



Leicester
City Council

**WARDS AFFECTED
CASTLE/ ALL**

**OVERVIEW AND SCRUTINY MANAGEMENT BOARD
CABINET**

**30th July 2009
3rd August 2009**

Replacement City Gallery, New Walk

Report of the Director of Cultural Services

1. PURPOSE OF REPORT

- 1.1** To brief Members on the revised response and associated costings by Marsh Grochowski Architects and Focus Consultants UK Ltd, which are based on the architectural brief developed by Arts and Museums and approved by Cabinet on 1st September 2008.
- 1.2** To seek agreement to an increase in capital funding for the Replacement City Gallery.

2. SUMMARY

- 2.1** The replacement City Gallery Project is part of the Talking Up Leicester project portfolio. The gallery will be capable of attracting significantly more visitors, both in its own right, and supporting the whole complex through linked programmes with New Walk Museum. It will help to raise the local, regional and national profile of Leicester, its museums and galleries, and its creative industries, which will better help to "Talk Up Leicester", and promote the local economy.
- 2.2** The project will make use of an existing council owned building, bringing a potentially difficult building back into high profile public and community use. The significantly increased usage around Museum Square and New Walk will help to reduce the anti-social behaviour problems, which are currently holding back its development as an attractive leisure space.
- 2.3** The original project cost of £1.1 million (£1million from the 2008/9 Capital Strategy and £0.1m from Arts Council England), approved by Cabinet on 1st September 2008, was based on preliminary in-house plans and costings drawn up as a desk top exercise without detailed survey work. Following the appointment of Focus Consultants UK Ltd. as project managers and Marsh Grochowski as architects, the initial plans were reviewed against the brief and a more thorough and considered response was developed and costed.
- 2.4** The proposed scheme, costed at £2.441m, provides a higher quality design, which responds fully to the brief. It provides sufficient capacity for income generation and

public facilities; and by meeting Government Indemnity standards will enable national and international collections to be exhibited. Arts Council England have indicated that some financial support will be available for this project, this is likely to be £100,000.

3. RECOMMENDATION

- 3.1** To proceed with the replacement of the City Gallery, which provides improved facilities, at a cost of £2.441m

4. REPORT

- 4.1** The present City Gallery site is in a commercially rented shop space on Granby Street. It has been clear for sometime that the current site is limited both in terms of scale and facilities and would require significant investment over the next few years to maintain and improve basic standards for a gallery of this type. Its position means it is also isolated from other cultural institutions in the city and lacks synergies with surrounding businesses. This will still be the case when the Cultural Quarter is fully developed. The lease was recently extended and comes to an end in February 2010.
- 4.2** The need to develop a contemporary arts venue for Leicester has long been recognised. This was initially recommended by Arts Business Limited in the Capital Options Summary Report of May 2000, which identified that a new contemporary arts facility in the cultural quarter would cost £9.9 million.
- 4.3** Reviewing external funding opportunities, it is obvious that a £10 million scheme as proposed in the Capital Options Summary Report of May 2000 is unfeasible. After discussion with arts consultants and other Arts bodies, it was recommended that a modest scale contemporary arts facility be pursued. This does not mean modest in ambition but nimble, responsive, approachable and highly creative. The space will be able to accommodate an ambitious exhibition programme but not be overwhelmed by the need to run large and expensive blockbuster shows.
- 4.4** A number of sites across the city were considered for a new gallery. These included the old HSBC bank site on Granby Street and the old music hall on Colton Street. These were rejected primarily on grounds of size - too small or too large, or architecturally – spaces were unsuitable for gallery spaces or work needed to convert to gallery spaces would have destroyed or covered up the architectural features that made the building important or interesting.
- 4.5** A suitable site was identified at the old Workplace Nursery at 69 Wellington Street/ 50 New Walk. The site was of appropriate size, was a relatively simple conversion and almost uniquely has sufficient land to enable expansion in the future.
- 4.6** The position of this site, almost opposite New Walk Museum & Art Gallery also opens up the exciting possibility of the creation of a new visual arts ‘campus’ which would provide greater visual arts ‘critical mass’. It would also help the public develop a deeper understanding of the relationship between contemporary and historic art.
- 4.7** An improved contemporary art gallery in the old workplace nursery will significantly increase the Arts and Museums Services’ contribution to the delivery of the One

Leicester priorities. The positioning would also enable both sites to benefit from crossover of audiences, joint promotion, shared facilities and economies of scale.

