

Corporate and Social Inclusion Select Committee

Review of Theatre Subsidy



November 2007

Corporate and Social Inclusion Select Committee
Stockton-on-Tees Borough Council
Municipal Buildings
Church Road
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Appendices:

Appendix 1 – Comparison of programmes with other theatres

Appendix 2 – Key Provisions from the current contract (Available on Request - Not for publication by virtue of paragraph 3 of Schedule 12A to the Local Government Act 1972)

Appendix 3 – Comparison of subsidy levels with other theatres (Available on Request - Not for publication by virtue of paragraph 3 of Schedule 12A to the Local Government Act 1972)

Appendix 4 – Submissions from Riverside Promotions (Available on Request - Not for publication by virtue of paragraph 3 of Schedule 12A to the Local Government Act 1972)

SELECT COMMITTEE – MEMBERSHIP

Councillor David Coleman (Chair)
Councillor Mick Womphrey (Vice-Chair)

Councillor Mrs Ann Gains
Councillor Mick Eddy
Councillor Andrew Larkin
Councillor Roy Rix
Councillor Aidan Cockerill
Councillor Mrs Suzanne Fletcher
Councillor Jean O'Donnell

ACKNOWLEDGEMENTS

The Committee thank the following contributors to this review.

- Steve Chaytor, Managing Director, Tees Active Ltd
- Reuben Kench, Head of Arts and Culture, Stockton Borough Council
- David New, Senior Finance Manager, Stockton Borough Council
- John Davey, Managing Director, Riverside Promotions
- Derek Cooper, Theatre Manager, Riverside Promotions

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Foreword

On behalf of the Corporate and Social Inclusion Select Committee, I am pleased to present the final report of our review of theatre subsidy.

The topic was identified as it was felt that there was a need to ensure that the subsidy for the running of the theatre represented value for money and timely because the future of the Forum building was under review.

From the early stages of the review, it became apparent that any recommendations on the long term strategy for the operation of the theatre were dependant on decisions regarding the future of the Forum Building. The Committee also acknowledged the difficulties experienced by the current contractor owing to the uncertainties regarding the Forum Building and the short term extensions of the contract.

Overall, the Committee concluded that the current subsidy level represented value for money and that the current contractor had achieved a balanced programme of entertainment. However, the Committee felt that there was room to develop and improve the programme offer.

I would particularly like to thank John Davey and Derek Cooper of Riverside Promotions, for their co-operation and invaluable input into the review and commend the Committee's recommendations to you which I trust will assist in the development of a long term contract and strategy for the future operation of the theatre.

Councillor David Coleman
Chair – Corporate and Social Inclusion Select Committee



Original Brief

1. Which of our strategic corporate objectives does this topic address?

Extend the range and quality of opportunities for people to experience culture and leisure. Improve operational efficiency.

2. What are the main issues?

Is a £240,000 pa subsidy to Billingham Forum Theatre good value?

3. The Thematic Select Committee's overall aim/ objectives in doing this work is:

Establish whether the subsidy is justified and whether it is at an appropriate level

4. The possible outputs/outcomes are:

Ensure that the subsidy represents good value for money
Appropriate mechanisms to ensure an appropriate mix and quality of programming at the theatre

5. What specific value can scrutiny add to this topic?

Impartial assessment based on documentary evidence.

6. Who will the panel be trying to influence as part of their work?

Cabinet, Riverside Leisure

1.0 Executive Summary

- 1.1 The report presents Cabinet with the findings of the theatre subsidy review undertaken by the Corporate Policy and Social Inclusion Select Committee. The topic was identified as it was felt that there was a need to ensure that the subsidy for the running of the theatre represented value for money and timely because the future of the Forum building was under review.
- 1.2 The original contract was drawn up in 1997 and entered into with Riverside Promotions for a five year period. At that time the subsidy level was set at £280,000 paid in monthly instalments. Owing to uncertainties surrounding the future of the Forum building, there have been four variations to the contract extending the contract period.
- 1.3 As part of the review, a comparison of subsidy levels with other theatres was undertaken. The comparison revealed that the current subsidy did appear to represent value for money and showed that the percentage occupancy and subsidy per capita compared favourably with other similar theatres elsewhere in the region.
- 1.4 A comparison of theatre programmes was also undertaken which revealed that whilst the current contractor had achieved a balanced programme of entertainment, there was still scope to improve the variety of the programme offer.
- 1.5 During the course of the review, there was considerable discussion regarding the extent to which the Council should influence the programme. The Committee accepted that any useful input that the Council could have would need to be in the early stages of programme development and that any future contract with a chosen provider should include clearer guidance on a framework for approval of the theatre programme.
- 1.6 The Committee felt that any new contract should require the chosen contractor to collect more detailed customer information and information on attendances in order to allow greater analysis of audience by socio economic and special interest groups and to inform the theatre's marketing strategy and strategy for audience development.
- 1.7 In 2004, the Arts Council published a comprehensive impact study of theatre in the UK. The study revealed that the economic impact of theatre beyond the West End is £1.1 billion and every audience member spends an average of £7.77 on food, transport and childcare when they visit a UK theatre outside of the West End.
- 1.8 Whilst there has been no economic impact assessment relating to the Forum Theatre, it is fair to say that there must be an element of additional visitor spend into Billingham/ Stockton Borough. Based on theatre attendances, even if this was as little as £3.50 (approximately half the national average), this would have generated £341,464 into the local economy. This excludes staff employed by the theatre.
- 1.9 As well as the economic arguments, a Parliamentary Select Committee on Theatre in 2005 argued that maintaining diversity of theatre for people from any and every background required public subsidy. Other benefits include

