

## Lancaster Grand Theatre Finances put into Context following the request from the Cabinet Meeting on 11<sup>th</sup> March 2014

The reason behind the request to the theatre for more information arose from the request by the Grand Theatre for financial support in connection with the lease from the City Council of £3432 (£2860 + VAT as the Grand is not VAT registered) to rent the small car park used by theatre volunteers and staff..

### 1. Background to the current financial year.

- After all non- recurring items had been taken out, the 2012-13 financial year produced a small underlying trading surplus of £7K with operating costs of £249K.
- Since the 2012-13 year end, there have been two long term and ongoing changes to the theatre income and expenditure streams which reduce any surplus by £16K. In addition, following the national trend felt by all theatres, seat sales have fallen in the current year. Analysis of figures to date show the drop to be around 11% compared to last year. This reduces the bottom line even further by £11K which, with other minor changes reduced predicted profits by around £30K to a potential loss of £23K, completely swamping last year's surplus of £7K.
- Predicting it was likely to be a difficult year, cost reduction measures were put in place at the beginning of the financial year in an attempt to avoid making a loss, with a target cost reduction of £20K. However, as the year has progressed, even if these cost reductions are fully realizable, the year to date indicates that the theatre is still heading for a loss of around £5K.

### 2. City Council car parking - revenues arising directly out of Grand Theatre performances.

- The St Leonardgate and other public car parks, adjacent to the theatre, were used by customers for all the 145 nights of performances at the Grand last year. In total, 37,797 seats were sold.
- If all visiting customers travelled on average three to a car (the average size of our bookings), there would have been 12,500 cars parked in city car parks over the year. At £1-40 per car, that would have produced a potential income to the council of £17,500. However, in reality not all customers come by car so if it assumed that only half of them came in private cars, the income generated would still have been £8750. (There is additional car parking revenue from some customers who travel into town well before the show, pay to park, get a meal and then pay the £1-40 evening parking as well).
- Putting the size of the request into context, £3432 is the equivalent revenue to 2451 cars parked on city car parks in the evening over the year which equates to 17 cars parked per performance. There is absolutely no doubt that this is well below the actual theatre car parking levels and it is clear therefore that the income generated for the city by the shows at the Grand is probably nearer the £8750 above, significantly above the £3432 requested.

Mike Hardy

Chairman of Footlights