4.8 A key aim of the new City Gallery will be audience development, particularly engaging with Leicester's diverse communities. Audience development is about focusing on users and developing a service to meet their needs. Users are vital to the long term future of The City Gallery. The key principles that are the foundation of The City Gallery's audience development will be:

- Involving people, our staff, users, non users, artists and stakeholders
- Understand peoples needs and interests
- Address reasons for people not using The City Gallery, focusing on city residents, and aim to increase their usage of The City Gallery
- Review and update our audience development plan regularly

4.9 Arts Council East Midlands view this as a beacon project that will help deliver their 10 year visual arts strategy 'Turning Point'. This project is looked on as a possible exemplar for how contemporary and historic art venues can work together.

4.10 The original project cost of £1.1 million approved by Cabinet on 1st September 2008 was based on preliminary in-house plans to a notional fixed budget. During the further development of the brief and business case it was recognised that there was potential to provide more than just a replacement of the existing City Gallery and it was agreed, in consultation with Elected Members, to seek external experience in delivering contemporary art galleries initially utilising Focus Consultants for project management and funding experience. They proposed that increasing the capacity and quality of the proposal could achieve more of the objectives outlined in para 4.2 and Property Services, in consultation with Focus, then engaged Marsh Grochowski Architects from the existing framework contracts to progress the architectural side.

4.11 Once appointed Marsh Grochowski and Focus Consultants conducted a thorough review and costing exercise as part of the design development process based on the preliminary sketch plans, and their interpretation of the brief and business plan. Following this work two design schemes were presented.

- Design Scheme 1 - £1.654 million scheme. This scheme delivers a replacement art gallery which is of similar capacity and capability to the existing gallery but does not respond fully to the brief.
- Design Scheme 2 - £2.441 million scheme. This scheme provides a higher quality design, which responds fully to the brief as set out in the September 2008 Cabinet report. It also enables a higher quality of national and international collections to be exhibited and provides enhanced capacity for income generation.

4.12 After discussion and consultations with Members it was agreed that Design Scheme 2 be taken forward as the preferred option for the replacement City Gallery.

- 4.13** The proposed design scheme is a rebuild of the gallery on the Workplace Nursery site which will significantly increase the capacity and artistic credibility of the gallery. It will enable GIS standards to be met through separate load in and load out facility, which will not impact on the environmental conditions in the gallery. This option delivers the greatest benefit to Leicester in terms of place shaping and economic impact.

The gallery will feature two high quality spaces – with half the main gallery going to the full 8m height of the building with half at 3m, and incorporate a balcony gallery overlooking the main gallery. These will add significantly to both developing the visitor experience and the artistic credibility of the gallery.

The increase in size and quality of the retail space will lead to significant increase in revenue through sales. At the last RFO (Regularly Funded Organisation) review meeting with Michelle Bowen of the Arts Council it was recommended that the City Gallery significantly extend its retail operations and that grant funding would be available to assist with the development of the retail strand of the galleries work.

Increase in revenue from retail sales, corporate hire and café could be used to support increased programming costs.

Pros

- Adaptive re-use of an existing council owned building, bringing a potentially difficult building back into high profile public and community use.
- Meet all standards for Government Indemnity Scheme to receive national and international shows.
- A rear extension to allow for a loading area that will meet Government Indemnity Scheme requirements for security and environmental conditions. This is imperative for loans of artwork from any museum or major national collection.
- Sufficient gallery height to take tours of a wide range of art works, which is vital if the gallery is to be regionally and nationally significant and with a comparable capability to the major new galleries in the region, Quad in Derby (£10m), Centre for Contemporary Art Nottingham (£5.5m) and The New Art Exchange in Nottingham (£15m+).
- Provision of lobbies to the front and rear of the building and a public route through the building from New Walk to Wellington Street to support the Business Quarter masterplan.
- More appropriate and usable community and education spaces.
- More appropriate shop and café areas, and spaces that will maximise ability to generate income through events and corporate hire.
- As the building will be a new construction it will enable the building to be designed to be as green and energy efficient as possible, both in terms of construction and building materials and running of the facility.
- As this option has a café facility not present in option 2, it will be able to make greater visual linkages with New Walk Museum & Art Gallery, such as though its

south facing outdoor seating area on Museum Square.

