



Leicester
City Council

**WARDS AFFECTED
CASTLE / CITYWIDE**

**OSMB
CABINET**

**7th December 2010
13th December 2010**

REPLACEMENT CITY ART GALLERY PROJECT

Report of the Strategic Director, Development, Culture & Regeneration

1. PURPOSE OF REPORT

- 1.1 To inform Cabinet of the review of the Business Case for the proposed development of a new Contemporary Art Gallery, to replace the City Gallery, on the site of the former Workplace Nursery at 50 New Walk.
- 1.2 To present a range of potential options for the future provision of contemporary visual arts within the City.

2. RECOMMENDATIONS

- 2.1 Cabinet is recommended to:
- i) Proceed with Option 2 – Integration of contemporary visual art services within the exhibition programme and overall offer at New Walk Museum and Art Gallery.
 - ii) Open market the lease of the former workplace nursery property at 50 New Walk.
 - iii) Delegate authority to the Chief Operating Officer in consultation with the Director of Legal Services, the Council Leader and Cabinet Lead Member for Children & Young People's Services to agree the terms of the lease of the former workplace nursery property (50 New Walk) following open marketing.
 - IV) On completion of the Central Library amalgamation, transfer the former Central Lending Library (Belvoir Street) property to the Adults & Communities property portfolio to enable the Adult Education Centre to develop a Multi Access Centre.

3. SUMMARY

- 3.1 Cabinet at its meeting on 3 August 2009 approved continued work on the proposed replacement for the City Gallery on the site of the former Workplace Nursery at 50 New Walk.
- 3.2 Following public concern about the original design, Cabinet received a further report on 29 March 2010 which sought agreement to proceed with the construction of a new contemporary art gallery on the basis of the revised design. This was agreed subject to Cabinet's endorsement of a robust business case that would also consider further and review:
 - i) the financial viability of the project from both a capital and revenue perspective,
 - ii) whether the location is the most appropriate and
 - iii) whether the project represents value for money.
- 3.3 The Strategic Director for Development, Regeneration and Culture presented the review of the Business Case to the Cabinet Lead for Culture & Leisure on 28 April 2010. Following this meeting officers were asked to explore further the feasibility of using the Central Lending Library (CLL) as a Contemporary Visual Arts Gallery / replacement for the City Gallery.
- 3.4 Since that time Central Government has undertaken its comprehensive spending review and although the full impact of public expenditure reductions will not be clear for some time, both Arts Council England and Leicester City Council have been asked to model reductions of around 30% over the next 3 to 4 years. The City Gallery is currently a Regularly Funded Organisation (RFO) by the Arts Council and, in common with other RFOs, has received a 0.5 % reduction in grant in the current year with a further expected reduction of up to 10% in 2011/12. Following the Comprehensive Spending review announcement on 20th October, the Arts Council budget has been cut by 29.6% over the next 4 years. However, ACE have been asked to try to ensure that funding to arts organisations is not more than 15%.. Consequently there is an immediate reduction in grant of £10k in 2011/12 and an enhanced level of risk with regard to future revenue support from the Arts Council.

4. REPORT

Background

- 4.1 The former City Gallery was, until 9 January 2010, located in a leased property at 90 Granby Street, which had over time become unsuitable in terms of its scale, facilities offered and location.
- 4.2 ABL Consulting were commissioned by the Council in 1999/ 2000 to undertake extensive consultation and mapping to inform the development of a Capital Arts Strategy for the City. The strategy set out proposals for the development of the Cultural Quarter in St Georges south and these proposals were subsequently reported and adopted by Cabinet / Council in November 2002.
- 4.3 Consultation and research undertaken as part of the Capital Arts study demonstrated a need and demand for a new Contemporary Art Gallery; to replace the City Gallery, with increased exhibition space (suitable to host

major touring national and international contemporary art exhibitions) and the facilities and resources to improve the way the gallery worked with local practitioners, communities and third sector organisations.

