

CABINET

Request from the Grand Theatre for Grant Support 11th March 2014

Report of Chief Officers Resources and Regeneration & Planning

PURPOSE OF REPORT			
To consider a request for financial support from the Grand Theatre in connection with their lease of City Council land.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/> Referral from Cabinet Member
Date of notice of forthcoming key decision	N/A		
This report is public.			

OFFICER RECOMMENDATIONS:

- (1) That Cabinet notes the request from the Grand Theatre attached at Appendix 1 and indicates whether any further consideration be given to the matter, having regard to the issues raised in the report.

1.0 Introduction

- 1.1 On 3rd January 2014 a representative of the Board for Lancaster Footlights submitted a letter to the Council informing of their development proposals for the Grand Theatre and requesting financial help in supporting the future of the theatre. This letter is attached to this report at **Appendix 1**.

2.0 Proposal Details

- 2.1 The Grand Theatre currently leases from the City Council a piece of land adjacent to the theatre, for use as a car park. Records show that the original lease commenced on 01 July 1980 and currently the Grand pays £2,860 p.a. in rent (excluding VAT). The lease run is based on a three year lease negotiated in 2005 and has been renewed on a yearly basis since. It is Landlord and Tenant Act protected but is not renewed for longer periods because this same area of land is also included in the Council's Development Agreement with British Land/Centros and a plan of the area is attached to this report at **Appendix 2**.

- 2.2 The Grand Theatre is planning to extend the theatre by adding a two storey

extension to the side elevation on the site of the car park currently owned by the theatre. This extension would provide additional front of house space for the audience, bar facilities and access to the box office. If and when completed, this extension would no doubt place a greater importance on the area of car park currently leased from the Council.

- 2.3 The Grand Theatre is seeking grants to allow the completion of the project. Partly linked to this the Grand's Board is now requesting financial assistance from the Council equivalent to the cost of their lease for the car park, this being £2,900 p.a. (subject to confirmation of the Grand's VAT status).
- 2.4 The form of the Grand's request is expressed in two alternative ways, which are expanded on below:

Lease to be based on peppercorn rent:

The Council operates a policy of charging market rents. In line with this, a peppercorn rent would only be appropriate if a market based lease premium was to be paid at the commencement of any new lease term, and that does not fit with the Grand's request. Furthermore, typically peppercorn rents apply to very long leases (the rent being a way to help maintain a formal landlord and tenant relationship) but the Council is constrained by the Canal Corridor development agreement that is in already place. For these reasons, the granting of a lease on a peppercorn rent is inappropriate and therefore it has been discounted as a viable option.

Annual grant award to cover rent costs:

The Council has the power to award grants to organisations, but in doing so it must consider various matters to ensure that any award is lawful, representing value for money for the district's local tax payers as a whole. Key considerations are outlined below, in addition to considering the amount of the request and also its financing. Options for the latter are outlined within the Financial Implications towards the end of this report.

Purpose of any grant award:

Although the request makes reference to the Grand's plans for expansion and recognition of its significant role in the arts provision in the city, there is no detail provided on what any grant would be used for, and/or what the organisation's current and expected financial position is.

Openness and Fairness:

Although the Council currently provides grants to other arts and cultural organisations, it is committed to moving to a commissioning basis, to ensure fairness, openness and transparency. At that time, the Grand would have the opportunity to bid for any services and activities being commissioned.

Length of any grant award:

Practically, any grant aid could run until the canal corridor development proposals are implemented, and this makes it difficult to

predict the cumulative financial impact to the Council. For the purposes of the Grand's request, a reasonable assumption may be that potentially, any grant awarded could run until the longstop date of the canal corridor development agreement. Should Cabinet wish to pursue further the Grand's request in some way, however, Officers would advise Members to consider an annual review, to fit with the current lease review process or eventually the commissioning approach as mentioned above. In the event that the Canal Corridor redevelopment did not go ahead, the clearly the Council would need to reconsider its position.

2.5 In view of the above points, if Cabinet is minded to consider the provision of financial support to the Grand, this would need to be in the form of a grant but more information would be required and this is reflected in the options presented below.

2.6 In addition to the request for financial assistance, the Grand's Board have raised a number of other issues regarding the proposed British Land / Centros development. However, these are detailed issues that can only be resolved as the canal corridor scheme develops. Suffice to say that British Land / Centros are well aware of all of the issues in the letter and Officers will clarify the current position with the Grand's Board members.

3.0 Details of Consultation

3.1 No consultation has been necessary.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Consider further the request for grant support to the Grand Theatre and seek further information in support.	Option 2: Do not consider further the provision of grant support to the Grand Theatre.
Advantages	May provide an opportunity to support the Grand Theatre and their development proposals.	Avoids extra cost pressures for the Council at a time of increasing budgetary pressure. Reduces the likelihood of a future conflict of interest with the canal corridor redevelopment.
Disadvantages	Involves extra resources (officer time) and potential extra cost to the Council at a time of increasing budgetary pressure.	A missed opportunity to financially support the Grand Theatre.
Risks	May raise expectations. Cost and value for money uncertainties. Runs contra to aims for	Could be perceived as showing a lack of support for a well known cultural facility in the area (and also a lack of fairness).

	<p>moving to a commissioning approach.</p> <p>Could lead to other similar applications for grant aid, or perceived unfairness.</p>	
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5.0 Conclusion

- 5.1 A successful Grand Theatre benefits the District in artistic, cultural, regeneration and community development terms. In reputational terms it is probably one of our strongest attractions. It is also a key element in the Canal Corridor scheme. There may be case for providing support the Grand Theatre, but the full pros and cons for any case are not known.
- 5.2 There are, however, other such operations within the district that could also make a case for assistance. There is also potential for the aspirations of The Grand Theatre to conflict with the proposals contained within the Development Agreement entered into with British Land/Centros. Therefore, consideration must be given as to the appropriateness of such assistance should a conflict of interest arise that is detrimental to these regeneration proposals.
- 5.3 It is necessary for Cabinet to balance these matters along with the implications of reducing income at a time of increasing budgetary pressure, in deciding whether to take this matter any further. If a decision is made to progress the request, a further report would be produced for Cabinet to complete its decision-making.

RELATIONSHIP TO POLICY FRAMEWORK

It is identified as a key part of the Canal Corridor scheme in the adopted Local Plan

It is linked to the Cultural Heritage Strategy, as a successful Grand Theatre benefits the District in artistic, cultural, regeneration and community development terms

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

No impact on the above.

LEGAL IMPLICATIONS

It is entirely at the discretion of members whether grant assistance is provided for this purpose, to this organisation. In terms of the inter- relationship between any lease of the car park that maybe granted to the Grand Theatre and the development agreement, there is insufficient information for Legal Services to give an opinion on any legal implications.

FINANCIAL IMPLICATIONS

Should the decision be made ultimately to offer grant aid to the Grand Theatre there will be an additional cost to the Council, of approaching £2,900 each year, for as many years as grant is awarded.

Potentially, this may be financed through either the arts development budget or the Performance Reward Grant Reserve (from the £15K allocated for voluntary sector initiatives). If Cabinet decides to consider the request further, then exact financing options would be presented.

OTHER RESOURCE IMPLICATIONS

Property:

As set out in the report.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has contributed to the production of this report. She advises Cabinet to consider carefully the considerations outlined in this report in reaching any decision.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and her comments included in the report.

BACKGROUND PAPERS

NONE

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