

Scrutiny Board (Sustainable Economy and Culture)

Scrutiny Working Group – Grand Theatre

Report of Scrutiny Board to Executive Board

Background

In July 2014, the Executive Board commissioned a review of the most appropriate future management and governance arrangements for the Leeds Grand Theatre and Opera House Trust Ltd (LGTOH), to ensure a sustainable financial future for the organisation. The Council's objectives were set out as:

- i) For the Grand Theatre Company to operate within its available resources, including the council's grant and to take a commercial approach to its operation;
- ii) To continue to provide a quality and balanced programme of events and, where possible, to broaden the scope of the existing programme to enhance its national reputation.

The Council appointed consultants to carry out a review, reporting back to the Executive Board in February 2015.

The Executive Board also asked the Sustainable Economy and Culture Scrutiny Board to have an input into the review, and it was agreed by the Scrutiny Board that this work would be carried out by a working group. (Details of the work undertaken are provided at Annex 1.)

The working group's key findings are set out below and have been endorsed by the full Scrutiny Board.

The Scrutiny Board asks the Executive Board to take the following recommendations into account when considering the findings of the review commissioned from FEI.

Conclusions and recommendations

Scrutiny recognises and values the important and distinctive role of the company in contributing to the city's diverse cultural offer.

The current review reflects that importance in seeking to ensure the company's future sustainability against the backdrop of a changing financial climate and the imperative to demonstrate accountability for the use of public funds.

The working group received written and verbal evidence on the historical background to the Trust's current financial and governance arrangements. In summary Members highlighted the historical lack of clear business planning and financial monitoring, and a lack of capital funding, combined with a complex set of agreements with partners, as underpinning the organisation's current situation. The organisation urgently needs leadership from someone with the appropriate standing and influence in the theatre world. In the light of the Trust's previous difficulties in successfully

filling the position of Chief Executive, the Board agrees with the view that a full-time interim Chief Executive appointment should be made as a matter of urgency to steer the Trust through the implementation of whatever new arrangements are decided upon.

This is despite the obvious passion and commitment to the organisation displayed by all those that the working group met. Members recognised particularly the progress that has been made in implementing the recommendations of the previous review completed in 2013, and the introduction of new budget management arrangements which will provide a clearer picture for the future.

Recommendation 1

The Scrutiny Board recommends that an interim Chief Executive is appointed as a matter of urgency.

Recommendation 2

The Scrutiny Board recommends that the LGTOH Board and Leeds City Council establish an agreed list of costed repairs and maintenance required to the fabric of the Grand Theatre building, as a prerequisite to a final decision on the most appropriate future model of governance for the organisation.

Recommendation 3

The Scrutiny Board recommends that further work is carried out to ensure that the implications of the third party interests in the Trust (for example from the Heritage Lottery Fund, the Arts Council, Opera North and the Charity Commission) are clearly understood, as a prerequisite to a final decision on the most appropriate future model of governance for the organisation.

Recommendation 4

In the light of the evidence available to the working group at the time of preparing this report, the Scrutiny Board would not recommend either the status quo option or the option of returning the service to the Council to run in-house. The Scrutiny Board believes that the options of an independent Trust or a commercial operator, or possibly a combination of the two, might be the preferred outcome. However, the Board believes that there needs to be greater clarity, particularly with regard to issues identified in recommendations 2 and 3, along with stronger budgetary clarity, in order to provide a clear financial position from which a preferred option can be selected. (The Scrutiny Board understands that much of this work is already underway and greater clarity may be available by the time of the Executive Board meeting.)

At present the LGTOH Board is chaired by the Council's Executive Member holding the Leisure portfolio. The working group understands the rationale for introducing this requirement, and that it was an appropriate move at the time. However, it is no longer felt to be a necessary requirement from a strategic perspective and it is recognised that it creates a difficult conflict of loyalties for the Executive Member.

Recommendation 5

The Scrutiny Board recommends that the requirement for the Chair of the Grand Theatre Board to be the Executive Member holding the Leisure portfolio is reviewed.

It was also suggested that an audit should be carried out of the Board's skills, to ensure that the Board membership has the ability to provide the strategic oversight and challenge necessary to drive the organisation forward successfully.

General comments and observations

During the course of this inquiry, there were a number of additional issues raised which, although not key to the outcome of the review, were felt to merit inclusion in the Scrutiny Board's report.

Members were particularly impressed by the learning programme. The continuation of this is a condition of the Heritage Lottery Funding, and from the evidence provided to the working group this is felt to be achievable in whatever future option is chosen. However the working group would like to suggest that the possibilities of working with local further and higher education institutions to make use of the Grand Theatre's 'state of the art' facilities be explored further.

Recommendation 6

The Scrutiny Board recommends that the Company explores links with the further and higher education institutions in the city to develop a learning offer which takes advantage of the state of the art equipment at the Grand Theatre.

The potential for increasing secondary spend was discussed. It was suggested that further consideration be given to the allocation of the rental income for the pub next door to City Varieties, over and above the amount required to pay back the current loan which had funded the lift at the theatre.

Working group members felt that there were a number of asset management issues which should be explored further. These include the need to improve disabled access to the Grand Theatre; the potential for better commercial use to be made of some of the spaces in the Grand Theatre complex; and potential opportunities associated with redevelopment of the former shop complex below the Howard Assembly Rooms.

It was queried whether there were opportunities to seek funding at a regional level, given the wide geographical distribution of audience, particularly for productions at the Grand Theatre.

Working Group Sessions

The following Members of the Scrutiny Board took part in the working group: Councillors Groves (Chair), Castle, Cohen, Harington and Selby.

The working group undertook the following sessions:

- 28 November – Visit to Grand Theatre and City Varieties
- 2 December – Meeting with Theatre Director, Trustees of LGTOH and council officers from City Development and Resources
- 11 December – Meeting with Consultants FEI and council officers from City Development, Resources and Legal Services
- 19 December – Meeting with council officers from City Development, Resources and Legal Services

The following witnesses attended the working group meetings:

- Andrew Macgill, Theatres Director, LGTOH
- Ian Sime, General Manager, LGTOH
- Anne Whittaker, Head of Support Services, LGTOH
- Members of the Board of LGTOH:
 - Councillor Lucinda Yeadon, Chair of the Board in her role as Executive Member for Digital and Creative Technologies, Culture and Skills
 - Councillor Bob Gettings
 - Councillor John Procter
 - Dr Keith Howard OBE
 - Roger Wood
- FEI
 - Nick Dodds, Managing Director
 - John Mortlock, Associate Director
- Council officers:
 - Cluny Macpherson and Jane Cash, City Development
 - Doug Meeson and Chris Blythe, Resources
 - Debbie Oxtoby, Legal Services

The following papers were provided for the working group:

- Report to Executive Board – 16 July 2014 – setting out the background to the current review
- Extract from the brief for the appointment of the consultants
- Grant allocation 2012-2015
- List of the Board of Trustees of LGTOH
- Report from the Theatres Director (confidential)
- Review of Leeds Grand Theatre and Opera House Ltd by SMG Europe – October 2013 (confidential)

NB: It should be noted that several of the documents provided to the working group were designated as exempt in accordance with paragraph 10.4(3) of Schedule 12A(3) of the Local Government Act 1972 on the grounds that the information contained within the documents is commercially sensitive.