

REPORT TO THE CABINET

Date : 10 JULY 2007

Title : THE FUTURE OF THE COUNCIL'S THEATRES

REPORT OF THE CABINET MEMBER FOR REGENERATION,
LEISURE & COMMUNICATIONS

IMPLEMENTATION DATE: 23 July 2007

SUMMARY/PURPOSE

1. To decide whether the Council wishes to remain responsible for the running of Ryde and Shanklin Theatres.

CONFIDENTIAL/EXEMPT ITEMS

2. None.

BACKGROUND

3. The Council runs three theatres: The Venue in Ryde, Medina in Newport, and Shanklin. This report focuses on the theatres in Ryde and Shanklin. The Medina Theatre is currently part of a Dual Use agreement with Medina High School and, given the educational changes set for the Island in the coming years, the future of Medina Theatre, with its popular emphasis on community use, is not a relevant topic for this report.
4. The Council took theatres back "in-house" in 2003, in pursuit of better value-for-money; the Council at that time took the view that the contracts on which the Theatres were to be let would not offer best value for the public purse, so the decision was taken not to let further contracts, but to manage the sites directly.
5. Although a decision was taken to manage the sites, none was taken, to provide the theatres with a strategic "fit". There was therefore little prioritisation of funds for the theatres. This has led not only to a decline in the quality and soundness of the fabric of the buildings, but it has proved a drain on resources; Ryde and Shanklin theatres attract subsidies of approximately £25,000 and £114,000 respectively and neither is run on an economically-sound basis. Since taking the sites back "in-house", the Council has not monitored the quality of the product from these theatres from any informed standpoint. There has never been specialist theatrical management provided by the Council for either site; this has furthered the sites' decline.

Ryde Theatre

6. Ryde Theatre, trading as “The Venue” live music venue, and Ryde Town Council Chamber, are housed in a Victorian building on Lind Street. This building was designed by John Nash (and therefore has a heritage following) and is Grade II listed.
7. The building also houses approximately 70 workstations for Community Services and Children’s Services care teams, an office for the Council’s Car Parks team, the Ryde War Memorial, and some public conveniences. In addition, the building contains a pipe organ which was the recipient of significant public funding and which bears a covenant obliging the Council to preserve public access to the organ. This covenant is believed to expire in 2007. The organ and the building as a whole are iconic symbols for Ryde inhabitants. The fate of the building has been a source of public concern for some years.
8. The building is in a worsening state of repair, even after over £200,000 was spent in 2005, securing the clock tower to ensure that the building was safe for public use. The recent Mott Macdonald survey, conducted for the Value for Money Review of Leisure which is ongoing, included the Theatre. It estimated ongoing costs to maintain the site, to a standard which Motts describe as “fit for purpose”. These costs are approximately £5.4 millions, over 25 years (£202,000 for essential repairs over the next four years, £3.8 millions for a full refurbishment and, £1.4 millions in lifecycle repair costs for equipment).
9. There has been staffing instability on the site for some time, following an unsuccessful attempt to market test the Theatre in 2006. It is difficult to find staff for the site, as the local rumour continues to be that it is to shut. A manager from another Leisure Services site is currently covering the management responsibilities at Ryde Theatre but this is on a secondment and is not a solution beyond September 2007.

Shanklin Theatre

10. Built in 1878, the building currently housing Shanklin Theatre also provided the civic facilities for the former South Wight Borough Council. As such, this building has iconic status for some people in the Bay Area.
11. The recent refurbishment to Shanklin Theatre provided DDA-compliant toilet facilities and a community space, which was originally meant to offer additional rehearsal space for the local amateur groups or visiting school parties. This rehearsal space was put into the area formerly occupied by a bar providing only a minimal profit, which was only ever licensed, whilst operated by the Council, to serve hot and cold soft drinks. The fit-out costs, to bring this to a standard where it could be a professional rehearsal room were not included in any funding bids made to the Market Towns Initiative fund and, therefore, the Theatre is unable to maximize its marketing potential for this room. £30,000 of the refurbishment costs came from the MTI fund, via the Shanklin Town Community Partnership,

with a further £9,000 coming from the Town Council itself. The remainder of the refurbishment (over £100,000) was underwritten by the Council.