- Its sensitive new additions will enhance the attractions of New Walk and Wellington Street, and its design will make an impressive linkage between the business quarter and New Walk.

Cons

- More expensive – £1.34 million increase in costs.
- Core revenue costs would be higher due to national/ international scope of exhibitions – offset by increase in revenue through corporate hire and shop sales.

Costs

Replacement City Gallery Costings	£
Construction (inc. contingency provision)	1,847,875
Fees (including external project management)	485,079
Other Professional Support	15,000
Development Costs	14,654
Equipment	50,000
Non-construction contingency (£564,733@ 5%)	28,237
Total	2,440,845

Funding

This scheme can be funded as follows

Capital - £1m from approved Capital Programme.

VAT Rebate - £1.088m - This relates to a successful claim to recover VAT declared on fees and charges in the Cultural Services Division.

Arts Council - £0.1m

The shortfall of £0.253m could be met by one or more of the following options

- Increase in Capital Programme Provision – this is not recommended due to current pressures on capital funding and the limited availability of capital receipts due to the impact of the recession and the downturn in the property market
- Increase in External Funding (However, this cannot be guaranteed and would need to be underwritten in the short term if the project is to be delivered on time). Outline grant applications have been prepared for LLEDC / Leadership &

Management Group, emda, ERDF Competitiveness Programme. ACE have recommended the grant application be increased to £120k, though the extra 20K is not guaranteed. These applications will be pursued vigorously but on current information and analysis is not anticipated to fully bridge the gap

- Use of Prudential Borrowing. The amount required would depend on any successful grant applications and terms. However £253k over 20 years at 5% would be approximately £25,000 per annum, a figure that can be met from savings in the revenue budget as the cost of rent on the Granby Street site will no longer be payable. This option is recommended.

4.14 Links to One Leicester Priorities

Whilst the City Gallery supports many of the One Leicester priorities its most significant links are in relation to the Talking Up Leicester and Investing in Skills and Enterprise themes.

4.15 Investing in Skills and Enterprise

It will not only create an extended and outstanding venue for the visual arts in Leicester but will also provide commercial gallery space and business support services for new and emerging local artists.

4.16 The Gallery will raise the profile of art, support local artists and help increase their contribution to the local economy. As part of its remit to undertake artists development, the Gallery will focus on semi-professional / up and coming artists, supporting them to become professional through exhibition opportunities, commissioning, sales, advocacy and publishing. Furthermore, artists will have access to the necessary business support services provided at the Gallery in partnership with Business Link, Skills for Enterprise and other business support providers. It will enable Leicester City Council to enhance support to local artists, developing the local cultural economy.

4.17 The project will benefit a wide range of users and stakeholders, including:

- Individual Artists
- SMEs in the creative industries
- Students
- Private Sector Investors and local businesses

4.18 The strategic objectives for the gallery to support skills and enterprise are:

- To support arts-based entrepreneurs and SMEs in Leicester and Leicestershire;
- To develop new arts-based enterprises in Leicester and Leicestershire;
- To increase arts commerce in Leicester and Leicestershire;
- To increase the number of people employed in arts in Leicester & Leicestershire;
- To enhance linkages with further and higher education, particularly University of Leicester and De Montfort University
- To raise awareness of self-employment in the arts industry;
- To support creative industry graduates from education into business;

- To encourage the retention of graduates in Leicester;
- To help establish Leicester as a renowned centre for the creative industries;
- To improve business skills in arts entrepreneurs and SME owners.

The envisaged impacts of this project are that as new start and existing arts-based businesses are supported through the facility, the facility will help to:

- Support the visitor economy in Leicester
- Increase the number of self-employed artists in Leicester & Leicestershire;
- Promote the growth of the arts sector and industry in Leicester & Leicestershire;
- Increase the business skills and productivity of artists and arts-based SMEs;
- Increase the turnover and economic value of the arts sector in Leicester and Leicestershire;
- Increase the number of arts businesses and VAT registered businesses in Leicester & Leicestershire;
- Raise income levels and help to reduce levels of deprivation of Leicester, and;
- Raise the profile of Leicester & Leicestershire as a location for arts and creative businesses.

The project will therefore have both immediate and longer term impacts on the local economy.