participation (especially of younger people), encouraging public discourse and debate and providing an outlet for amateur dramatic groups in Britain serving almost every community.

- 1.10 Overall the Committee concluded that the current subsidy level represented value for money and that the current contractor had achieved a balanced programme of entertainment. However, the Committee felt that there was room to develop and improve the programme offer.
- 1.11 The Committee acknowledged that the uncertainty regarding the future of the Forum Building and the short term extensions of the contract had created difficulties for the present contractor in booking shows and also made it difficult for the Council to work with the contractor to influence longer term improvements and a strategy for the management of the theatre. The Committee also acknowledged that inclusion of Tees Active into the Agreement had changed the contractual environment and there was a need to recognise this in any future contract.

The Committee therefore recommend:

(1) that once the issues surrounding the future of the Billingham Forum building have been resolved, following an appropriate procurement process, the Council should let a long term contract incorporating the following:

- **clarification of the relationship between the chosen contractor, the Council and Tees Active Ltd and specifically the degree of influence the Council would want to have on the management of the forum theatre including guidance on a framework for approval of the theatre programme;**
- **a requirement in the contract for the chosen contractor to collect customer information and detailed information on attendances to allow greater analysis of audience by socio economic and special interest groups and to inform the theatre's marketing strategy;**
- **requirement of a strategy for programme and audience development;**

(2) that, in advance of a new contract being developed and let, Officers work with the current Contractor to try to extend audience appeal and find ways of more effectively promoting educational productions to school audiences and publicising how the theatre can accommodate audience members with specific access needs.

2.0 Introduction

- 2.1 The report presents Cabinet with the findings of the theatre subsidy review undertaken by the Corporate Policy and Social Inclusion Select Committee between June and October 2007. The topic was identified at a meeting of the Scrutiny Liaison Forum in January 2007 and was confirmed by Executive Scrutiny Committee in May. The review was identified as it was felt that there was a need to ensure that the subsidy for the running of the theatre represented value for money and timely because the future of the Forum building was under review.
- 2.2 During the course of the review, the committee received evidence from Riverside Promotions, the current contractor, and undertook the following:
- Comparison of subsidy levels with other theatres in the region
 - Comparison of programming information with other theatres in the region
 - An all Member survey seeking the views on the programme and operation of the theatre
- 2.3 Members of the Committee also visited the Forum and received a tour of the theatre.

3.0 Background

- 3.1 The original contract was drawn up in 1997 and entered into with Riverside Promotions for a five year period. At that time the subsidy level was set at £280,000 paid in monthly instalments. Owing to uncertainties surrounding the future of the Forum building, there have been four variations to the contract extending the contract period.
- 3.2 Key provisions contained within the current contract are summarised at Appendix 2.

4.0 Evidence/Findings

Submissions from Riverside Promotions

- 4.1 As part of the review Riverside Promotions were invited to attend two meetings of the Select Committee to provide evidence and answer Members' questions.
- 4.2 A copy of their written submissions provided as evidence are attached at Appendix 4. They state that they have increased the number of live theatre and attendances and have significantly cut the operating costs since taken over the running of the theatre by the Council thereby reducing the subsidy levels per head on attendance.
- 4.3 Their submissions also set out other activities associated with the Theatre including the theatre school and other functions and workshops. They also state that they currently have 64,378 active entries on their ticketing system with an increase for entries outside of the region.

Comparison of Subsidy Levels

- 4.4 As part of the review, a comparison of subsidy levels with other theatres was undertaken (Appendix 3). Whilst it is almost impossible to make "like for like" comparisons with other theatres owing to a range of factors, the exercise provides an indication of whether the subsidy for the Forum Theatre is reasonable compared to other theatres in the region. The comparison revealed that the current subsidy did appear to represent value for money and showed that the percentage occupancy and subsidy per capita compared favourably with other similar theatres elsewhere in the region.
- 4.5 The Committee noted that, in addition, the Forum Theatre received in the region of £150,000 indirect subsidy relating to the payment of utility bills. This is not reflected in the subsidy set out in Appendix 1. Likewise other theatres were asked to provide subsidy levels excluding elements relating to buildings where possible.