12. Shanklin Theatre has been managed by the artistic director for the site since it was taken back in-house. The manager has now handed in his notice; he is likely to leave the Theatre at the end of the Summer 2007. He currently devises, promotes and produces the shows; he owns the costumes; he directs the productions; he plans the programme. When this member of staff leaves, therefore, it will pose significant problems for the Leisure Services line management, for no-one has theatrical expertise, nor does the site own costumes and similar equipment to run shows as at present. This will effectively end the artistic element of the theatre, unless similar usage is enabled through private hire.

STRATEGIC CONTEXT

13. The Council has severe reputational issues in Ryde, largely due to its perceived failure to maintain the Town Hall building. The Council is similarly criticised in Shanklin on the same basis.
14. There is currently no clear strategic “fit” for theatre provision within the Council’s strategic objectives. The Cultural Strategy is coming to the end of its life and offers little strategic direction for the Council for the future.
15. Both theatres occupy sites which are of strategic significance in the towns they serve. Ryde Theatre sits on one of the main gateways into the town centre and is a renowned local landmark. Shanklin Theatre has been identified as the cornerstone of the Cultural Quarter which the Bay Area Steering Group has planned for Shanklin to support the wider Bay Area regeneration. This was because it was perceived to have the potential to attract higher-paying tourists, in time. The current programme is enjoyed by both tourists and visiting school parties. This customer base has positive benefits for local tourism and hotel usage, but there are opportunities to further exploit the tourism market.
16. The Theatres Review was commissioned in tandem with the Value for Money Review of Leisure. A specialist theatres consultant, with over 20 years’ experience of running West End theatres, reviewed the “offer” at the Council’s theatres. The consultant’s recommendation was to invest in Ryde Theatre (fabric and management) and to close Shanklin. The recommendations were supported by an expectation that Ryde, given professional management and adequate investment in the building (facilities and appearance), could return a profit for the Council. Shanklin, on the other hand, was not deemed to offer the same prospects. The question remains, whether or not the Council sees itself as being in the “entertainments business”.

CONSULTATION

17. Both Ryde Town Management Committee and Shanklin Town Council have been engaged, in an attempt to find a solution which local partners can support. As a

result of this local engagement, and the attendant media coverage, a number of Island residents have made their feelings known to Councillors and officers. All respondents have sought to preserve their local theatre, for community usage.

18. Ryde is clearly a popular hire venue, with such organisations as the Island Branch of the National Association of Dramatic and Fine Art Societies, making clear their wish to continue to have such a facility available to their members. Unofficial expressions of interest have been rumoured from a number of well-known local entrepreneurs, but nothing formal has been received as part of this consultation process. Any such expressions of interest would be likely to fall foul of the Council's current stance of expecting any tenants to undertake a full repairing lease on Ryde Theatre. Ryde Town Management Committee (RTMC) has noted formally in its response to the Council that such a stance is regarded as unhelpful, because it places too great a burden on both the Council (in terms of the cost of immediate repairs) and any prospective tenant (in terms of all future repairs subsequent to accepting a lease). RTMC noted that its Community Plan questionnaire received a very high proportion of responses expressing a desire to see the site continue to provide community/Council facilities and a live music venue. Furthermore, considerable opinion was expressed at the meeting of RTMC that the building needed to be put on a more sound commercial footing, and that the private sector would be well-placed to do this.
19. In Shanklin, the youth drama workshops were seen as offering local young people an alternative leisure pursuit which improved their confidence and self esteem and prevented them slipping into anti-social behaviours through boredom. At the meeting with the Town Council, the option of creating a Trust for Shanklin Theatre was raised and it was formally requested that this option be included for IWC Members' consideration. This could offer the chance of a reduced or, in time, even nil Council subsidy for the Theatre. It should be remembered, however, that the IW Council would have to spend a significant sum on repairs to the building, to make it "fit for purpose" enough to be classed as an asset to be transferable, under current Cabinet Office guidance. Further options to enhance the site are: installing leisure/fitness facilities; reinstating the bar and having a liquor licence; using the upstairs facilities as a hire venue; supporting the site through more educational use. The Town Council's formal representation has been submitted, accompanied by 19 letters from local people and organisations who use the Theatre and wish to see it remain open for community use.
20. As part of the consultation process, local IWC Councillors have also been consulted, and their suggestions are reflected in the representations from Ryde Town Management Committee and Shanklin Town Council respectively.
21. The media interest in both theatres' futures has resulted in significant levels of public interest, with letters and emails being sent to the Council for consideration.

