

<b>Report of:</b>	Executive Member for Culture and Communities Director of Regeneration and Culture
<b>Submitted to:</b>	Executive
<b>Date:</b>	10 May 2022
<b>Title:</b>	Cultural Capital Investment Prospectus
<b>Report for:</b>	Decision
<b>Status:</b>	Public
<b>Strategic priority:</b>	Culture
<b>Key decision:</b>	Yes
<b>Why:</b>	Decision(s) will incur expenditure or savings above £150,000
<b>Urgent:</b>	No
<b>Why:</b>	Not applicable

**Executive summary**

The purpose this report is to:

- brief the Executive Members on the Cultural Capital Investment Prospectus and Cultural Partnership; and
- gain support for the Cultural Development Fund (CDF).

It is proposed that the Executive:

- supports the development of Middlesbrough Cultural Partnership's plans for investment across the town; and
- approves that provided the holistic budget limit is not exceeded, that the Director of Regeneration and Director of Finance be delegated authority on all decisions pertaining to the delivery of the Cultural Development Fund, including:
  - entering into a funding agreement with Arts Council England;
  - procurement and contractual arrangements;
  - appointment of specialist advisors;
  - marketing and communications; and

- asset management and operations.

The recommendations are considered the only realistic option – the CDF specifies the projects and the outputs that are to be delivered on behalf of Arts Council England – the decision is whether the Council is to comply with the proposed Funding Agreement and its associated benefits and risks, or to reject the funding offer.

The principal implications are financial and legal in that the Council must fulfil its obligations to Arts Council England as per its Funding Agreement.

## **Purpose**

1. The purpose this report is to:
  - a. brief the Executive Members on the Cultural Capital Investment Prospectus and Cultural Partnership; and
  - b. gain support for the Cultural Development Fund.

## **Background and relevant information**

### *Middlesbrough Cultural Partnership*

2. Middlesbrough Cultural Partnership is a collective of arts, heritage and culture organisations, businesses and freelancers on a mission to 'Make Middlesbrough the Most Creative Town in the UK'. The partnership was established after the launch of Middlesbrough Council's Cultural Strategy in 2017. The partnership came together as a group of artists; arts and culture organisations; and, professionals to be a voice for creativity in Middlesbrough.
3. The Cultural Capital Investment Prospectus, developed by the partnership, is a live document which brings together the current opportunities for investment within the town's creative sector.
4. Through the delivery of these and other related projects, the partnership will contribute to the regeneration of Middlesbrough: improving the public realm; growing opportunities for cultural and creative engagement; strengthening the local infrastructure and economy; and adding to Middlesbrough's attractiveness as a place to live, work and visit.
5. The partnership held an online event on Monday 25<sup>th</sup> April to officially launch the prospectus to both internal and external stakeholders who will be instrumental to delivering the projects detailed in the prospectus.

### *Cultural Development Fund (CDF)*

6. The partnership worked collectively to bid to the Cultural Development Fund (CDF) for an investment of £4.25 million in the town. Organisations involved in the bid included Middlesbrough Council, MIMA, The Auxiliary, Middlesbrough Railway Station and Platform Arts. The partnership has successfully been awarded £4.25 million for this project from the Department for Culture, Media and Sport.
7. Feasibility studies for each organisation have been completed by consultants and a breakdown of the elements that the funding will cover for each of the respective organisations is tabulated overleaf.

<b>Central Library</b>
<ul style="list-style-type: none"> <li>• A new fully accessible fire proof passenger lift to all floors of the building.</li> <li>• Internal refurbishment of all library spaces and meeting rooms into a flexible learning family space - whilst maintaining heritage / original features.</li> <li>• Creation of a flexible new event space on the first floor.</li> <li>• New Maker Space pod and equipment.</li> <li>• Creation of a shared structure in garden area between the library and MIMA for use as an events space.</li> <li>• New accessible toilet / baby change – (funded by MBC capital.)</li> <li>• New reception desk/area relocated to a new space – (funded by MBC capital.)</li> </ul>
<b>MIMA</b>
<ul style="list-style-type: none"> <li>• Refurbishment of existing auditorium to create a new flexible archive and store with public access</li> </ul>
<b>The Auxiliary</b>
<ul style="list-style-type: none"> <li>• Extending their studios on Station Street – recladding of the warehouse and building of a mezzanine to use the full height for more studios and a gallery.</li> <li>• Installation of a lift in to make the building accessible.</li> <li>• Enhanced studio space and more open space in the downstairs of the building, possibly as use as a community hub, a small shop and a bar and food area.</li> <li>• All space will be flexible for different purposes.</li> </ul>
<b>Platform Arts</b>
<ul style="list-style-type: none"> <li>• Development of a print making workshop to enable group activity and sale of materials.</li> </ul>

8. Cultural regeneration is essential to our town and even more important due to the global pandemic and the improvements to the cultural facilities listed above will have a huge impact on our residents and the partnership considers that this could become a significant element of the recovery of the town.