- 4.4 Subsequent feasibility work undertaken by a Contemporary Visual Arts Consultant in 2002/2003 estimated that a development of the required nature within the Cultural Quarter was likely to cost in the region of £9 million, and would also need a significant increase in revenue budget which was not available. The project was therefore shelved.
- 4.5 In 2007/2008 Officers were requested to look at options for the development of a new Contemporary Visual Arts Gallery, to replace the City Gallery. At that time development at the scale and cost envisaged in the Arts Capital Strategy (2000/02) was considered as unfeasible and unaffordable and therefore options of a more modest nature were explored.
- 4.6 A site options appraisal was undertaken in 2008 and the former workplace nursery at 50 New Walk was selected for development.
- 4.7 Over the period from September 2008 to August 2009 a number of options were looked at in some detail to determine the most appropriate approach for the development to take to meet the requirements of the business and to deliver the expected benefits and outcomes. Cabinet at its meeting on 3 August 2009 agreed to proceed with a new build development on the former workplace nursery site at an estimated cost of £2.441 million.

The Business Case for Contemporary Visual Arts

4.8 The Rationale for Contemporary Visual Arts?

- 4.8.1 The visual arts are evident in most human activities, since the creative impulse is a fundamental aspect of the human character, important at every time and every culture.
An enjoyment of visual art is common among people of all backgrounds and age groups (even including people with visual impairments.) These include for example rangoli, textiles, tattoos, fashion, web sites, ceramics, paintings, posters, photographs, holograms, sculptures, furniture, quirky installations etc.
- 4.8.2 Although visual art can be experienced anywhere, dedicated locations provide good presentation and interpretation, enable things to be enjoyed that otherwise could not be, and provide an identifiable place to go which is a visitor attraction in its own right. Activities linked to the exhibitions, such as our school and community programmes and retail offer, enhance people's experiences and help to attract visitors.
- 4.8.3 We provide visual arts exhibitions as part of the overall mix of our cultural offer because people like different things. By providing a range of opportunities we maximize the number of people benefitting from the council's cultural provision. This is their entitlement as our citizens.

- 4.8.4 The enrichment provided to a great many people through the experience of visual things is just as valid as any other cultural activity. There are very few people who have no ability or desire at all to appreciate any kind of visual art provided that it is presented in the right way and it is relevant for them, and a great many people already enjoy or have the potential to enjoy visiting art galleries.
- 4.8.5 Contemporary Art has been created recently, often by a living artist. Whilst all visual art is full of interest because of the way it reflects our own time and culture, contemporary art has a particular appeal since it is new, and reflects the times that we live in. It has a particular resonance because it is about today. Also, by definition, it often does not exist in collections, but is experienced through exhibitions and direct contact with the artist. This is why it tends to be treated separately from art that has existed for longer. However the two link together in many ways and both can benefit from being presented together.
- 4.8.6 Investment in a replacement for the City Gallery significantly increases our ability to deliver against the One Leicester priorities, and specifically Talking Up Leicester, Investing in Skills & Enterprise and Investing in our Children themes.

4.9 **Current service aims and objectives.**

- 4.9.1 To provide public access to contemporary visual art exhibitions and related activities which are relevant to and reflective of modern Leicester.
- To engage with the largest possible numbers of city residents, who are as reflective as possible of the demography of the City.
 - To increase the number of new and non-traditional gallery visitors enjoying contemporary visual art.
 - To inspire and enrich people and make a positive difference to their lives. To support agendas for learning and skills, children and young people, diversity, community cohesion, and help to create a strong sense of identity and local pride.
 - To provide community, family and learning programmes.
 - To enable people to purchase contemporary art and craft at affordable prices.
- 4.9.2 This helps to strengthen Leicester's wider cultural offer which should include a good mix of performing and visual arts and helps to develop people's experiences of the city as modern, dynamic and attractive. This is in line with public expectations of similar cities where a range of visual arts are now provided, including a gallery and the ability to purchase good and affordable contemporary visual arts and crafts.
- 4.9.3 A strong contemporary visual arts offer will help to increase the number of skilled creative people within Leicester's overall workforce.

