



QUAD - Derby's Visual Arts & Media Centre - Appointment of Development Director and Financial Statement

RECOMMENDATION

- 1.1 That Cabinet uses the powers in Contract Procedure Rule 6 to waive the normal tendering process to allow the successful applicant interviewed on 30 April 2003 to be appointed to the post of Development Director for the project.
- 1.2 To approve the development period costs identified as Project Stage Ai in Table 1 and to note the results of the project's latest financial review.

REASONS FOR RECOMMENDATION

- 2.1 The project now needs a dedicated Development Director to drive forward the crucial stages of the building design and programme development. In this case, this will involve a Cabinet decision to waive Contract Procedure Rule CPR 16, as allowed for under Contract Procedure Rule 6.
- 2.2 The City Council has an interest in ensuring the best possible value for money from the scheme, and a clear limit on the Council's financial liability.

SUPPORTING INFORMATION

- 3.1 Advertisements for the post of Development Director brought forth four individual applicants and a bid from the existing Project Consultant, David Powell Associates. A selection panel representing the project partners and the City Council has reached its conclusion.
- 3.2 The most suitable applicant was from the existing consultant, in the name of Peter Mount, from David Powell Associates (DPA). This changes the nature of the contract from a standard contract of employment to a consultancy contract.
- 3.3 DPA won the original consultancy contract in a formal tendering process, so their fee rates have already been market tested. DPA's performance in developing the project up to this stage has been excellent and their considerable knowledge of the project, and its partners, enable them to 'hit the ground running'.
- 3.4 The proposed way forward is to issue a full-time contract to DPA for the forthcoming development period. The cost will be £50,000 in a full year, comparable with the terms enjoyed by DPA up to present.

- 3.5 At present, no decisions have been made on important questions such as whether the Quad building should be attached or detached from the Assembly Rooms. The intention is that the representatives of the partners who acted as the judging panel on the choice of architect should work with Fielden Clegg Bradley now to finalise detailed designs to be submitted to the formal planning process in Autumn 2004.
- 3.6 Work on the financial implications of the project proceeds on a daily basis, and the latest position is shown in appendix one.
- 3.7 It shows that the project's funding will cover all development costs up to October 2004, at which time fresh funding is expected to start to flow, so that there can be continuity on all aspects of the project up to the moment when the major capital funds are committed late in 2005.

OTHER OPTIONS CONSIDERED

- 4.1 Options on the site of the Quad building have already been explored as part of the Development Plan, which was approved by Cabinet in 2003. The work was carried out by an external consultant assessing the options against established criteria. Some of the options examined then are no longer available.

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Background papers: Quad Development Plan
List of appendices: Appendix 1 – Implications
Appendix 2 - title

IMPLICATIONS

Financial

- 1.1 The Quad funding balance carried forward from 2004/04 is £19,000. The next major milestone is at the end of September 2004, when detailed proposals will be completed. At this stage the net cashflow shows a deficit of £253,000. It is proposed that this is met by front loading some of the already confirmed £2.5m, Arts Council funding. Whilst this has been agreed by the Arts Council they are being approached to ensure that should the project now progress past this stage, they will not require the Authority to refund the front loaded support. From October 2004 other funding streams are expected to flow. Work is ongoing to secure this funding.
- 1.2 Pending the confirmation sought from the Arts Council, costs of the initial project stage to September 2004 will be monitored particularly closely, given the risk of the Council having to bear abortive costs.
- 1.3 The Quad cashflow and milestones re detailed in Table 1.

Table 1 – QUAD cashflow and milestones April 2004 to July 2008

	<i>Apr 04 to Sept 04 £000's</i>	<i>Oct 04 to Mar 05 £000's</i>	<i>2004/05 £000's</i>	<i>2005/06 £000's</i>	<i>2006/07 £000's</i>	<i>2007/08 (to July 2008) £000's</i>	<i>TOTAL £000's</i>
Milestones/Project stages	<i>Ai & Aii</i>	<i>B</i>		<i>C</i>	<i>D</i>	<i>E</i>	
Balance brought forward	-19	0	-19	-943	-1,460	-718	-19
<u>Expenditure</u>							
Capital Project Professional Fees	270(Aii)	569	839	290	309	153	1,591
Building Construction Costs	0	0	0	1,839	5,519	3,483	10,841
Development Period Costs	64(Ai)	62	126	101	73	42	342
Total Expenditure	334	631	965	2,230	5,901	3,678	12,774
<u>Income</u>							
ACE – 19.6%	-62	-124	-186	-438	-1,157	-720	-2,501
Other Funding	0	-1,450	-1,450	-2,309	-4,002	-2,492	-10,253
Total Income	-62	-1,574	-1,636	-2,747	-5,159	-3,212	-12,754
Balance c/f before ACE front loading	253						
ACE front loading	-253		-253			253	0
Balance carried forward	0	-943	-943	-1,460	-718	0	

Key Period

A Apr 04 to Sept 04

Milestone / Project Stage

Detailed proposals: Ai refers to Development Director and other immediate costs necessary to keep the project developing
Aii Capital Costs: we shall not commit to these until ACE confirms that they will bear the risk in front loading its grant.

<i>B</i>	Oct 04 to Mar 05	<i>Planning application, final proposals & commence tender documentation</i>
<i>C</i>	2005/06	<i>Complete tender documentation, Tender, Contract Award (Sept '05), Mobilisation and commence construction</i>
<i>D</i>	2006/07	<i>Construction</i>
<i>E</i>	2007/08 (to July 2008)	<i>Complete construction, Fit out and final snagging</i>

- 1.4 The cost of the first five months of the contract with DPA (£20,000) is covered within the Development Period Costs from April 2004 to September 2004.
- 1.5 Ongoing revenue support required on opening is still estimated at between £180,000 and £285,000 a year. This figure is subject to further change as the long-term business plan develops.

Legal

- 2.1 The funding agreement with Arts Council England is being examined to explore the Council's liabilities in the short and long term. The results will be reported to Cabinet on 18 May. In particular, we are reluctant to sign it off if that would preclude further discussion with them on supplementary grants; we are seeking an opinion on future ownership of the building, and any warranties which ACE may seek to enforce.

Personnel

- 3.1 The Development Director will be appointed under a standard consultant's contract with appropriate break points built in to reflect milestones in the project's progress.

Equalities impact

- 4.1 The Quad project represents a step-change in accessibility to high quality artistic experience. The benefits will be felt especially by disabled users of the current Metro Cinema and the many disabled participants in the programmes run by Q Arts.

Corporate objectives and priorities for change

- 5.1 The proposal comes under the Council's Objectives of shops, commercial and leisure services.

- 5.2 The proposal furthers these priorities:

Priority 2 Improving customer service, including using new technology and investing in better building to provide our services from

Priority 3 Promoting the City as a centre for industry, commerce, culture and tourism

Priority 4 Improving management of the City and district centres, making them more attractive to residents and visitors

Priority 10 Develop the leadership role of the Council, both a regional and local level, to express the view of local people and work in partnership with other organisations