

# The Proposed Governance Structure and Revenue Funding Sources

Southampton City Council Freeholder



Development Agreement, incorporating a Licence to build, followed by a 999 year lease at £1 pa to

Grosvenor Leaseholder



Grant 999 year Lease (less 15 days) back of Arts Shell at £1pa to

Southampton City Council



Grant 40 year lease (to tie in with Arts Council Grant) at £10,000pa to

**Southampton Arts Complex Community Interest Company**  
Formerly (Holding Company)  
 (limited by shares).  
 Non charity.  
 Joint university/SCC membership with neither to have controlling share.  
 Possible 3<sup>rd</sup> party with limited rights to resolve disputes  
Company function:  
 To take head lease from SCC.  
 To manage service charge, rent collection and payment. To undertake all service contracts for arts complex building (eg lifts service contracts)  
 To maintain premises infrastructure.



40 year Sub Lease (less 15 days) at £10,000 pa to

**Operating Company**  
 (a charitable company limited by guarantee).  
 Will provide Leadership for the overall arts complex and manage the performing arts offer.  
 To be sub-contracted to take on HC administrative/operational matters relating to maintenance, rent and service charge allocation



40 year Sub Under Leases (less 30 days)

City Eye

University of Southampton for the John Hansard Gallery

Revenue Funding Sources

Income from tenants including operating company which must cover all costs including rental to SCC and service charges.  
 Potential for SCC to commit net rent income and University to match fund for HC to use as working capital (any surplus/profit to be used for benefit of arts complex tenants)

Revenue Funding Sources

SCC grant funding and ACE grant funding plus income from ticket sales, café revenue

Any tenant breaks within Sub Lease and Sub Under Leases not before 10 years – to give comfort with regards to VAT position

Revenue Funding Sources

SCC funding input plus income from projects and project grants

Revenue Funding Sources

ACE funding input plus university funding and income generating activities