

# CABINET

## Request from the Grand Theatre for grant support 20 January 2015

### Report of Chief Officer Regeneration & Planning

PURPOSE OF REPORT				
To decide whether to offer the Grand Theatre grant support towards long term maintenance costs of this Grade II listed theatre.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Cabinet Member
Date of notice of forthcoming key decision	N/A			
This report is public				

#### RECOMMENDATIONS OF COUNCILLOR SANDS

- (1) Cabinet considers whether or not to provide the Grand Theatre with a one-off grant totalling £15K in 2014/15 to cover the cost of the Grand Theatre's priority (non-routine) maintenance programme over a two year period

#### 1.0 Introduction

- 1.1 On 18<sup>th</sup> June 2014 Overview and Scrutiny Committee asked that the request from the Grand Theatre for financial support be referred back to Cabinet. On 24<sup>th</sup> June 2014 Cabinet requested that The Grand Theatre supply their most recent accounts, and in order for Cabinet to reconsider its original decision not to provide grant support, the Grand Theatre was also requested to provide a business case (attached) detailing why they require grant support, specifying the exact amount of money required and for what period of time. Although the Grand Theatre originally requested an annual grant of £4,000 as part of their business case, following consideration of all relevant information and further discussion with the Grand Theatre the recommendation of this report is to offer a one-off grant of £15K.
- 1.2 The Grand Theatre is one of the oldest theatres in England and the third oldest in Britain, it has been in near continuous use since 1782. It's located in the city centre and has a seating capacity of 457, arranged in stalls and a circle. The Grand Theatre provides a mixed programme of both amateur and professional acts including drama, dance, music and comedy. In 2013/14 the theatre sold 35,000 tickets for shows.

- 1.3 Although the Grand Theatre supplied some of the information requested by Cabinet, at that time the most recent audited accounts were 2012/13. In addition to this the attached business case raised more questions. With this in mind Officers requested a meeting with the Grand Theatre in order to clarify a number of points. The Grand Theatre have now had time to submit their most recent audited accounts for 2013/14.
- 1.4 Officers note that despite implementing a cost reduction programme during 2013/14 the Grand Theatre reported an operating deficit of £12K within its annual accounts for the same period and has had to draw upon its reserves in order to meet its operating costs (including its ongoing maintenance programme). To cover emergencies and in-year operational shortfalls, the Grand Theatre has a policy to maintain a minimum operational reserve of £20K. Their reserve has reduced to £23K for the period ending 30<sup>th</sup> April 2014, meaning that in the short term at least, the Grand Theatre doesn't have adequate financial resources in place to fund its urgent non-routine maintenance programme, leading to potential Health & Safety implications or further decline of income generation.
- 1.5 The Grand Theatre's operating costs have increased for a number of reasons such as a reduction in bar income due to the need to contract out the bar operation as volunteers could no longer be found to undertake this work, the same issue applied to several other posts that had previously been filled by volunteers but now required paid staff. Ticket income was also down by just over 11% in 2013/14 when compared to the previous year, although the Grand Theatre have stated that ticket income for the current year (2014/15) seems to have improved, although no evidence has been provided to confirm this position.
- 1.6 It should be noted that The Grand Theatre has longer term plans to improve the entrance/foyer of the Theatre which would provide them with a larger and potentially more profitable bar/cafe area and a moderate sized studio/meeting room. The Grand Theatre believe that this could provide the additional income that would allow them to operate without the need for further City Council support. The Grand Theatre has secured £150,000 towards this ambitious project that could cost circa £1,000,000. The Grand Theatre has also been successful in securing a couple of small grants to purchase replacement equipment.
- 1.7 The Grand Theatre has attempted to undertake temporary repairs to various parts of the Grade II listed building however these are short term measures and not all areas can be easily reached without incurring significant costs e.g. repairs to ventilation towers on the roof. Following advice from Officers a more detailed maintenance programme has now been provided that shows what work is required over the next two year period and details of temporary repairs versus the cost of full repairs (for the purpose of demonstrating whether value for money is being achieved). It is re-iterated that the Grand Theatre has only submitted a spending plan for its most urgent priorities.
- 1.8 On 2<sup>nd</sup> September 2014 Cabinet received a report from Chief Officer (Regeneration & Planning) which advised on the proposed means of managing the Council's funding for the Arts in the district, in line with Corporate Plan priorities. Cabinet agreed a number of resolutions including

that commissioning for the Council's investment in arts provision in the district is implemented by April 2017, subject to budget and resource requirements.

- 1.9 The Council does not currently operate a grant scheme whereby the Grand Theatre could apply for financial support, although the implementation of commissioning for the Council's investment in the arts could provide such an opportunity in the future.

