



St Edmundsbury
BOROUGH COUNCIL

D303

Council 26 February 2013

Collaboration between the Theatre Royal and The Apex

1. Summary and reasons for recommendations

- 1.1 In December 2012, the Cabinet invited the Theatre Royal to consider collaboration between the Theatre and The Apex early in 2013 following a consultation with its stakeholders. At the time of writing this report, the Council is only aware of the outline consultation proposals but, due to the requirement upon the Theatre to agree a new business plan with Arts Council England by 31 March, 2013, Councillors are asked to express their support for the principles of collaboration now being discussed, and agree the steps to progress them to implementation.

2. Recommendations

- 2.1 The Council welcomes the draft proposals from the Theatre Royal for an alliance to develop the performing arts in and around Bury St Edmunds as set out in Appendix 1 of this paper, and authorises the Head of Leisure, Culture and Communities, in consultation with the Portfolio Holder for Culture and Sport, to agree and implement the final arrangements for joint working along these lines, including the signing of any agreements, provided that they are consistent with the Council's agreed budgets and policy framework;
- 2.2 the Council also supports the principle of setting up a joint venture for box office and sales development with the Theatre Royal, subject to the criteria set out in paragraph 4.8.3 of this report; and
- 2.3 a business case and implementation plan for such a joint venture be considered by Cabinet and full Council following the completion of due diligence.

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3. Corporate priorities

3.1 The recommendations meet the following, as contained within the Corporate Plan:

Priority 1: 'Working together for strong, healthy and diverse communities' we will work with others to: -

- (a) encourage wider access to physical and cultural activities and promote healthy lifestyles to benefit as many as possible; and
- (b) promote cultural, sporting and leisure opportunities to all ages and abilities;

Priority 2: 'Working together for prosperous and environmentally-responsible communities' we will work with others to: -

- (a) ensure the viability of our town centres and promote the individuality of our towns and rural areas, especially through support for our markets and tourism; and
- (b) use the Apex to complement other facilities in the borough and develop the space for both cultural and commercial activities.

Priority 3: 'Working together for an efficient Council' we will: -

- (a) ensure customers continue to receive high quality cost effective services;
- (b) put customers at the heart of our service redesigns;
- (c) continually challenge our costs so we can set realistic annual budgets that take account of the economic climate; and
- (d) continually look for external funding sources to supplement the council's own budgets.

4. Key issues

Background

- 4.1 On 12 December 2012, Cabinet accepted the recommendations of the Overview and Scrutiny Committee regarding The Apex two year review (Report D222 refers). In respect of collaboration with the Theatre Royal, it was agreed that all opportunities should continue to be explored. However, it was also noted that the Council must wait to receive a proposal from the Theatre in the early new year, following the Theatre's own consultation process with stakeholders.
- 4.2 This consultation has now started and it is evident that the Theatre will not be seeking a 'single operation' model for the two venues at the current time. Instead it prefers a less formal method of collaboration, potentially including shared services in relation to the box office function. As such, the requirement for due diligence to be carried out on any proposals by the Borough Council is reduced from what was previously envisaged.
- 4.3 The Theatre must still sign off a new business plan with its other public funders (Arts Council England and Suffolk County Council) by 31 March 2013. Its Board will therefore consider the outcome of its consultation exercise from late February into March, alongside due diligence of a new business plan prepared by the Chief Executive. The Borough Council will be able to comment on the new business plan as a stakeholder. However, its own grant to the Theatre (£75,000) is already approved for 2013/2014 under a two year agreement made in 2012.

- 4.4 On 13 February 2013, Cabinet agreed that any decision on collaboration with the Theatre Royal taken before 31 March would be referred direct to full Council so that all councillors could be involved on an equal standing.

Collaborative proposals

- 4.5 The timetable being followed means that, at the time of writing this report, the Council only has the Theatre's consultation proposals to consider. These are set out in Appendix 1. In essence, the Theatre is proposing a collaborative approach where the two organisations (and potentially others) remain separate entities but combine their resources to deliver shared outcomes without the need for any structural change. The only exception to this approach would be the establishment of a formal sharing arrangement for box office and sales development. From a due diligence point of view for the Council, these two elements need to be considered separately.

