

Report of:	Meeting	Date
Councillor Lynne Bowen, Leisure, Health and Community Engagement Portfolio Holder, Councillor Lesley McKay, Resources Portfolio Holder and Marianne Hesketh, Corporate Director Communities	Cabinet	14 February 2024

Update on the future operation of the council’s theatres – Marine Hall and Thornton Little Theatre

Key decision: Yes

1. Purpose of report

- 1.1 To provide Cabinet with an update on the progress that is being made to secure a brighter, sustainable future for the council's theatres, namely Marine Hall and Thornton Little Theatre (TLT).
- 1.2 To provide an update on the outcome of the Fleetwood seafront public consultation that was undertaken in late 2023.

2. Council priorities

- 2.1 This report aligns to our corporate priorities of Growth and Prosperity and Innovative and Customer Focused.
- 2.2 It specifically relates to the following commitments:-
 - Support and champion Wyre’s growing tourism economy by promoting our coast to countryside offer, tourism businesses, attractions and events.
 - Secure external funding and investment to make improvements to places across the borough.
 - Deliver high quality, value for money services that meet the needs of our customers.
 - Use our land and buildings wisely, managing them to appropriate standards, reducing their environmental impact and maximising income to reinvest in improving services.

3. Recommendations

- 3.1** That Members note the outcome of the public consultation.
- 3.2** That approval be given to appoint a theatres consultant to support the Corporate Director Communities to implement the short-term recommendations as set out at 5.5, at a cost of £30,000 to be funded from the Value for Money Reserve.
- 3.3** That Members support the preferred option as set out at 5.8 and that approval is given to proceed with a tender process to secure a commercial operator for the management of the Marine Hall for a minimum of five years. The outcome of the tender process to be the subject of a further report.
- 3.4** That, in consultation with the Leisure, Health and Community Engagement Portfolio Holder and the Resources Portfolio Holder, approval be given to authorise the Corporate Director Communities to enter into a lease for Thornton Little Theatre.

4. Background

- 4.1** A report was presented to Cabinet on 6 September 2023 which set out recommendations around securing a brighter sustainable future for the Marine Hall and TLT that would ensure both venues were fully utilised and provided a better, more varied offering to the people of Wyre and beyond. This would not only offer a better service to the public but would also reduce the subsidy paid by the council. Since this date excellent progress has been made in progressing the recommendations as set out below.
- 4.2** A Fleetwood seafront public consultation (which included questions around the Marine Hall) was held from Monday 11 September to Sunday 22 October 2023 and received 718 responses. A separate survey was also available for Thornton Little Theatre which received 320 responses. The public could access the questionnaire via the 'Have your say' area of the council website and paper copies were also distributed across the Borough. Several sites hosted a 'Have your say' voting box and held paper copies of the questionnaire. The sites included the Civic Centre, Thornton Little Theatre, Marine Hall, Fleetwood Market, Fleetwood Leisure Centre (YMCA) and local libraries in Poulton, Thornton, Cleveleys, Fleetwood, Knott End and Garstang. A press release was issued on 11 September to announce the consultation opening and closing dates (closing dates were also stated on each paper copy). Additionally the consultation was promoted on our council social media channels and the council's healthy lifestyle team's Facebook page and newsletter. Members of the public also assisted in the distribution of the consultation details. The findings from the consultation can be found in paragraph 5.1 and 5.2.

- 4.3** In line with Cabinet's decision to authorise the Corporate Director Communities to work with the Theatres Trust to appoint consultants to carry out an independent review of Marine Hall operations, GJG Consulting were appointed on 2 October 2023. They have now completed their report. Owing to the sensitive nature of the report in relation to commerciality but also staffing matters, the full report is not being shared at this stage. However, the key findings are outlined in the next paragraph, including their recommendations for the most viable future operating model.
- 4.4** Also as agreed, a positive soft market testing exercise took place for TLT which indicated there was strong market appetite for an alternative provider to take over the running of this asset. A follow up process commenced mid-December 2023 with the interested providers to obtain further information about how each of them would use the facility for the best interests of the residents whilst ensuring that the council meets its best value duty.