FINANCIAL/BUDGET IMPLICATIONS

22. The financial implications of each of the options for both Ryde and Shanklin are set out under those options.

23. Clearly, there has to be an outcome which lessens the burden of the theatres on the public purse.

LEGAL IMPLICATIONS

24. There may be issues, relating to the pipe organ at Ryde Town Hall which need to be resolved, but it is believed that the covenant on the grant has now expired.
25. There will be issues, relating to the listed building status of Ryde Town Hall, which will need to be resolved in negotiation with English Heritage. These depend on the option chosen by Members.
26. There may be issues, relating to the potential loss of a public amenity funded through the MTI grants scheme, regarding Shanklin Theatre. Again, the precise issues depend on the option chosen by Members.

OPTIONS

Ryde Theatre:

27. The Cabinet has the following options:

A. The Council retains the building, ensuring the provision of live music and community use.

- The Council would have to increase its subsidy significantly, either to deliver the service directly or to upgrade the building to a standard where a third party entertainments contractor would be prepared to consider it as a viable venture.
- It should be further noted, that any third party entertainments operator would require the building to be made fit for purpose before they undertook a full repairing lease on the building, as to take it on at the moment would make any legal business venture on site unsustainable. This has already been made clear in expressions of interest received by the Council from local entrepreneurs interested in managing the venue, whilst keeping the maintenance liability with the Council. **The cost of this would be £5.4 millions over 25 years, were the Council to retain the site for that time.**
- If the site were to operate as a commercially viable live music venue, the office accommodation on the site would have to be relocated. The two uses for the building are incompatible because of noise levels and disturbance (as has already been the case historically on site).
- The Council has no strategic corporate objectives which explicitly include entertainments venues. Any such use of the site would have to focus on the community engagement which would be improved by any entertainments promoted from The Venue.
- In time, the Ryde Town Council could sub-let the area known as Ryde Town Hall; there could well be the opportunity to share liabilities for the premises occupied by the Town Council although the impact on the overall building maintenance cost will be minimal.

- The recent Theatres Review, undertaken in tandem with the Value for Money Review of Leisure, concluded that, under the right management and with the appropriate levels of investment to refurbish the site, The Venue could make an operational profit for the Council.

B Community Asset Transfer

- This entails the transfer of The Theatre as a property asset to the Ryde Town Council. As this body-corporate is not yet in existence, this option does not offer an immediate solution.
- Under Community Asset Transfer guidance, a property is not considered an asset suitable for transfer until it is “viable”. **Therefore the full cost of addressing the maintenance backlog and making the building fit for purpose (approximately £4millions) would need to be addressed** and either apportioned as part of the negotiated transfer or to be additionally transferred to the Town Council as capital maintenance funding, to allow the property asset transfer to proceed.
- This option is currently being researched, to check whether centralised funding exists to support this process nationally. It is certain, however, that with a national pot of only £30millions, it would be difficult to secure 100% funding and, therefore, this also poses questions about the Council’s ability to raise the required capital for the project.