- 4.9.4 It will help to encourage young people, like recent graduates, to stay in Leicester rather than look for jobs elsewhere, since it helps to create the kind of environment that is known to be attractive to them and provides graduates in relevant subjects with opportunities to continue their creative practice.
- 4.9.5 It helps to encourage city and county residents to work in Leicester rather than look for jobs elsewhere. These people are also crucial to Leicester's economy and it will help create the kind of environment that is known to be attractive to them.
- 4.9.6 It helps support other initiatives (e.g. LCB Depot, Phoenix Square, and Creative Leicestershire) to encourage people in the creative industries to live and/or work locally, especially if it offers an outlet for their work.
- 4.9.7 It will encourage visitors from the sub-region and region and encourage and support tourism, retail, and other aspects of economic development.
- 4.10 Analysis of the previous offer at the Granby St Gallery**
- 4.10.1 The City Gallery, located at 90 Granby Street, closed on 9 January 2010 to enable a move from the site in accordance with the lease expiry date.
- 4.10.2 The former City Gallery service was located in a commercially rented shop front premise. The accommodation comprised; 1 x large, double height, gallery at ground floor level, 2 smaller Galleries – 1 at ground floor and the other at mezzanine level (with a stair lift providing disabled access), a main reception that doubled up as the shop 'point of sale', 2 small offices located on the first floor and a small store / workshop at the rear of the ground floor accommodation. A total of 440 square metres of space.
- 4.10.3 The service comprised of both in-house and touring contemporary visual art and craft curated and promoted exhibitions, learning and community activities & events (which took place in the main gallery owing to the limited space), private hire, by artists, community groups and organisations of the 'upstairs' gallery and a craft shop (primarily wall mounted display cases located between the entrance and the reception).
- 4.10.4 The Granby Street site / accommodation and gallery spaces did not meet the government indemnity standards which are necessary to borrow valuable or important items from major collections. This impacted on our ability to present a full range of art, media and types of exhibitions - including historical works. The small entrance and low ceilings also prevented large items being displayed. This along with other contributing factors (use of the gallery for events and learning activities etc) impacted on the quality and range of exhibition offered, subsequently impacting on exhibition attendances and participation.
- 4.10.5 Customer, visitor and access facilities, when compared to other galleries, were well below the standard that customers and visitors expect / demand.

4.10.6 The City Gallery performed less well in comparison with the rest of the museums and galleries service in terms of participation. The table below shows City Gallery users compared with museum users in 2009/10:

Users in 2009/	City Gallery (exc off site programme) Jan-Dec 2009	NWM 2009-10	All Museums (exc City Gallery) 2009-10
Total	24,648	170,486	350,375
BME	19%	16.62%	19.22%
Disabled	2.3%	4.34%	5.26%
Under 16	24%	32.17%	33.33%
Over 60	10%	17.33%	17.82%
C2DE	28%	33.8%	30.61%

4.10.7 The City Council core annual revenue contribution is £129K per annum and represents a cost per user of £5.23. The City Gallery service is also supported by an Arts Council England as a regularly funded organisation (RFO). ACE funding is £137K creating a total budget of £266K, and an overall public subsidy of £10.79 per user.

4.11 The Replacement City Gallery Project

4.11.1 Owing to the limitations of the Granby Street site / location and the potential need for Council investment to improve the standard of the service, officers, in 2007/08 were requested to identify and review options for the development of a new Contemporary Visual Arts Gallery, to replace the City Gallery.

4.11.2 An initial site options appraisal was undertaken in 2008. This considered a number of city centre locations; including the former HSBC Bank on Granby Street at its juncture with Bishop Street, the former Habitat Store on the High Street, the former Guild of Disabled Building on Colton Street, number 82-86 Rutland Street, and the former Workplace Nursery at 50 New Walk. The former Workplace Nursery was chosen as it was considered to best meet the requirements of the business and be able to deliver the expected benefits and outcomes.

4.11.3 Cabinet at its meeting on 1 September 2008 agreed to proceed with the development of a replacement for the City Gallery through conversion of the former Workplace Nursery on New Walk. Following more detailed feasibility and development work, Cabinet at its meeting on 3 August 2009 agreed to replace the City Gallery with a 'new build' development on the former Workplace Nursery site at a total project cost, excluding the value of the site, of £2.441 million.

4.11.4 Following public concern about the original design, Cabinet received a further report at its meeting on 29 March 2010. At this meeting Cabinet supported the proposed gallery, noting the contribution of the education work and its potential benefits to people's wellbeing but requested a more robust business case, to clearly demonstrate:

- i) the financial viability of the project from both a capital and revenue perspective,
- ii) whether the location is the most appropriate and
- iii) whether the project represents value for money.