4.6 'Informal alliance' model

- 4.6.1 As explained in Appendix 1, the Theatre is proposing an alliance where it and the Apex agree to work together in respect of:

- A more coordinated approach to programming
- The Bury Festival
- Joint initiatives in marketing and audience development
- Outreach and learning activities.

- 4.6.2 The Theatre's enthusiasm for joint working is to be welcomed. There are examples from elsewhere in the Country of similar models between venues. They can involve a Memorandum of Understanding and/or some form of shared governance e.g. an advisory group. Alternatively, they can operate along more informal lines. In either scenario, the main feature is the commitment of the two organisations to work together, and this expectation being understood and implemented by the two managements.

- 4.6.3 This model is not dissimilar to the Local Strategic Partnership (LSP) approach. It is not a model designed to produce 'bankable' savings from the outset, but it has the scope to deliver some of the desired outcomes of the 'single operation' model previously considered. Where there is a strong common purpose between two organisations this collaborative model can work well, and it is also far easier to involve others over time. It is also a good model where trust and confidence needs to develop and/or when the main aim is to address strategic issues which one organisation cannot tackle alone (in this instance the Council's aspiration for a strong, vibrant and coordinated cultural and heritage offer for the Borough). Such an alliance would also be able to look at specific issues like the participation of young people.

- 4.6.4 In terms of resources, there would be a small opportunity cost in staff and councillor time to support the alliance but no identifiable direct cost. The two organisations will simply be pooling existing resources to deliver agreed shared outcomes. It may produce some financial benefits in time (for instance in shared marketing) but these would be hard to quantify until the alliance is up and running. It is more likely, instead, that the venues will be able to make existing and constrained budgets go further than at present. Obviously there is also the hope that the alliance will assist in the delivery of existing aspirations to increase ticket sales at both venues and thereby reduce their reliance on public subsidy. In terms of budget setting, therefore, it is not suggested that

the Apex's budget is adjusted to reflect the effect of the alliance until 2014/2015 at the earliest, allowing time to establish what, if any, impact there is on income and expenditure.

- 4.6.5 In operational terms, the taxpayer and the Council would not be exposed to any new risks from this informal collaboration. The risk of shared marketing initiatives or programming failing is no different to or greater than the risk associated with the Apex's existing programme, which is already a mix of in-house, joint and external promoted events.
- 4.6.6 Without knowing the new business plan for the Theatre it is hard to know whether or not the alliance will play a large part in the plans to improve its long-term financial resilience. The Council will make its own assessment of the Theatre's financial position when it next reviews its grant to the Theatre in late 2013. However, since the new proposal does not now involve any formal joining of the two venues (other than perhaps through a stand-alone joint venture on box office), there is a very low risk of the financial security of one venue now affecting the other, which was a major concern for both organisations regarding the single operation. As they remain separate, the vehicle for collaboration being proposed will work under virtually any model of management or programming for the two venues, or any level of funding.
- 4.6.7 The main new risk would be in terms of relationships and reputations i.e. were the alliance to fail. As the alliance proposed is non-structural, and the Council is currently a funder of the Theatre, this risk is low. As a starting point, there is also already a good working relationship between the two organisations and a shared vision for the arts in West Suffolk. The mitigation for this low risk would be in the form of applying conventional good practice for governance and collaborative working.
- 4.6.8 In view of the above assessment, it is suggested that the Council indicates its strong support for the proposed principle of an alliance with the Theatre Royal in relation to the performing arts in and around Bury St Edmunds, and authorises the Head of Service and Portfolio Holder to agree and implement the details, including the signing of any agreements, within existing agreed budgets.

4.7 Shared Box Office

- 4.7.1 The Council has already acknowledged that a shared box office would offer benefits for the customer and taxpayer, and there are several examples around the country where this arrangement is already operating successfully.
- 4.7.2 The detail of any proposal from the Theatre in relation to a shared box office is not yet known, other than the aspiration (to be tested through its consultation) that it will be a joint 'shop window' for ticket sales, and that the two existing teams could come together in one location using common technology. This would include not only ticket purchasing but also joint approaches to promoting work and communicating with audiences.
- 4.7.3 This element of the proposal obviously involves higher risks and therefore requires significant due diligence to be carried out. As such, a proper business case and risk assessment will need to be considered by Cabinet in due course. Key requirements for the Borough Council will be that the shared system not only offers an improvement to the current arrangements, with a long-term plan for development, but also:

- reduces the cost of the Council's current operations using a baseline of the 2013/14 Apex budget; offering initial savings sufficient to re-pay any set-up costs within three years;
- complies with the Council's employment policies in relation to any staffing implications;
- complies with the Council's contract procedure rules if applicable;
- offers sufficient legal and financial safeguards to protect the interests of both venues, and of the taxpayer; and
- is a genuine joint venture, owned by both parties, with an equitable model for the sharing of costs, benefits and governance.