Programming and Marketing

- 4.6 The contract for the operation of the theatre requires that "the Resident Manager shall organise and manage a balanced programme of live theatre and other related activities...including but not exclusive of bought in productions, pantomime, one night productions, dance, music of all types, youth theatre, productions reflecting the ethnic mix of the community which the theatre services, poetry and minority cinema in such a way to maximise the use of the facilities."
- 4.7 A comparison of theatre programmes was undertaken as part of the review and is attached at Appendix 1.
- 4.8 The Committee felt that the comparison revealed that whilst the current contractor had achieved a balanced programme of entertainment, there was still scope to improve the variety of the programme offer.
- 4.9 This seems to be supported by the Members' Survey. Of the responses received, there were nine positive comments regarding the theatre

programme and seven negative comments, with some Members commenting that they preferred the programme of other theatres.

- 4.10 The Committee did acknowledge that the uncertainties regarding the Forum building and the successive short term extensions to the contract had led to difficulties for the contractor in booking shows in advance.
- 4.11 During their visit to the theatre, the Committee were advised by the current contractor about how different access needs could be accommodated (e.g. adapted boxes for wheelchair access, hearing loop etc.). The Committee felt that these should be better publicised with details of who to contact to discuss individual requirements.

Contractual Issues

- 4.12 As well as the difficulties in securing shows in advance, the Committee acknowledged that the short term extensions to the contract had made it difficult for the Council to work with the contractor to influence medium and longer term improvements and a strategy for the management of the theatre.
- 4.13 During the course of the review, there was considerable discussion regarding the extent to which the Council should influence the programme and specifically whether they should exercise censorship in respect of acts such as Roy “Chubby” Brown. The current contract stated that the programme content was to be agreed with the Authorising Officer of the Council, however, the novation of the contract to Tees Active has resulted in a lack of clarity over how this should happen. The Committee accepted that any useful input that the Council could have would need to be in the early stages of programme development and this had also been affected by the contract extensions. The Committee concluded that any future contract, which must be let following an appropriate procurement exercise, should include clearer guidance on a framework for approval of the theatre programme.
- 4.14 In addition, the Deed of Novation including Tees Active Ltd into the Agreement had changed the contractual environment and there was a need to recognise this in any future contractual arrangements, in order to clarify the relationship between a future, chosen contractor, the Council and Tees Active regarding the degree of influence the Council would want to have on the management of the Forum Theatre.

Customer Information

- 4.15 The Committee found that Riverside Leisure held basic analysis of audience bookings by postcode but did not appear to hold any other customer or management information in respect of attendances; neither did the contract require this.
- 4.16 The current contract requires that the Resident Manager shall encourage participation by special provision groups in accordance with Council policy.
- 4.17 The Committee felt that any new contract should require the chosen contractor to collect more detailed customer information and information on attendances in order to allow greater analysis of audience by socio economic

and special interest groups and to inform the theatre's marketing strategy and strategy for audience development.

Theatres and Economic Impact

- 4.18 In 2004, the Arts Council published a comprehensive impact study of theatre in the UK. Key findings were
- The economic impact of UK theatre is £2.6 billion
 - The economic impact of theatre beyond the West End is £1.1 billion
 - The economic impact of West End theatre is £1.5 billion
 - Every audience member spends an average of £7.77 on food, transport and childcare when they visit a UK theatre outside of the West End
 - Every audience member spends an average of £53.77 on food, transport and childcare when they visit a West End theatre
- 4.19 The report recommended that individual venues should include economic impact studies in their annual reports on a three yearly basis.
- 4.20 The report argues that theatres make both direct and indirect contributions to the local economy.
- “The direct impact: local spending on purchasing supplies, wages paid to staff who live locally. The indirect impact: is the “knock on” effect generated by the direct impact, where spending money leads to more money being spent. When theatres purchase supplies from a local company, that income helps the company pay wages to its staff who then use it to buy other goods. All that expenditure is constantly circulating around the local economy, helping to preserve jobs and boost economic growth.
- The additional visitor spend also demonstrates how audience spending can make a significant difference to the local economy. By attracting people into an area – where they might eat out, spend money on transport or buy local produce – theatres help to sustain jobs, generate additional economic activity and act as forces for economic and social regeneration.”
- 4.21 Whilst there has been no economic impact assessment relating to the Forum Theatre, it is fair to say that there must be an element of additional visitor spend into Billingham/ Stockton Borough. Based on theatre attendances, even if this was as little as £3.50 (approximately half the national average), this would have generated £341,464 into the local economy. This excludes staff employed by the theatre.
- 4.22 As well as the economic arguments, a Parliamentary Select Committee on Theatre in 2005 argued that maintaining diversity of theatre for people from any and every background required public subsidy. Other benefits include participation (especially of younger people), encouraging public discourse and debate and providing an outlet for amateur dramatic groups in Britain serving almost every community.