C Prepare development options and take to the market – keeping it open

- This option would require the Council to negotiate with English Heritage, to determine the precise nature of any development works permitted on the site. It is unclear how long this might take, but any delay in the Theatre going to the open market would incur costs, in overheads whilst being run as The Venue.
- The overheads of keeping The Venue open cannot remain at current levels, which are unsustainable. To keep the site trading as a viable live music venue, it would require the fixed-term recruitment of a specialist live music venue manager. This would enable income to be maximised, **but would incur additional revenue costs (approximately £30,000 staff costs per annum)** which may not be recouped by the income generated.
- Given that uncertainty is already having an impact on the operation of the site, it would be prudent to allow a fixed term for the market exploration of no more than 24 months.
- This would allow the Council to maintain income levels and provide a degree of reassurance to staff and the community. **The costs of undertaking essential repairs (to meet Health and Safety and legislative requirements) for this 24 month period have been estimated, by Franklin Andrews (construction economists), at up to £103,000.** It is important to note that costs of undertaking the essential repairs from the first four years could amount to up to £202,000 (with the possibility of rising by a further £3.8 millions in year five for a full refurbishment, ensuring the whole of the facility is fit for purpose), so timely conclusion to the development deals would be critical to the viability of the option.
- It should be borne in mind that, at the end of this option, the site may still be closed, with all the issues associated with that (see Option D).

- Dependent upon the agreed development scheme this option will almost certainly mean the relocation of the office accommodation, public conveniences, the war memorial, the pipe organ and the Town Hall, to permit public access.

D Prepare development options and take to the market – closing the theatre.

- This option would also require the Council to negotiate with English Heritage, to determine the precise nature of any development works permitted on the site.
- This option would enable the Council to minimise additional running costs on the site, through the managed closure of the Theatre element. This would still permit the Town Hall to operate and any ancillary uses of the site to be relocated as required.
- **This option, in closing the Theatre, would save the Council £30,000 per annum, at current operating levels, less up to £10,000 in the first year for redundancies.** This would also save the Council the proposed lifecycle costs of the site, the precise level of which would be determined by the development timescales. However, were the site to remain open, the lifecycle costs would rise from up to £202,000 for the first four years to a further £3.8millions in year five. This option is therefore protecting the Council from this level of incurred costs. However, even a closed part of the building will be liable for ongoing basic maintenance costs, which are likely to be minimal but need to be borne in mind for the duration of the redevelopment.
- This option would require a planned closure. This would need to address the full public relations issues, particularly the significant part of the local community which is vocal in its support for the site as a live music venue.
- Dependent upon the agreed development scheme this option will almost certainly mean the relocation of the office accommodation, public conveniences, the war memorial, the pipe organ and the Town Hall, to permit public access.

Shanklin

28. The Council has the following options:

A. The Council retains the building, ensuring the provision of live theatrical shows and community use.

- The Council would have to increase its subsidy significantly to deliver the service directly. It is assumed, for the purposes of this briefing note, that this will be unacceptable.
- It should be further noted, however, that any third party entertainments operator would require the building to be made fit for purpose before they undertook a full repairing lease on the building, as to take it on at the moment would make any legal business venture on site unsustainable. **The cost of this would be £1.6 millions over 25 years, were the Council to retain the site for that time.**
- There is no manager, programme, director or producer on the site from the end of August 2007, due to the departure of the current manager. The

Council would have to recruit a theatre specialist to provide this element. Even turning the site into a community hire venue would necessitate a manager being on site.

- The recent Theatre Review, undertaken in tandem with the Value for Money Review of Leisure, concluded that Shanklin Theatre was a service area which the Council ought not to continue to run, as it was offering a product with limited market appeal, in a poor quality venue.

B Community Asset Transfer

- This entails the transfer of Shanklin Theatre as a property asset to the Shanklin Town Council.
- Under Community Asset Transfer guidance, a property is not considered an asset suitable for transfer until it is “viable”. **Therefore the full cost of addressing the maintenance backlog and making the building fit for purpose (approximately £0.3 millions) would need to be addressed** and either apportioned as part of the negotiated transfer or to be additionally transferred to the Town Council as capital maintenance funding, to allow the property asset transfer to proceed.
- This option is currently being researched, to check whether centralised funding exists to support this process nationally. It is certain, however, that with a national pot of only £30millions, it would be difficult to secure 100% funding and, therefore, this also poses questions about the Council’s ability to raise the required capital for the project.