4.7.4 Assuming the Board also supports it in principle, the proposal will be developed jointly by the Chief Executive of the Theatre and the Council's Venues Director, and it is expected that a first proposal will be received in March, at which point it will be examined by the Council's financial, legal and human resources teams, and also be subjected to a proper risk analysis.

4.7.5 Since, by definition, it must comply with the Council's policy framework, and any legal requirements, and must be at least cost-neutral in the short-term, the Cabinet would be able to sign-off the business plan and agree to its implementation, as an executive decision. However, in view of the significance of the proposal, and the previous commitment of Cabinet to involve all councillors in agreeing any collaborative proposals with the Theatre, it is suggested that it is also signed off by full Council. Given the work yet to do, this should not cause any delay but, to provide both parties with the confidence to undertake the detailed preparatory work, it is also recommended that a strong indication of support is provided at this meeting. If agreed, it should be possible to set up the new shared service before the end of 2013/2014.

4.7.6 Since it is yet to be agreed, the Apex's 2013/2014 budget makes no provision for the impact of setting up a shared box office. Any savings will therefore be built into the 2014/2015 budget. Any set-up costs will need to be met from existing revenue or capital budgets, or from earmarked 'invest-to-save' reserves.

5. Other options considered

5.1 The Cabinet agreed in December 2012 to await and assess the proposals of the Theatre Royal for collaboration between the Theatre and the Apex. As such, no other options have been considered.

6. Community impact

6.1 **Crime and disorder impact** *(including Section 17 of the Crime and Disorder Act 1998)*

6.1.1 Not applicable.

6.2 **Diversity and equality impact** *(including the findings of the Equality Impact Assessment)*

6.2.1 Forming an alliance with the Theatre will not have any diversity and equality impact in its own right. The partners would be expected to maintain their own existing equality and diversity standards, and to deliver their objectives for accessibility to services. Depending on the nature of the proposal there could

be an impact from forming a joint box office which will need to be taken into account in design of the new service.

6.3 Sustainability impact *(including completing a Sustainability Impact Assessment)*

6.3.1 Not applicable.

6.4 Other impact *(any other impacts affecting this report)*

6.4.1 None.

7. Consultation *(what consultation has been undertaken, and what were the outcomes?)*

7.1 Extensive consultation and research was carried out as part of the Apex two year review in 2012. The Theatre Royal is carrying out its own consultation exercise for its new business plan which will inform its proposals for collaboration. All councillors were provided with details of the Theatre's consultation so they could respond individually to the Theatre if they wished.

7.2 Full consultation will take place with affected staff and the recognised trade union in relation to any proposal for a shared box office.

8. Financial and resource implications *(including asset management implications)*

8.1 As set out in section 4 of this report, there are no significant financial or resource implications envisaged in relation to a non-structural alliance between the two venues during 2013/2014, since it only entails both organisations deploying their existing resources collectively and more effectively. Any adjustment required will be made to the 2014/2015 budget.

8.2 Nothing proposed affects the deliverability of the savings already identified from the Apex budget for 2013/2014.

8.3 The financial and resource implications of a joint venture for box office services, including staffing implications, will need to be considered carefully when a proposal is received.