4.11.5 The proposal to replace the City Gallery at 50 New Walk has a number of capital and revenue risks associated with it. The main areas of risk are:

- The site is 'tight' and access is only available from Wellington Street and this is in close proximity to the Crown Court.
- Risk in the ground – specifically uncertainty as to whether or not there is a petrol tank.
- The current delay will result in increased costs if the project goes ahead.
- Issues associated with the removal of the boundary wall adjacent to the grade 2 listed Georgian property at 50 New Walk.
- The revenue budget is dependant on achieving increased income from sales and externally funded project grants which now may not materialise.
- A staffing review will be required to inform further development of the Business Plan / revenue forecasts. Potential need for increase in front of house resources due to the increase in size of Gallery space, and 2 public entrances.
- Overall a risk that actual revenue costs may be higher than the budget available.
- Uncertainty of continued funding from Arts Council England (ACE) in light of the recent DCMS decision to model reductions in spending of around 29% and ACE's current review of all RFO's.

4.12 Review of the Options for Contemporary Visual Arts Exhibitions & associated activities in the City.

4.12.1 Following the outcome of the Cabinet meeting officers have carried out a further review of the options for the provision of a Contemporary Visual Arts Service and replacement of the former City Gallery, in particular looking at developing a gallery in the Central Lending Library site and extending existing provision at New Walk Museum and Gallery.

4.12.2 Following a briefing on the Review of the Business Case (28 April 2010) with the Cabinet Lead further feasibility work was undertaken to ascertain the scope and potential to develop a new Contemporary Visual Arts Gallery in the Central Lending Library (CLL); once the Library Service has relocated to the Learning & Information Library on Bishop Street.

4.12.3 Initial Architects' proposals have demonstrated that the CLL can accommodate the Contemporary Art Gallery Function, subject to more detailed development. If this option is supported, it is proposed that:

- The Visual Arts Gallery is located within the original part of the CLL building including its original entrance and that the infill '70's wedge and Belvoir Street entrance are 'freed' up for use by Adult Education for the MAC. Liaison with Adult Education about joint working and the

development of a partnership approach to shared use and development of the Central Lending Library site is ongoing.

- Subject to the necessary consents, the entrance to the new Gallery is formed using the original Belvoir Street entrance with wheelchair access from Wellington Street – this will require the service lift to be replaced with a passenger lift.
- The Main Gallery is located in the basement, with the ground floor being used for retail, café, reception and learning (this will enable us to retain many of the features on this level such as the recessed book shelves).
- The balcony level be used as a Gallery for the display of small works and craft items, with ramped access being formed at the Belvoir Street end of this level to give access into the third (private hire) gallery space / function room.

4.12.4 New Walk Museum and Gallery has an existing track record of modern and contemporary visual art exhibitions. Over the last three years these have included: Leicester Society of Artists Annual Exhibitions and thematic shows; Picasso ceramics: the Attenborough Collection; Wildlife Photographer of the year, Craft and Design, Ernest Gimson and the Arts and Crafts Movement, Nanoq- flat out and bluesome; celebrating New Walk, Journey Out of Darkness: Leicester's Collection of German Expressionist Art; Meri Rail; Sarah Kirby- Linocuts of Leicester; Gifts of Art, artworks gifted to Leicester by the Contemporary Art Society, Jenny Grevatte, a painter's progress", Artist Rooms: Gerhardt Richter (Tate gallery/Arts Fund programme) and Rosalind Nashashibi: the states of things. The City Gallery's Open 22 2010 is also currently being held at New Walk Museum.

4.12.5 However given the very considerable financial challenges the Council faces an alternative and financially more feasible option would be to incorporate the most successful elements of the previous offer at the City Gallery, including some exhibitions, retail, learning and community engagement activities. The Arts Council RFO grant would no longer be payable, however it would be possible to apply for one off Arts Council grants or programme funding.

4.12.6 The amount of revenue saving which could be achieved would depend on the extent of services to be integrated from the City Gallery. The maximum saving of £95,000 pa assumes a total remaining budget of £34,000 pa to cover the staffing costs of exhibition, learning and community engagement support at New Walk Museum and Gallery. Management would be completely integrated into the Museums and galleries structure. All other costs e.g. any additional costs for the annual open exhibition would be found from New Walk Museum and Gallery's existing budget.

4.12.7 The extra staffing resource would be used to continue to deliver the annual Open exhibition (to complement the LSA annual exhibition which has a membership eligibility criterion), and to deliver learning and family activities at New Walk Museum bringing the rich collections of historical art and design from around the world alive through contemporary creativity and participation.