5. Key issues and proposals

5.1 Public Consultation Findings

The seafront public consultation received 718 responses. The full findings report can be accessed on the council website – <https://www.wyre.gov.uk/have-your-say>. A summary of the main findings is provided below.

- Nearly 80% of respondents said they visit the seafront daily or weekly.
- The main reasons for visiting the seafront were for an activity (e.g. dog walking, cycling, parkrun), access to the beach/sea, to visit for the views or to attend Marine Hall events and shows.
- 74.9% of respondents stated that the top strength was the views and outside space/gardens.
- If the seafront offer was redesigned, the main areas suggested for consideration were food offerings (e.g. restaurants), music, theatre/performance event spaces, formal gardens / seating areas and beach and sea/watersport activities.
- With regard to Marine Hall, 75% of respondents had visited in the last 12 months. The majority of respondents were members of the audience / public rather than hirers or performers.
- The top three reasons for visiting the Marine Hall were to attend a festival e.g. food and drink, to attend live music/theme night or to attend a stage play or musical theatre.
- Respondents liked the dome/historic features best and the internal facilities/bar space the least.
- 61% agreed that an alternative provider should be found for Marine Hall to safeguard the future of the theatre.

5.2 With regard to the questions relating to Thornton Little Theatre, 320 responses were received and the report can be accessed here <https://www.wyre.gov.uk/have-your-say>. The main findings are included below.

- 73% of respondents had visited TLT in the last 12 months, the majority as a member of the audience.
- The main reason for attending was for a staged play or musical theatre event or community event.
- Respondents liked the location best and access to parking and liked least the facilities themselves as they were not comfortable and needed upgrading.
- 60% agreed that the council should find a suitable alternative provider to safeguard the future of the theatre.

5.3 The survey results are very helpful and will be used to inform our regeneration plans for the Fleetwood seafront. These plans will be brought forward separately and will be reliant upon external funding. The survey results also indicate there is support to explore alternative providers for both theatres in order to safeguard their future.

5.4 Options appraisal for the future operation of Marine Hall

GJG were commissioned to undertake a comprehensive review of the operational and financial status of Marine Hall and to provide an options appraisal around the future operation. The findings have been summarised in this report. The consultants scrutinised the financial challenges faced by the Marine Hall and questioned its current value for money position. This prompted a detailed exploration of avenues for enhanced income generation, particularly through diversifying programming to attract a broader audience. Operational aspects, including staffing, facility maintenance, equipment, box office and marketing procedures have all undergone a thorough examination as well. The review has provided short and medium-long term recommendations to help the council to safeguard the future of Marine Hall and ensure that it remains a valued cultural and entertainment venue in Fleetwood.

5.5 In response to the findings, GJG recommend that the council makes immediate changes to the way the Marine Hall is managed to address the significant underperformance and to secure the venue's future success. It was felt that these actions are needed regardless of the chosen future operating model as they are likely to ensure that the theatre is better run while under the council's control and more attractive to potential commercial operators. A number of short-term recommendations are proposed as follows:

- **A review and realignment of aspiration** – the aspiration should be aligned to the new Council Plan and should strive to offer a diverse range of entertainment, leisure, cultural and commercial activities at best value for money to taxpayers.

- **Implementation of the internal audit review recommendations** – outstanding actions from the June 2023 review should continue to be implemented with clear, non-negotiable targets. (A follow-up review commenced in January 2024.)
- **A service restructure** – develop and implement a staffing restructure aligning with the council's vision. This restructure should account for the venue's resources and capabilities and it should as far as possible, anticipate the likely outcome should a third-party operator take on the running of the theatre, at which time TUPE is likely to apply.
- **Realignment of the budget** – The budget should be realigned to include only controllable costs under the theatres manager's direct control for monitoring purposes. Consideration should be given to transitioning to a revenue model based on percentage splits rather than fixed hire fees. An efficient marketing strategy, if managed centrally, should have a negotiated service level agreement and clear roles and responsibilities for staff.
- **Strategic Planning** - the Marine Hall should also have its own strategic plan based on the council's vision, focusing on suitability, acceptability, and feasibility. The district-wide absence of a cultural strategy or strategic approach to arts and culture as a whole is leading to missed opportunities for external funding.
- **Funding Strategy** - establish a comprehensive long-term funding strategy, reflecting the council's commitment to the venue and arts and culture in Fleetwood. This will involve a third-party operator to improve financial sustainability and align with the council's broader objectives.
- **Key Performance Indicators (KPIs)** - a set of KPIs that are SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) should be set for the venue and its management. Achievement against these KPIs should be regularly reported to senior officers and members.
- **Theatres Management Board** - consider forming a "theatres management board" composed of officers and members to oversee and scrutinise venue operations and advocate for the venue within the council.