9. Risk/opportunity assessment *(potential hazards or opportunities affecting corporate, service or project objectives)*

9.1 A discussion of risks and opportunities from the proposed alliance is contained in section 4 of this report. A thorough risk assessment would need to be built into the due diligence carried out on any business case for a shared box office. In relation to the decisions that the Council is being asked to make in this paper:

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Proper due diligence is not carried out	High	Incorporate full due diligence into the assessment of any business case for a shared box office. No contractual or structural arrangement is proposed in terms of the general collaborative proposal.	Low

The proposal is not supported by the Theatre Royal's stakeholders	High	The proposal is one being made by the Theatre following its own consultation	Low
The risk to the proposed alliance of the Theatre Royal not signing off its new business plan with its other funders, or any future reduction in funding for either venue	Low	The alliance could function under any model of operation or funding for either venue.	Low

10. Legal and policy implications

- 10.1 There are no new policy implications from the proposal. There could be a requirement under the alliance for some form of formal agreement (such as a Memorandum of Understanding) to define shared objectives, principles and ways of working, potentially including governance arrangements. This would not however constitute a contractual relationship. The relevant Head of Service and Portfolio Holder would be authorised to prepare and sign such an agreement.
- 10.2 There would be considerable legal implications arising from a joint venture for box office services which will need to be incorporated in the business case.

11. Wards affected

- 11.1 All.

12. Background papers

- 12.1 Paper D209, Overview & Scrutiny Committee, 5 December, 2012
 Paper D222, Cabinet, 12 December, 2012
 Narrative agenda item 14, Cabinet, 13 February, 2013

13. Documents attached

- 13.1 Appendix 1: Theatre Royal's consultation proposals.

Arts and Minds

A Public Consultation by the Theatre Royal

Setting the Scene

The Theatre Royal has a critical role to play in the arts and cultural scene of Bury St Edmunds and West Suffolk. It also has an essential part to play in the area's economic, social and community wellbeing. To be able to fulfil both of these, we have to ensure that we are strong, fit and able to rise to the challenge, able to deal with some tough times, and are open to working in evermore creative ways to continue to do what we do.

The last few years have seen some big challenges and opportunities for us. The Theatre was restored to its Regency glory, whilst adding essential front of house space – reopening just weeks before the first major global banking collapse. Recession followed. The Theatre Royal's finances suffered. But the commitment to maintain a quality programme continued, even in the face of adversity. In the meantime, the town's new entertainment venue The Apex opened, and the cultural landscape in the town shifted – as did demands on the private and public purses.

However, this time last year, opportunity was starting to reveal itself to us. Arts Council England, along with our two local authority funding partners, had agreed to support the development of a more sustainable business model. The Theatre was also balancing its books again, the balance sheet in much better shape thanks to one-off funding. As work towards a new model progressed, the prospect of bringing the Theatre Royal and Apex together under one organisational structure was a real one – but one that, after long analysis and due diligence, was deemed undesirable.

After long-standing artistic director Colin Blumenau departed in 2012 to pursue a freelance career, new Chief Executive Simon Daykin took the reins of business and artistic progress, together with a re-invigorated board and a new Chairman. In reviewing options, this new team put aside prospects of a single Theatre/Apex structural operation, went back to basics and reminded ourselves of our objectives. The result – a clear statement that to grow the Theatre Royal and the cultural offer of Bury St Edmunds and West Suffolk, **partnership** was the answer. We believe this – and our funding stakeholders are backing our desire to make it work.

At the heart of all this is the desire for the Theatre Royal to:

- be the best theatre it can be, wanted and cherished by its community
- be part of a much bigger cultural offer that is greater than the sum of its parts
- make and present work of great quality, that is relevant and appealing to its audience
- be strong, stable and courageous - and still here in the future
- offer and inspire a sense of cultural leadership, having a strong sense of ourselves and a clear artistic vision
- have the trust and support of our community
- make sure that what we do is fully accessible to as many people as it can be
- be open to new ideas and to listen and to learn.

We are in better shape financially, but it's going to be tough for any organisation like us in the future. Just under 20% of our income comes from public grants (Arts Council, Suffolk County Council and St Edmundsbury Borough Council). Just over 12% comes from fundraising and the huge generosity of private and corporate donors. The rest is generated from you – our audiences and customers – through the box office or through our tills. Public funds are under threat across the land, and we have to respond to that and develop our resilience.

In running the business of theatre, we believe that we have to remain true to ourselves as a place where people can enjoy, experience and engage with the best theatre and performance we can offer. We also believe that, in working together with The Apex and reaching out together, we can inspire and attract more people and reach out even further. Our plan is one of growth rather than cuts, aiming to be more efficient with the resources we have.

Our vision is to change lives and enrich life through the very best theatre and performance we can make and offer. This simple consultation exercise is part of achieving that vision.