It is expected that in addition to the Annual Open Exhibition, New Walk Museum would continue to host at least one large art exhibition and one smaller one each year, and the programme would benefit from input from a contemporary visual art specialism adding value to not just art exhibitions and interpretation but all its work.

4.12.8 The shop's financial performance would be reviewed and those elements of it that are profitable will be considered for inclusion in the wider retail offer rather than continuing as a separate shop.

4.13 Options

4.13.1 Option 1: Discontinue contemporary visual art exhibitions, retail and learning services previously provided from the City Gallery in Granby Street

Financial Implications:

Capital - £308,000 (expenditure already incurred at 50 New Walk)

Revenue – Saving of £129k per annum

Pros:

- Capital and revenue savings could be reinvested in other activities
- Contribution to revenue budget reduction targets
- Alternative use for or achievement of capital receipt from 50 New Walk

Cons:

- Loss of dedicated contemporary visual arts service
- Likelihood of negative publicity
- Loss of users
- Staff redeployment and or redundancy
- Central Lending mothballed at a cost of £10k pa

4.13.2 Option 2: Integrate contemporary visual art services within the exhibition programme and overall offer at New Walk Museum and Art Gallery

Financial Implications:

Capital - £308,000 (expenditure already incurred at 50 New Walk)

Revenue – Saving of £95,000 per annum

Pros:

- Capital and revenue savings could be reinvested in other activities.
- Contribution to revenue budget reduction targets
- Alternative use for or achievement of capital receipt from 50 New Walk.
- Potential to increase audiences at NWM
- Able to apply to ACE for one off project grants
- Continue key elements of existing programme eg Annual Open, whilst eliminating dependency on RFO funding

- Already has Government Indemnity status and is capable of taking shows of national and international standard

Cons:

- Exhibition programme would be reduced and incorporated within the temporary exhibitions programme at New Walk Museum. As a minimum it would include three specific shows per year rather than an all year round programme. (ie. One major exhibition; the annual “Open” exhibition, and one further small show)
- Off site learning activities or exhibitions would not be possible without increasing staffing resources
- Retail provision would be amalgamated and reduced to profitable lines only
- Possible negative publicity especially from traditional stakeholders seeking priority for other exhibitions e.g. Gimson if contemporary visual art shows significantly increase in number
- Reduces NWM flexibility in programming broad based programmes in the temporary galleries
- Staff redeployment and redundancy
- Central Lending mothballed at a cost of £10k pa.

Providing the Contemporary Visual Arts service in New Walk Museum provides a reduced service provision, but it has no capital costs and lower revenue costs. This option provides the most cost effective solution and avoids the risks associated with reliance on continued Arts Council funding.

4.13.3 Option 3: Develop a new contemporary art gallery in the Central Lending Library

Financial Implications:

Capital – Estimate of £1,650,000 (including expenditure on 50 New Walk)

Revenue – Estimate subject to a detailed business plan/whole life costing of £364,000 pa (assumes £137K from Arts Council and £90k from Income Generation)

Pros:

- Benefits from more central location and closer links to the Adult Education College and De Montfort University
- Makes good use of an historic landmark building, which is considered less marketable than 50 New Walk. Also avoids mothballing costs of £10k per annum
- Increased income generation potential and some scope for re-investment of capital savings as a result of lower capital cost
- Potential for positive publicity
- Alternative use for or achievement of capital receipt from 50 New Walk
- Joint work with Multi Access Centre

Cons:

- Constraints of using listed building including risks of unknown additional capital costs until commencement of capital works
- Premises costs are known to be higher than 90 Granby St and operating costs may be higher due to the increased size of the building, potentially placing further pressure on limited revenue budgets
- Unlikely to achieve Government indemnity standards for major touring exhibitions although capacity for further development in the future
- Major risk that revenue budget will not be sustainable term if ACE RFO funding ceases after 2011/12

Although more detailed design and costing is required, this option provides a central location, has significantly greater floor space and estimates of capital costs would suggest that a replacement for the City Gallery would be lower than those associated with a new building on New Walk – although it should be noted that refurbishing listed (and older buildings) can often lead to unexpected additional works / prolongation of works costs that cannot be known prior the work has started. . Further work is required on revenue costs, but initial indications would suggest these would be cost neutral, provided ACE RFO funding is maintained. This, however is a major risk.