4.19 Talking Up Leicester

The new facility would contribute significantly to the Talking Up Leicester strand of the One Leicester Strategy. The new Gallery in its new position would complement New Walk Museum & Art Gallery, develop greater synergies between the buildings, increase local and regional audiences for both venues and be something local people feel proud of.

4.20 A new City Gallery will help create a strong regional and national identity for Leicester, complementing Curve and the Phoenix Square and putting Leicester on the map as a major cultural destination. The Arts Council “Capitalise” programme across the rest of the East Midlands has prioritised visual arts venues, and Leicester is the only city without a new contemporary arts venue. ACE are very supportive of the project and have allocated £100k to it, in principle, in this financial year.

4.21 An integral feature is joint programming with New Walk Museum & Art Gallery. In its current site, the City Gallery is not in the premier league in terms of gallery facilities so cannot secure top contemporary art exhibitions and major national tours or compete with Derby, Lincoln and Nottingham. Through more integrated programming the City Gallery would be able to benefit from and engage with New Walk Museum & Art Galleries nationally and internationally important fine art, decorative art and world art collections, such as the German Expressionist collections, Picasso ceramics collections, Dryad, world arts collections, and the museum services links with the Tate, V&A and British Museum. This greater mass of art gallery spaces and greater synergy would enable the major touring contemporary art shows, like the British Art show, to be hosted in Leicester.

4.22 Project management costs for Focus are greater than what would normally be expected for project management of a building of this size. One of the reasons Focus were specifically engaged was due to their experience in delivering buildings of this type and to provide client side arts support, master planning and options review and specialist funding support for grant applications to trusts and foundations.

4.23 Timescales for the project are:

Key Project Milestones:	Start Date	Comp Date
Masterplan	January 2009	January 2009
Surveys & Investigations	January 2009	January 2009
Artistic/Business/Ops Plans	January 2009	Dec 2010
Design Development	January 2009	Sept 2009
Tender	Oct 2009	Dec 2009
Construction	Jan 2010	Dec 2010
Fit Out	Feb 2010	March 2011
Open	March 2011	March 2011

4.24 As part of the development process a full Equalities Impact Assessment will be carried out. This will encompass both internal Council EIA and an Access consultant working closely with the architects.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

Financial Implications

5.1 The estimated construction costs do not include any provision for exceptional site costs – however none are envisaged and the estimate does include a reasonable 10% (£148k) contingency and a fees contingency of £25k.

5.2 The current Granby Street rental is £26k per annum which will be saved. This saving can be used to fund the annual prudential borrowing costs of £25k as there will be no rental charge for the New Walk site.

5.3 Further detailed work is being carried out on the revenue implications, however variations from the current City Gallery budget will be contained within the existing Divisional budget.

Martin Judson, Head of Finance, Ext 297390

5.4 Legal Implications

The indicated funding from Arts Council England will be subject to certain terms and conditions. These will relate to (amongst other things) procurement, future dealing with the land, standards of design, sustainability and ongoing management of the facility. Breach of these terms and conditions could result in claw back of the grant.

- 5.5 The powers to provide an art gallery are contained in s12 of the Public Libraries and Museums Act 1964 and s145 of the Local Government Act 1972.

Jean Geary, Principal Contracts Officer, Ext 296357

6. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph references within the report
Equal Opportunities	Yes	4.24
Policy	Yes	4.15 - 4.21
Sustainable and Environmental	Yes	4.13
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	

7. RISK ASSESSMENT MATRIX

Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/appropriate)
Failure/delay in securing full funding package	M	H	Produce funding strategy and work closely with funders to secure result or scale down.
Arts Council Grant unsuccessful	L	M	Produce funding strategy and work closely with funders to secure result or scale down
Delays and costs of project over run	M	M	Costs to be monitored, updated and reported monthly. Ensure adequate contingency. Use of Prince 2 project management methodology

L – Low L – Low
M – Medium M – Medium
H - High H – High

8. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972

1st September – Replacement City Gallery

9. CONSULTATIONS

Focus Consultants
Marsh Grochowski Architects
Neil Gamble, Interim Director of Strategic Asset Management
Mark Noble, Chief Finance Officer
Martin Judson, Head of Finance
Jean Geary, Principal Contracts Officer

10. REPORT AUTHOR

Nick Gordon, Managing Curator Collections and Interpretation, ext 39 4100
Sarah Levitt, Head of Arts and Museums, ext 29 8912

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)