We are inviting you - our community, our audiences, our stakeholders, our supporters – to join the debate about how we best move towards our future. We are fully open to your comments – good and bad. We are asking you to comment on:

- our broad partnership proposals with The Apex
- how best we can improve our artistic, cultural and participation activities
- how best we can work together in ensuring a culturally vibrant town and area in which you live and work
- what matters to you in the way you might engage with The Theatre Royal – and the arts in general – in the future
- anything else you feel would be helpful for us to know in taking The Theatre Royal forward

The Theatre Royal and The Apex in Partnership

Our approach to the idea of working together is:

- We are committed not just to the principle, but also to a number of clear and tangible ways in which the partnership could work
- This could in time go much further than Theatre Royal and Apex – a whole range of arts and heritage providers could benefit from this collaborative approach – but first things first
- The partnership has to be mutually beneficial, genuine, developed and worked through respectfully and transparently with everyone involved at all levels
- The partnership works with two financially and structurally independent and separate organisations
- The partnership allows us to show cultural leadership and take a lead for inspiring organisations to think, share and plan together, developing a shared vision whilst maintaining their own identities

- We need to reach out to and include our audiences and our community in order that the cultural offer can be better planned, conceived and developed
- We can develop trust amongst our audiences, knowing that our work represents quality and offers value
- We can deepen our pool of artists, contributors, makers, collaborators and creators, who see Bury and West Suffolk as an exciting and vibrant place for their work to develop
- We can build on the back of the Bury Festival and together create a much broader showcase of exciting cultural activity across the town and area, promoting richness, diversity and choice
- We can together focus on the differences we make to people's lives – demonstrating our worth, not through the work we do, but the results and impacts it has
- We will strive for growth and more efficient use of our resources. We have to demonstrate high value for money and, by sharing resources, we believe we have greater potential and opportunities

The Partnership Plan - Simple Steps

Our practical plan involves:

- **A joint box office and sales development function** – we will work together with The Apex management to develop the details of how a joint 'shop window' for ticket sales could work. Our two teams could come together in one location using common technology. This would include not only the transactional elements of ticket purchase, but also all the essential market intelligence data that allows us both to be efficient about how to promote work and communicate with audiences
- **A coordinated approach to programming** – we will retain responsibility for our own programmes, but would ensure our work is complementary and share ideas about what work to develop. We would each look at curating programmes in each other's spaces, and would join forces and resources to programme some events as joint ventures. Our buildings are very different, of course, have different strengths and lend themselves to different work – but those differences make for a variety and richness of activity
- **The Bury Festival as a shared artistic showcase** – we will pool our creative resources and programming know-how to rethink and replot the Bury Festival as a showcase for a whole range of artistic and cultural activity across a number of different art forms. This would pilot in 2014 and relaunch in style in 2015.
- **Joint initiatives in marketing and audience development** – we will pool our resources to coordinate marketing and promotional activity. We could develop a single website and cultural brand for Bury, which links into and supports and strengthens our own respective web presence and branding. In

developing audiences we would therefore be looking at a broader artistic offer to appeal more widely to new audiences as well as current ones.

- **Potential for greater participatory and learning work** – we achieve a range of outcomes through our current work with young people and learners, and could expand this within The Apex's programme and strengths, particularly around participation in music and dance

Both organisations have signed up to genuine partnership and have made a commitment to work together.

To reach a stronger position in our own business and to take full opportunity of this new partnership, we believe that the Theatre Royal has to:

- Ensure that our own artistic vision is strong and fully understood
- Make and present quality drama for our audiences
- Work to our strengths as a traditional playhouse and complement the strengths of The Apex and other arts activity in West Suffolk
- Aim for a mixed programme of quality, but don't try and do too much – it's better to do less, but do it better (quality over quantity)
- Consider how we are perceived by our public and win back any lost confidence in us and our work
- Respect our role as the home of some great community and amateur drama and operatic work
- Raise the profile of our work with young people and in creative learning
- Think outside the parameters of our building (as beautiful as it is) and take more work out into the community
- Treat our work as a business – making profits to invest back into our core activity of making great theatre
- Broaden even further our already wide income base
- Want to grow the partnership over time, and work with other arts/heritage organisations to strengthen the sector generally