5.6 With support from a theatre specialist, the Corporate Director Communities will develop an action plan and progress the short-term recommendations. This will initially focus on a staffing restructure and implementation of the audit recommendations.

5.7 Looking to the medium to longer-term for the future operation of Marine Hall, an Options Appraisal was carried out by GJG and the benefits and considerations of the options are set out at paragraph 6. There were four options considered:-

Option 1 – Status Quo with new management team – continue to provide a directly controlled council run theatre but with a new management team and a goal to reduce the subsidy by at least 25%

annually over the next two years (through reduced staffing and increased revenue).

Option 2 – Contract with a commercial operator – entering into a contract with a commercial operator with a long-term arrangement that sees a reduction in the subsidy and shifts all financial responsibility from the council.

Option 3 – Form a charitable trust with community involvement – establish a charitable trust with community involvement, focusing on community engagement and pursuing community asset status and applying for grants.

Option 4 – Shut down and mothball the Marine Hall – cease all operations and mothball the theatre which involves suspending activities indefinitely.

5.8 The review recommended that the most economically advantageous deal for the council was **Option 2** to enter into a contractual agreement with a commercial operator for the management of Marine Hall. This option provides financial sustainability and leverages in industry expertise to give the Marine Hall the best chance to be a thriving cultural hub offering a diverse range of events and shows that attract a wider range of audiences. The review suggests developing a plan for Marine Hall with a view to procuring a new commercial operator from 1 April 2025. It recommends entering into a contractual agreement with said operator and suggests a multi-year contract, with potential for longer-term collaboration. Option 2 presents a strategic shift in management and financial responsibilities, leveraging the expertise of a commercial operator. The primary objective is to reduce financial burdens while creating incentives for the commercial operator to drive revenue and ensure the long-term success of Marine Hall. However, successful implementation hinges on careful operator selection, through negotiations and meticulous planning for sustained success beyond the initial contract period.

5.9 It is proposed to continue to work with GJG consulting to progress Option 2 and start the procurement process for a commercial operator. GJG will be commissioned to produce the relevant tender documents and support the council with going through a formal tender process and identifying a suitable commercial operator. The high-level timeline for this process is as follows:

Prepare expression of interest and tender documents	29 February 2024
Advertise opportunity via Chest and contract finder	1 March 2024
Site Visits for interested operators	End of April 2024
Deadline for submissions	Mid to end of May 2024
Shortlist and interviews	By end of June

Recommendation for preferred bidder to full Council	12 September 2024
Contract with a commercial operator	1 April 2025

5.10 The outcome of the tender process would be subject to a further report and would be presented to full Council for consideration.

5.11 Thornton Little Theatre (TLT)

Following the soft market testing exercise which was conducted in October 2023, six expressions of interest were received to take on the running of Thornton Little Theatre. A more formal process was then initiated in December 2023, which offered the opportunity for those interested to put forward a bid to take on TLT by way of a five year, internally repairing lease. The five-year lease will be entered into with the most suitable provider following the outcome of a competitive procurement exercise. The main requirement is to ensure that the wider community and current community groups that have previously used the facility could still have a reasonable level of access. Bids will be assessed around the number of days per year that they would offer the facility for community use and the amount of rent they would be prepared to pay each year. This will ensure the council is meeting its best value duty.