5.0 Conclusion and Recommendations

5.1 Overall the Committee concluded that the current subsidy level represented value for money and that the current contractor had achieved a balanced programme of entertainment. Indeed, it was acknowledged that the percentage occupancy and subsidy per capita compared favourably with similar theatres elsewhere in the region. However, the Committee felt that there was room to develop and improve the programme offer.

5.2 The Committee acknowledged that the uncertainty regarding the future of the Forum Building and the short term extensions of the contract had created difficulties for the present contractor in booking shows and also made it difficult for the Council to work with the contractor to influence longer term improvements and a strategy for the management of the theatre. The Committee also acknowledged that the inclusion of Tees Active Ltd into the contract had changed the contractual environment and there was a need to recognise this in any future contract.

5.3 The Committee therefore recommend:

(1) that once the issues surrounding the future of the Billingham Forum building have been resolved, following an appropriate procurement exercise, the Council should let a long term contract incorporating the following:

- **clarification of the relationship between the chosen contractor, the Council and Tees Active Ltd and specifically the degree of influence the Council would want to have on the management of the forum theatre including guidance on a framework for approval of the theatre programme;**
- **a requirement in the contract for the chosen contractor to collect customer information and detailed information on attendances to allow greater analysis of audience by socio economic and special interest groups and to inform the theatre's marketing strategy;**
- **requirement of a strategy for programme and audience development;**

(2) that, in advance of a new contract being developed and let, Officers work with the current Contractor to try to extend audience appeal and find ways of more effectively promoting educational productions to school audiences and publicising how the theatre can accommodate audience members with specific access needs.

APPENDIX 1

Comparison of Theatre Programmes

All Autumn Programme unless stated

	BILLINGHAM FORUM (Spring Programme)	BILLINGHAM FORUM (Autumn Programme)	GALA DURHAM	WHITLEY BAY PLAYHOUSE (programme May-July)	WHITLEY BAY PLAYHOUSE (July - January - 'On-Tour' - performances at various venues due to refurbishment)	DARLINGTON CIVIC THEATRE	SUNDERLAND EMPIRE	NEWCASTLE THEATRE ROYAL	EMPIRE THEATRE, CONSETT (May-October)	MIDDLESBROUGH THEATRE (Autumn Prog)	ARC (June - Sept)
MUSIC (CLASSICAL, ORIGINAL MATERIAL, NEW INTERPRETATIONS ETC)	7	10	17	11	14	5	1	0	6	7 (INCLUDES 1 AMATEUR)	12
TRIBUTE BAND	8	10	2	3	0	0	4	0	3	2	1
MUSICALS (AND PERFORMANCES OF SONGS FROM MUSICALS)	9	4	1	1	0	4	6	4	1	5 (3 AMATEUR)	2
CIRCUS	1	1	0	0	0	0	0	0	0	0	0
DRAMA	2	0	2	0	0	2	0	2 / 4 RSC NEWCASTLE	1	7 (1 AMATEUR)	4
PANTOMIME	0	1	1	0	0	1	1	1	0	1	0
COMEDY DRAMA	5	1	3	1	1	2	0	3	1	6 (2 AMATEUR)	0
OPERA (AND OPERA SONGS)	0	0	2	4	2	0	2	4	1	1 (AMATEUR)	0
STAND UP	3	5	12 INDIVIDUAL PERFORMANCES / 4 - THE COMEDY STORE	2	0	1	0	2	1	3	6
BALLET	1	2	0	1	0	0	1	2	0	1	0
DANCE	0	1	2	0	1	0	2	2	1	1	7
VARIETY	0	1	0	0	2	2	1	0	1	0	0
CHILDREN AND YOUNG PEOPLE (INC EDUCATIONAL PRODUCTIONS AND PRODUCTIONS BY CHILDREN AND YOUNG PEOPLE)	3	2	3	8	7	2	4	0	3	7	0

LECTURE / POETRY/ BOOK READING/ HYPNOSIS/ CLAIRVOYANCE	0	1	6 - LITERATURE FESTIVAL	0	2	2	1	15 (primarily lectures linked to other performances currently showing)	0	1	2
PERFORMANCE ART	0	1	0	0	0	0	1	0	0	0	0
SPORT	0	0	0	0	1	0	0	0	0	0	0
FASHION SHOW	0	0	1	0	1	0	0	0	0	0	0
FLORAL SHOW	0	0	1	0	0	0	0	0	0	0	0
TOTAL	39	40	57	31	31	21	24	38	19	42	34