C Prepare development options and take to the market – keeping it open

- This would assume the eventual development of the site, either as an enhanced commercial venue or an alternative use for the site. Shanklin Theatre is situated in the midst of quality residential accommodation at the junction of Old and new Shanklin. Any alternative use would need careful infrastructure planning, to be a redevelopment site which added significantly to the amount of traffic in the area.
- The overheads of keeping Shanklin Theatre open cannot remain at current levels, which are unsustainable. To keep the site trading as a viable theatre or hire venue, it would require the fixed-term recruitment of a specialist theatre manager, to manage the transition or development of the site. This would enable income to be maximised, **but would incur additional revenue costs (approximately £30,000 staff costs per annum)** which may not be recouped by the income generated.
- Given that uncertainty is already having an impact on the operation of the site, it would be prudent to allow a fixed term for the market exploration of no more than 24 months.
- This would allow the Council to maintain income levels and provide a degree of reassurance to staff and the community. **The costs of undertaking essential repairs; also required to meet Health and Safety and legislative requirements have been estimated, by Franklin Andrews (construction economists), at up to £313,000.** Previous forecasts for buildings within the LNA assumed renewal (upgrading of the building to meet modern standards of accommodation and finishing) in five years times. Although this was an acceptable assumption for those building Shanklin Theatre must be considered an exception; the building is significantly older

and it is not feasible that that it will be replaced in either the short or long term. The lifecycle costs allow for ongoing maintenance and repair works throughout the entire 25 year period, but with refurbishment to bring it up to a suitable condition during years 1 to 4. Increasing the life of the building beyond 5 years will predictably lead to increasing costs of occupancy and this is reflected in the figures. So timely conclusion to the development deals would be critical to the viability of the option.

- It should be borne in mind that, at the end of this option, the site may still be closed, with all the issues associated with that (see Option D).

D Prepare development options and take to the market – closing the site.

- This would assume the eventual closure of the Theatre, to permit redevelopment of the site. Shanklin Theatre is situated in the midst of quality residential accommodation at the junction of Old and new Shanklin. It would need careful infrastructure planning, to be a redevelopment site which added significantly to the amount of traffic in the area
- This option would enable the Council to minimise additional running costs on the site, through the managed closure of the Theatre element. This would still permit the Town Hall to operate and any ancillary uses of the site to be relocated as required.
- **This option, in closing the Theatre, would save the Council £110,000 per annum, at current operating levels, less up to £50,000 in the first year for redundancies.** This would also save the Council the proposed lifecycle costs of the site, the precise level of which would be determined by the development timescales. However, were the site to remain open, the costs of undertaking essential repairs; also required to meet Health and Safety and legislative requirements have been estimated, by Franklin Andrews (construction economists), at up to £313,000; with increasing lifecycle costs for the remaining years. This option is therefore protecting the Council from this level of incurred costs.
- This option would require a planned closure. This would need to address the full public relations issues, particularly the significant part of the local community which is vocal in its support for the site as a theatre. The hire of a theatre manager, with specialist skills in managing such sites, (cost as in Option C above) would be crucial to minimizing the negative publicity that the Council will undoubtedly derive from closing Shanklin Theatre.

EVALUATION/RISK MANAGEMENT

29. The Risk Assessment for the Options are considered in [Appendix I](#)

RECOMMENDATIONS

30. The options are similar for both theatres, due to the significant levels of underinvestment in both sites. However, there are differences between which represent the most viable options for each site.
31. Members are therefore invited to choose between:

Ryde Theatre: Option A (retention with adequate funding) or
Option D (managed closure while development options explored)

Shanklin Theatre: Option C (managed as hire venue while development options explored) or
Option D. (managed closure while development options explored)

32 BACKGROUND PAPERS

Ryde Town Management Committee formal response to consultation
Shanklin Town Council formal response to consultation
Response from individual members of the public and organisations

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