## 2.0 Proposal Details

- 2.1 Due to the recent change in financial circumstances at the Grand Theatre highlighted in the business case, the Grand Theatre is now having difficulty covering its immediate non-routine maintenance costs of the building. The majority of which have potential Health and Safety implications as well as ongoing implications for ensuring future income generation doesn't further decline. The Grand Theatre has listed the work required and estimated these costs to be in the region of £15K. To summarise here, however, the works mainly consist of stage scenery loading doors plating, props external door replacement, stalls ventilation tower louvers, replacement façade tiles, fitting a RCD safety socket on the side of the stage, new fire doors, fitting heat detectors to the roof of the stage tower, replacement of damaged staircase from stalls to stage, full replacement of seat arms and replacement of corroded grills over the boiler flues.

## 3.0 Details of Consultation

- 3.1 No further consultation has been necessary.

## 4.0 Options and Options Analysis (including risk assessment)

	<b>Option 1:</b> Provide grant support to the Grand Theatre	<b>Option 2:</b> Do not provide grant support to the Grand Theatre
Advantages	<p>Supports the Grand Theatre and places the theatre on a more secure short term financial footing.</p> <p>Protects an important grade II list building.</p> <p>Supports an important attraction in the centre of Lancaster that contributes to the night-time and visitor economy</p>	<p>No further call on City Council Resources at a time of increasing budgetary pressure.</p> <p>May help or encourage financial independence.</p> <p>Could have a negative impact of the city's night-time and visitor economy</p>
Disadvantages	<p>The grant has not been budgeted for at a time of increasing budgetary pressure, although can be funded from 2014/15 corporate underspends identified during the budget process.</p>	<p>A missed opportunity to financially support the Grand Theatre.</p> <p>A grade II listed building could fall into further disrepair resulting in increasing maintenance/repair costs over the medium to longer term.</p>

Risks	Could lead to other similar applications for grant aid, or perceived unfairness.	Could be perceived as showing a lack of support for a well known cultural facility in the area.

## 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. However, providing grant support for the Grand Theatre would also put further pressure on the Council's resources, albeit only in the short term if given as a one-off award.

### RELATIONSHIP TO POLICY FRAMEWORK

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

It contributes 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

Legal Services will assist in drafting the terms and conditions of grant, which will ensure that it is used for the purposes as set out in the report

### FINANCIAL IMPLICATIONS

The Grand has now provided its accounts for the period ending 30<sup>th</sup> April 2014 and as set out within the body of the report it is clearly struggling to cover its in year operating costs, in the immediate short term at least, hence the request for grant assistance. It is not possible to comment on its ongoing medium to longer term viability at this stage, however, as this will to some extent depend on the outcome of the Canal Corridor North site as well as reviewing its own business planning to operate more effectively / generate more income, etc.

Should Members be minded to support Option 1, there will be an additional one-off cost to the City Council totalling £15K during 2014/15, although this could potentially be funded from other savings identified during the current budget process (see also the Budget & Policy Framework Update 2015/16 item elsewhere on the agenda).

As referred to within the main body of the report, the Grand has provided a list of the works needed and their estimated costs over the forthcoming two year period and this is summarised in the following table:

	<b>Works Type</b>	<b>Estimated Costs £</b>
1	Stage Scenery Doors	700
2	Props External Door Replacement	600
3	Stalls Ventilation Tower Louvres	5,000
4	Façade Tiles	200
5	Fitting of RCD Socket on Stage Side	600
6	Replace Dressing Room Doors with Fire Doors	3000
7	Fit Heat Detectors to Stage Tower Roof	500
8	Replace Corroded Protective Boiler Flue Grills	200
9	Replace Damaged Staircase (Stalls to Stage Right Door)	500
10	Replace all Seat Arm Fixings	3,000
11	Installation of Cat. 5 Cables (for monitoring purposes)	700
	<b>Total Works</b>	<b>15,000</b>

As the works form part of the Grand's normal operations, it is recommended that if Option 1 is preferred then the grant be awarded as a one-off grant in 2014/15 for the general purpose of covering urgent repair and maintenance works. As the grant award exceeds £10k, then the Council will automatically request the Grand's annual accounts for each year as part of its normal year end accounting procedures to ensure that the grant has been spent for its intended purpose. Any implications arising from the management of administering the grant required by the Council, therefore, will be minimal and can be met from within existing staff resources.

For future years and as has been highlighted previously, the Grand Theatre and any other such organisations will be advised that in future, from 2017/18 onwards, the provision of any funding will be considered as part of the Council's commissioning framework for investment in the arts.

#### **OTHER RESOURCE IMPLICATIONS**

None

#### **SECTION 151 OFFICER'S COMMENTS**

Section 151 Officer consulted and has no further comments

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments

**BACKGROUND PAPERS**

None

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