

BUDGET & PERFORMANCE PANEL

29th April 2008

Dukes Theatre

Report of the Head of Cultural Services

PURPOSE OF REPORT

To provide the Panel with background information in respect of the Dukes Theatre.

This report is public

RECOMMENDATIONS

(1) That the Panel note the report.

1.0 Introduction

1.1 In December 2007, the Head of Cultural Services submitted a report to Cabinet outlining a Revised Business Model for the Dukes Theatre. The situation arose from notification given by Arts Council England, North West (ACE - NW) of a reduction in revenue funding with effect from 2008/2009. The above was taken within a context of a funding review by Art Council England (ACE) to reflect their own position with regards to the impact of the Government's Comprehensive Spending Review (CSR) and a benchmarking evaluation by ACE – NW of Theatre funding support. The report went on to explain the funding arrangements for the Dukes Theatre, as well as options available to Cabinet, which included;-

- To reduce or withdraw the City Council's funding support to the Dukes Theatre.
- To continue supporting the Dukes Theatre's transition to a Revised Business Model.

1.2 Ultimately, at its meeting on the 11th December 2007, Cabinet resolved;-

- (1) That Cabinet note the progress with respect to the Dukes Theatre Revised Business Model.
- (2) That the City Council, via the Officer Development Team, continues to support the Dukes Theatre's transition to a Revised Business Model.

2.0 Current position

2.1 The primary revenue funders are;- Arts Council England (ACE), Lancashire County Council, Lancaster City Council, and North West Vision. In 2007/2008, out of a total income budget of £1,387,700 (based on the Dukes Business Plan), those funding contributions amounted to;-

• Arts Council England (ACE)	£521,400
• Lancashire County Council	£171,600
• Lancaster City Council	£162,300
• North West Vision	<u>£ 18,000</u>
Total	£873,300

2.2 In response to the above the Dukes Theatre appointed a Change Project Team from among its Board of Trustee, supported by specialist consultants, management and staff from within the Dukes, and input from its primary funders (ACE, Lancashire County Council & Lancaster City Council).

2.3 Following the announcement by ACE, the position of the other two funding support organisations (i.e., Lancashire County Council and North West Vision) is that for 2008/2009, both declared their respective revenue support at the current level plus inflation.

2.4 For Lancaster City Council, the 2007/208 funding allocation of £162,300 to the Dukes is made up of £13,500 rent and £148,800 revenue support. The latter is subject to a Service Level Agreement, aligned to the Cultural Services Business Plan and the Council's Corporate Objectives (see Appendix A attached).

2.5 The impact of the above on the Dukes Theatre and the challenges arising are significant.

Background;-

- 50% reduction in Arts Council England (ACE) funding

Summary:-

- Change Project Team – supported by funders (ACE, Lancashire County Council & Lancaster City Council)
- New Business Model;-
 - Governance & Management (Leadership)
 - Staffing
 - Business & Marketing Plans
 - Activity
 - Audience
 - Premise – capital works

2.6 In terms of governance the Dukes Theatre has reviewed and revised its Board membership, with the appointment of a new Chair and governors with a background in finance and business skills. The Dukes Theatre is currently constituted as a Joint Local Authority Controlled Company (under the terms of the Local Government & Housing Act 1989), with the current City Council and County Council combined representation accounting for more than 50% of the overall board numbers.

2.7 Since the period of the Cabinet report presented in December 2007, the Dukes Board have appointed a new Chief Executive – Mr Joe Sumpson. Mr Sumpson will be present at the Budget and Performance Panel and will give Members a brief presentation on the Dukes Theatre and be available to respond to any questions.

2.8 The Dukes Theatre's Business and Marketing Plan reflects a new model of delivery for the organisation in terms of Activity and Audience;-

Business/Marketing Plan

- Earning more at the Box Office through increased levels of activity
- Earning more from the creative learning programme and projects
- Attracting new projects and programme funds
- Earning more ancillary income from advertising and rentals
- Recovering costs from other users of Dukes facilities
- Reducing expenditure – reducing direct production costs, reducing staffing levels, operational costs and marketing costs
- Adopting a more commercial approach

New Model of Activity/Audience

- Extended and diversified programme including music
- Extended partnerships
- Continuation of Park and Christmas shows
- Season of produced work in a refreshed studio
- Extended engagement of people throughout Lancashire
- New audiences

2.9 The revised business model has also highlighted to the Change Project Team how the physical configuration of the Dukes limits audience capacity within the venue. As a result of the internal layout, the main auditorium and the studio cannot operate concurrently, which clearly impacts on the Dukes' income generation.

2.10 As part of the revised business model the Change Project Team commissioned a specialist theatre architect to undertake a venue remodelling appraisal as part of the business plan.

2.11 The outcome of the above is scheme that would allow;-

- Remodelling of the Studio
- Sound separation between the Studio and the End Stage Auditorium

2.12 Following consultation with the other two primary revenue funders (ACE, and Lancashire County Council), the above has been the subject of a Development Team meeting (comprising Officers from;- Cultural Services, Property Services, Economic Development & Tourism Services, and Planning Services/Building Control) who advised on technical, professional and external funding issues. The Change Project Team sought and secured external funding in respect of the project development cost.

2.13 In aligning the above to the Revised Business Model (including Business Plan) the Change Project Team timetabled the remodelling capital works as follows;-

- October/December – short-term project development

- February/May – installation/construction period
- July – work to be completed for Dukes to check operations
- September – open to the public

2.14 The above is seen as a short/medium-term project and does not affect any long-term proposals that may or may not emerge as a consequence of the Centros Miller development proposals.

3.0 Conclusion

3.1 The Panel is asked to receive the report and to satisfy themselves that the financial assistance provided offers value for money and has been expended in contributing to Lancaster City Council's Corporate Priorities.

SECTION 151 OFFICER'S COMMENTS	
The S151 Officer has been consulted and has no further comment.	
MONITORING OFFICER'S COMMENTS	
The Monitoring Officer has been consulted and has no further comment.	
BACKGROUND PAPERS Current Service Level Agreement with Dukes Theatre	Contact Officer: David Owen Telephone: 01524 582820 E-mail: downen@lancaster.gov.uk Ref: DO/HCS