

To Mr. Mike Hill, Cabinet Member for Community Services.
By: Amanda Honey, Managing Director, Communities
Subject: Turner Contemporary Grant Agreement
Classification: Unrestricted

Summary: This report seeks to give the Managing Director of Communities, in consultation with the Cabinet Member for Community Services, delegated authority to enter into a grant agreement in relation to the activities associated with operating Turner Contemporary from 1st April 2010

1.0 Background

- 1.1 Construction work on the Turner Contemporary gallery ('the Gallery') is progressing well and preparation for the future operation of the organisation is underway. It is proposed that the operational responsibility for the Gallery will be transferred to an independent charitable trust through the lease of the building and an annual grant towards the operating cost.
- 1.2 The County Council is responsible for the construction of the Gallery, and upon completion, will lease the Gallery to an independent charitable trust at a peppercorn rent, whilst ensuring that it receives no consideration on the lease (decision number 09/01359). The lease will be shared with HMRC for review to ensure that it is a non business transaction so that the VAT on the construction is not counted in KCC's partial exemption determination.
- 1.3 The funding which KCC intends to provide to the trust will be a voluntary arrangement via a grant. This will be subject to final confirmation from HMRC regarding the VAT status of the agreement.
- 1.4 The Turner Contemporary Trust the ('Trust'), a charitable company limited by guarantee, has been established. The Trust is fully operational and is working towards the transfer of operational responsibility from KCC on 1 April 2010.
- 1.5 The Trust will assume operational responsibility for all operational activities of Turner Contemporary, which will include the delivery of a public programme of exhibitions, new commissions, talks and events, learning and outreach work.

2.0 Grant Agreement

- 2.1 The grant agreement will set out the arrangements for managing the annual grant, the conditions under which the grant is paid and the performance monitoring arrangements.

- 2.2 KCC's financial contribution to Turner Contemporary will partly cover the operational activities and running costs of the organisation.
- 2.3 It is our intention that the grant agreement will become effective from 1st April 2010; the point at which operational responsibility for Turner Contemporary is transferred out of the County Council and at which it is no longer a business unit of the authority.
- 2.4 The grant agreement will be managed by the Arts Development Unit (ADU), within the Communities Directorate. The ADU will be responsible for administering financial payments, monitoring performance and adherence to the terms of the funding agreement.
- 2.5 It is anticipated that the Trust will also receive funding through an annual contribution from Arts Council England, contributions from schools, sponsorship, grants, donations, and earned income. It is our longer term aspiration that the Trust will also receive income from the commercial/residential development of the remainder of the Rendezvous site.

3.0 Resource Implications

- 3.1 Provision has been made within the draft annual KCC budget and Medium Term Plan to enter into a grant agreement to support the operation of Turner Contemporary. The total revenue budget for Turner Contemporary within the ADU budget is £806.4k. This represents an increase of £16.4k on 2009/10. In addition we are planning to receive £285k per annum of income from the investment of the settlement received on the original gallery to supplement the budget.
- 3.2 In 2010/11, £1,091k from the overall budget is available to pay the Trust through the funding agreement. This funding will be reviewed annually and will be subject to an inflationary increase agreed by the County Council at the time the budget is set.
- 3.3 The grant agreement will confirm the arrangements under which the £1m Turner Contemporary contingency fund can be accessed (decision number 08/01233). The contingency fund, a fund which KCC has resolved to set aside from its general reserves for a period of 10 years, can be accessed under specified exceptional circumstances only.
- 3.3 In the future the County Council aims to decrease the annual funding to Turner Contemporary once the organisation has secured other funding sources and is in a more secure financial position.

4.0 Conclusion

- 4.1 The grant agreement is the mechanism through which the County Council will fund the operating activities of Turner Contemporary. Ongoing monitoring and review arrangements will be put in place to

ensure the quality of the service and outcomes being delivered by Turner Contemporary.

5. Recommendation

- 5.1 Taking into account the general terms set out in this report, the Cabinet Member for Community Services is asked to delegate authority to the Managing Director of Communities to negotiate and sign on behalf of the County Council, in consultation with the Cabinet Member for Community Services, a grant agreement to support the activities associated with operating Turner Contemporary from 1 April 2010.

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