### **What decision(s) are being recommended?**

That the Executive:

- supports the development of Middlesbrough Cultural Partnership’s plans for investment across the town; and
- approves that provided the holistic budget limit is not exceeded, that the Director of Regeneration and Director of Finance be delegated authority on all decisions pertaining to the delivery of the Cultural Development Fund, including:
  - entering into a funding agreement with Arts Council England;

- procurement and contractual arrangements;
- appointment of specialist advisors;
- marketing and communications; and
- asset management and operations.

**Rationale for the recommended decision(s)**

9. The funding has been secured to deliver significant improvements across the cultural provision of the town

**Other potential decision(s) and why these have not been recommended**

10. Other decision is to not accept the funding, it is not recommended due to the council applying for this funding

**Impact(s) of the recommended decision(s)**

***Legal***

11. The Council must enter into a Funding Agreement the grant terms of Arts Council England and partnership agreements must be in place with all partners.
12. If the funding is deemed to be in breach of the Subsidy Control Laws at some point in the future, the Council will be required to pay it all back. Therefore the partnership agreements will mirror this. However, there is the risk that some SME's partners will not be in the position to agree to these terms this. The assessment of Legal Services is that this is an unlikely risk.
13. Arts Council England will need security over Carnegie (Central) Library, MIMA and the Auxiliary in the form of deeds of covenant with restriction on title over the freehold for 20 years.

***Strategic priorities and risks***

Risk No.	Risk Description	Impact on the risk
O1-050	A continuing national decline in the retailing environment has the potential to manifest further in Middlesbrough's town centre. The withdrawal of major retail brands has the potential to damage Middlesbrough's local economy in terms of business growth / turnover; employment opportunities for Middlesbrough residents; and, the appeal of Middlesbrough as an investor / visitor attraction.	The Middlesbrough Cultural Partnership have gained the funding to develop existing and new attractions for visitors to Middlesbrough so this will have a positive impact on this risk.

<b>Risk No.</b>	<b>Risk Description</b>	<b>Impact on the risk</b>
O1-005	If poor economic growth occurs, then this will reduce public and private sector investment in the town, including town centre retail, housing development and business.	By enhancing the visitor attractions within Middlesbrough this will have a positive impact on the area and should support growth and help the town recover so this will have a positive impact on this risk.
O1-064	If the funding for events and the capacity within the Events Team is not addressed then this may lead to the Council being unable to expand its programme of festivals and events resulting in the cultural profile of Middlesbrough not being increased and not achieving exposure that comes with a successful festival and cultural programme.	By securing the £4.25M from the Department for Culture Media and Sport this will provide more accessible areas to enable events to take place and should achieve greater exposure of the cultural programme available so this so this will have a positive impact on this risk.
O8-008	If effective partnership working is not achieved, then this will reduce the Council's ability to deliver strategic priorities and key services, resulting in reduced outcomes for local communities.	The Middlesbrough Cultural Partnership have worked collectively to bid for funding and have been successfully been awarded £4.25M in funding to enhance the areas cultural and visitor attraction so this has had a positive impact on this risk.
O2-027	Failure of the Cultural Strategy to raise the role of culture in proactively underpinning the town's strategic city centre aspirations.	The funding received from the Department of Culture Media and Sport will support the town's strategic city centre aspirations and will raise the profile of the Council's Cultural Strategy so this will have a positive impact on this risk.

### ***Human Rights, Equality and Data Protection***

14. No protected groups would be affected by the decision

### ***Financial***

15. The total project cost is £4.673m with match funding of £83,000 being provided by the University Of Teesside and £340,000 provided by the Council. The Council's match funding is identified within the current Investment Strategy with £250,000 coming from the Future High Street Funds grant and a further £90,000 from Council resources. As such, no additional funding is being requested.

16. The capital works on the Central Library will not result in any ongoing revenue commitments.
17. The capital element of the grant will be provided to the Council and partners through staged payments based on the successful completion of stated milestones. This presents an issue with one of the partners, which does not have sufficient funds to pay for its works and be reimbursed at a later date. In order for the partner to benefit from the grant it is proposed that the Council will act as the payee of its invoices. This presents issues in respect of both cash-flow and exposure to risk.
18. The partner's element of the grant is £975,000. On review of the programme of works and comparing to the Arts Council England's staged payment schedule, it is estimated that the Council would be required to fund a maximum of £430,000 of the partner's costs at any given point prior to the grant being released.
19. Other than treasury management, the risks to the Council are associated with the organisation complying with the grant conditions at all times to ensure that expenditure incurred is deemed eligible by the awarding body. To ensure that this is achieved, the Council will take overall control of project management, which will include the verification of contracts awarded to safeguard against ineligible expenditure, non-compliance in terms of procurement and any other issues that would expose the Council to financial risk.

### **Actions to be taken to implement the recommended decision(s)**

<b>Action</b>	<b>Responsible Officer</b>	<b>Deadline</b>
Appendix 1 sets out the actions required by the Arts Council England Funding Agreement.	Geoff Field, Director of Environment (Project Sponsor)	October 2024

### **Appendices**

<b>1</b>	Actions required by the Arts Council England Funding Agreement
<b>2</b>	Cultural Development Fund summary
<b>3</b>	Equality Impact Assessment

### **Background papers**

No background papers were used in the preparation of this report.

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