4.13.4 Option 4: Existing scheme at 50 New Walk

Financial Implications:

Capital - £2, 440,000

Revenue - Estimate of £364,000 pa (assumes £137K from Arts Council and £90k from Income Generation).

Pros:

- Able to meet Government indemnity standards for national touring exhibitions
- Custom built 'fit for purpose' facility
- Potential for positive publicity
- Capital costs are known, although there are still some risks, and are considered by ACE to offer good value

Cons:

- Still some risks to capital costs e.g. party wall implications and prolongation costs
- Design and Build timeframe of approx 24 months
- The revenue costs are not fully evaluated and there remains a risk that these will exceed the available budget due to the size of the building, the potential need for increased security and the capability to generate sales and grant income.
- Concern that Gallery should be located in City Centre or Cultural quarter for maximum benefit
- Central Lending mothballed at a cost of £10k pa
- Major risk that revenue budget will not be sustainable if ACE RFO funding ceases after 2011/12

This option has been reviewed and some potential risks with regard to both capital and revenue budgets have been identified.

4.13.5 Option 5: Cheaper scheme at 50 New Walk

Financial Implications:

Capital – £1,654,000

Revenue - Estimate of £364,000 pa (includes £137K from Arts Council and £90k from Income Generation)

Pros:

- Some scope for re-investment of capital savings as a result of lower capital cost

Cons:

- Does not meet Government Indemnity standards and no capacity for future service development
- Concern that Gallery should be located in City Centre or Cultural quarter for maximum benefit
- Major risk that revenue budget will not be sustainable if ACE RFO funding ceases after 2011/11
- Central Lending mothballed at a cost of £10k pa

4.14 Conclusion

4.14.1 This report reviews the business case for the Replacement City Gallery and the issues raised by Cabinet on 29th March about choice of location, financial risk and value for money and additionally issues arising from the comprehensive spending review.. The report sets out a range of options with varying impacts and allows Cabinet to consider the scale, quantity and location of contemporary visual arts provision it would wish to see in the future together with the potential advantages and disadvantages of different options.

4.14.2 From an officer perspective, I would advise Cabinet that, provided members wish to provide a coherent contemporary visual arts programme as part of it cultural activities in the City that:

- Integrating the service into the exhibition programme at New Walk Museum (option 2) would provide a lower quantity of service provision, but would enable Leicester to host occasional major exhibitions, with minimal capital costs and lower revenue costs. This option provides the cheapest and most cost effective solution, and is not dependant on continued ACE RFO funding towards revenue costs. It, therefore, presents the least financial risk.
- The option to utilise the Central Lending Library (option 3) provides a central location and has significantly greater floor space. Initial estimates of capital and revenue costs would suggest that capital costs for a replacement gallery would be lower. Further detailed feasibility would be needed to determine whether or not the building could be adapted in the

future to meet Government Indemnity Standards. Further work is required on revenue costs particularly in view of the enhanced risk of reduction and or loss of ACE RFO funding as a result of the DCMS spending review. This option provides the best location and reduced capital costs for the Gallery and also provides scope to develop the site with Adult Education to provide a new Multi Access Centre providing services to the public, including:

- 1-2-1 information, advice and guidance around employment
- Access to training, vocational courses
- Access to voluntary work linked to organisations based in the new building
- Help to improve English and maths skills
- Self employment and business start up guidance
- Signposting to other support services offering help and advice related to Welfare benefits, health, money and debt consumer and legal, housing and immigration
- Along with classrooms and café facilities and conference facilities in the new Hansom Hall

Use of the former Central Lending Library for this purpose would avoid 'mothballing' a grade 2 listed building at an estimated cost of £10,000 per annum.

- The proposal to create a new build on the site of the former Workplace Nursery (option 4) has been reviewed and there are some substantial risks with regard to both capital and revenue budgets allocated. This option provides a value for money solution, compared to regional comparators, which meets Government Indemnity standards in a reasonable location. Further work is required on revenue costs particularly in view of the enhanced risk of reduction and or loss of ACE RFO funding as a result of the DCMS spending review. At this stage it poses a greater level of financial risk and higher cost than the proposals for New Walk Museum or Central Lending.
- Options 1, 3, 4 and 5 are not recommended for further consideration as the disadvantages substantially outweigh the advantages as described in the options analysis.
- Strategic Management Board recommends Option 2.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

- 5.1.1 Option 4 requires £2.1m from Council resources, £0.1m unconfirmed from ACE and £0.24 prudential borrowing to be funded from within Cultural Services. There is doubt now whether the prudential borrowing repayments could be sustained and whether the ACE capital funding would still be available.