5.12 The timeline for this process is as follows:

Bid deadline for responses	Early Feb 2024
Responses reviewed and scored against criteria	Mid-end of Feb 2024
Offer to lease the facility made	By end of February 2024
Contract – lease terms agreed and signed, contract exchanged and new operator in place	End of April 2024
Transition period to sort out handover of bookings, systems, etc.	April – June 2024

5.13 It is proposed that following Cabinet approval, the Corporate Director Communities be authorised to lead the assessment of the bids. A panel will be convened consisting of the Head of Assets, the Communities Finance Business Partner and the Procurement Officer. Bids will be assessed to determine the best suitable provider for taking on the lease of TLT based on the agreed scoring criteria. The panel will then provide scores and recommendations to the Leisure, Health and Community Engagement Portfolio Holder and the Resources Portfolio Holder who will either approve the recommendations or reject them and request further information. Following this the successful bidder will be notified. Depending on who takes over the running of the asset and what they are planning to do will influence the length of time needed for the transition period and what is required. There may also be TUPE implications. The

theatres staff are being kept informed of the process through regular briefings.

6. Alternative options considered and rejected

- 6.1 Option 1 – Status Quo with new management team** – continue to provide a directly controlled council run theatre but with a new management team and a goal to reduce the subsidy by at least 25% annually over the next two years (through reduced staffing and increased revenue). The benefits include immediate implementation without major disruptions, potential for efficient cost-cutting measures and increased revenue under new management. The challenges of this option involve recruitment and selection, local authority run theatre constraints e.g. job evaluation, council systems, lack of funding and investment, programming expertise and the need for rigorous monitoring and evaluation mechanisms to track subsidy reduction progress. All costs remain directly with the council.
- 6.2 Option 3 – Form a charitable trust with community involvement** – potentially with organisations like the Civic Society and Healthier Fleetwood as trustees, focusing on community engagement, pursuing community asset status and applying for grants. The benefits include enhanced local support and engagement, potential grant opportunities and alignment with community values. The challenges involve establishing a robust governance structure, meticulous grant application processes, balancing community input with operational efficiency, recognising the need for ongoing subsidy and a 12-month transition period for selection and handover to new management. Grant funding could cap the amount of financial risk to the council but the theatre is likely to need to require a subsidy over a long period of time and potentially indefinitely. Challenges will exist in transitioning staff and working practices from the council to a charity.
- 6.3 Option 4 – Shut down and mothball the Marine Hall** – cease all operations and mothball the theatre which involves suspending activities indefinitely. The immediate benefits include the cessation of financial losses linked to subsidies and the preservation of assets for potential future use. However, there would be a negative impact on the community, local economy and offer of cultural events and the Cabinet have confirmed that they will not consider this option while there are viable alternatives. There is also a potential for long-term reputational damage and community dissatisfaction. Reopening in the future may involve logistical and financial challenges, and the mothballing involves one-off costs such as staff redundancy as well as ongoing costs including building security, insurance and maintenance.

Financial, Legal and Climate Change implications	
Finance	<p>An initial budget of £30,000 was set aside from the Value for Money Reserve to cover the cost of the initial consultancy work for both theatres. To date £14,355 has been spent with GJG Consulting. The remaining funds will be used to support the next stage of the procurement process.</p> <p>An additional £30,000 is requested to procure a theatres consultant to support delivery of the short-term action plan, this will be funded from the Value for Money Reserve.</p>
Legal	<p>In relation to the Marine Hall tender process, the council will publish a Prior Information Notice on Contracts Finder to allow interested parties to express interest and to inform council of market requirements to help design the tender to achieve the highest levels of interest. A tender exercise using the “Open” procedure under Public Contracts Regulations 2015 would then be undertaken.</p> <p>TUPE (Transfer of Undertakings Protection of Employment Rights) protects employee rights when they transfer to a new employer. Consideration therefore needs to be given to TUPE for both TLT and Marine Hall. For TLT it will depend on the nature of the successful bidder. For Marine Hall it is likely that it will apply.</p> <p>A five-year lease of TLT based on standard commercial terms will be entered into with the most suitable provider following the outcome of a competitive procurement exercise.</p>
Climate Change	There are no climate change implications.

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	✓
health and safety	x

risks/implications	✓ / x
asset management	✓
ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

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List of background papers:		
name of document	date	where available for inspection
Cabinet report – options for the future operation of the council's theatres	6 September 2023	CabreportFutureofTheatresSept23 FINAL.pdf (modern.gov.co.uk)

List of appendices

None