 84,122 | 312,969 | 6,909 | |
| <i>emda</i> | 2,345,000 | | | £929,631 | £1,202,522 | £212,847 | |
| Derby & Derbyshire Economic Partnership/Cityscape | 1,200,000 | | | 700,000 | 424,809 | 75,191 | |
| Arts Council England | 2,984,000 | 84,000 | 69,547 | 588,386 | 2,205,715 | 36,352 | |
| Arts Council England additional award for gallery space - confirmed | 100,000 | | | 90,000 | 10,000 | | |
| DCC land value | 500,000 | | | 500,000 | | | |
| DCC cash | 1,031,000 | | 410,889 | 362,701 | 257,410 | | |
| Sale of Q Gallery or alternative | 150,000 | | | | £150,000 | | |
| Additional Fundraising | 484,859 | | | | £459,640 | £25,219 | |
| Totals | 10,898,859 | 84,000 | 764,972 | 3,743,895 | 5,929,057 | 376,935 | |
| DCC – for additional landscaping | 200,000 | | | | 200,000 | | |
| Grand Totals | 11,098,859 | 84,000 | 764,972 | 3,743,895 | 6,129,057 | 376,935 | |

1.2 Revenue Plan

The revenue budget for QUAD is constantly under review as the design and business plan has developed. The currently forecast annual additional revenue support needed by the Council for QUAD 's programme is:

| 2005/6 | 2006/7 | 2007/8 | 2008/9 | 2009/10 |
|--------|--------|---------|---------|---------|
| 0 | 94,000 | 186,000 | 194,000 | 200,000 |

The current Council revenue support for Q Arts is £120,000 a year and for Metro Cinema is £55,200 a year. This support would need to continue, and is included in the full revenue forecast table.

| Summary | | | | | |
|---|-------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Total Earned Income | £293,872 | £454,959 | £1,325,711 | £1,384,216 | £1,431,937 |
| Total Grant Income | £408,843 | £625,933 | £960,183 | £989,169 | £1,018,844 |
| TOTAL ALL INCOME | £702,715 | £1,080,892 | £2,285,894 | £2,373,384 | £2,450,781 |
| Quad Revenue Forecast October 2006 to March 2011 | Oct 2006 to March 2007 | April 2007 to March 2008 | April 2008 to March 2009 | April 2009 to March 2010 | April 2010 to March 2011 |
| Total Staff Costs | £339,923 | £613,851 | £721,966 | £743,475 | £765,630 |
| Total Administration and Overhead | £133,212 | £184,214 | £656,669 | £676,216 | £696,452 |
| Total Direct Programme Costs | £215,782 | £333,384 | £565,766 | £582,739 | £600,221 |
| TOTAL ALL EXPENDITURE | £688,917 | £1,131,449 | £2,271,742 | £2,364,288 | £2,435,016 |
| Surplus (- Deficit) | £13,798 | -£50,558 | £14,152 | £9,096 | £15,765 |
| Cumulative | £13,798 | -£36,760 | -£22,608 | -£13,512 | £2,253 |

Legal

- 2.1 The QUAD project has appointed its own legal advisers who have been working closely with the City Council's Legal Service Division. The governance arrangements for QUAD Ltd have been jointly agreed and are in line with local government best practice. The QUAD Ltd Board has been working effectively for many months. The Heads of Terms for the lease between the Council and QUAD Ltd have been approved by Cabinet and QUAD Board.

Personnel

3. The QUAD Board has recruited a Director, contracted to start work on 4 September 2006. His name is Keith Jeffrey. His first task will be to finalise a staffing structure.

QUAD personnel will be recruited by QUAD Ltd and will be subject to terms and conditions determined by the QUAD Board.

Equalities impact

- 4 The introduction of the QUAD service will represent a significant improvement in access to artistic product for disabled people. The building is being designed with the very best standards for physical access and guiding.

QUAD's outreach activity will build on the already significant community based work carried out by Metro Cinema and Q Arts.

Corporate Priorities

5. The proposal predominantly comes under the Council's Objective of:
- **create a city centre for all ages where people of all ages and from all backgrounds can be able to enjoy the city centre at any time of the day**

The proposal furthers the priorities of:

- **improve the quality of life in Derby's neighbourhoods**
- **encourage lifelong learning and achievement**
- **deliver excellent services, performance and value for money**