- 5.1.2 The revenue budget required for options 3, 4 and 5 rely on ACE funding and a significant increase in income generation compared to the old City Gallery. Both of these funding sources totalling £226k or 62% of the total annual revenue budget are at risk.
- 5.1.3 The capital cost already incurred on the original replacement scheme of £308k is a sunk cost and does not have any bearing on the option appraisal. Options 1 and 2 provide revenue savings.
- 5.1.4 Options 1 and 2 are the least risky options and save the Council any further capital expenditure.
Martin Judson, Head of Finance, Ext 7390

5.2 Legal Implications

- 5.2.1 The Council have powers to provide and maintain an art gallery under section 12 of the Public Libraries and Museums Act 1964, and for exhibitions of arts or crafts under section 145 of the Local Government Act 1972, and for incidental etc purposes under section 111 of the Local Government Act 1972.
- 5.2.2 Possible redeployment and redundancy issues for affected staff are identified in the report.
- 5.2.3 Funding from external sources such as Arts Council is (a) project specific and (b) subject to terms and conditions - which would include clawback if the scheme does not progress satisfactorily or if it is not achieved.

Joanna Bunting, Head of Commercial & Property Law, Ext 296450

5.3 Climate Change Implications

- 5.3.1 Each of the options available for the replacement of the City Gallery would have a varying level of impact on the Council's ability to meet its carbon reduction targets.
- 5.3.2 Option 1 would have no impact on the Council's carbon footprint as the service would be not provided.
- 5.3.3 Option 2 would not increase the Council's carbon footprint as the service would be moved into the New Walk Museum and should not result in an increase in the existing carbon emissions of this building.
- 5.3.4 Option 3, utilising the Central Lending Library, would result in an increase in carbon emissions (compared to mothballing the CLL or doing nothing). The CLL currently emits 126 tonnes of CO₂ per annum which would then be taken on by the City Gallery; although this figure could be reduced through energy saving measures or actions taken in the process of converting the building for gallery use.

- 5.3.5 Option 4 and 5, using the 50 New Walk building, would again result in additional carbon emissions. A projection of what the carbon footprint of the building would be is not possible to assess at this stage as this would depend on the final design of the building. However, the use of the 50 New Walk site as the City Gallery would result in an increase in the Council's carbon emissions.

Helen Lansdown, Senior Environmental Consultant - Sustainable Procurement

6. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph references within the report
Equal Opportunities	No	No specific reference
Policy	No	No specific reference
Sustainable and Environmental	No	No specific reference
Crime and Disorder	No	No specific reference
Human Rights Act	No	No specific reference
Elderly/People on Low Income	No	No specific reference
Corporate Parenting	No	No specific reference
Health Inequalities Impact	No	No specific reference

7. RISK ASSESSMENT MATRIX

Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/appropriate)
1 Negative press and media interest & coverage. (High profile scheme that has to date attracted media and public interest)	H	M	Liaise with Corporate Communications and prepare a statement that focuses on 'pros' of the Cabinet decision
2 Abortive expenditure, on the development of the site totalling £308,000.	M	H	Actively market the 50 New Walk site to secure the best price to 'off set' the abortive expenditure.
3 Loss or reduction of ACE RFO funding	H	H	The impact would vary depending on the severity of the reduction, 25% is around £34,000,

L – Low L – Low
M – Mediu M – Medi
H - High H - High

8. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972
Cabinet Reports dated 1 September 2008, 3 August 2009 and 29 March 2010

9. CONSULTATIONS
Martin Judson, Head of Finance
Joanna Bunting, Legal Services
Helen Lansdown, Environment Team
Lorna Simpson, Children & Young Peoples Services
Chris Minter, Head of Adult Education

10. REPORT AUTHOR
Richard Watson, Director of Cultural Services
Tel 29 7301
Email richard.watson@leicester.gov.uk

Mike Candler, Cultural Quarter Project Director
Tel 261 6821
Email mike.candler@leicester.gov.uk

Sarah Levitt, Head of Arts & Museums
Tel: 29 8912
Email sarah.levitt@leicester.gov.uk

Key Decision	Yes
Reason	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)