

STRATEGY AND RESOURCES EXECUTIVE ADVISORY BOARD

6 DECEMBER 2021

SUPPLEMENTARY INFORMATION

ITEM 5 – YVONNE ARNAUD THEATRE GRANT MANDATE

The Theatre's response to the grant mandate is attached.

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Yvonne Arnaud Theatre's Response to Guildford Borough Council Grant Mandate

The Yvonne Arnaud theatre hugely values its long-term close relationship with Guildford Borough Council and wants to respond positively to any suggestions made by the Council and officers. The theatre appreciates the challenges the Council faces at the current time and the pressures upon its discretionary budgets. The theatre is in an equally critical place financially as it continues to manage the effects of Covid and enforced closure periods on its audience and operations. We believe that cutting the grant to the Arnaud too quickly or too deeply will damage Guildford and, in the medium and long-term, the revenues of the Council.

As the recent economic impact survey showed, the theatre brings an average of 130,000 people into Guildford who directly contribute at least £1.5 million to the local economy. 87% of audience would not have come to Guildford if they had not been coming to the theatre. Those people pay for parking, shop before the theatre, and patronise restaurants and bars in town during their visit supporting the town economy and bringing footfall to the town.

A listed building, the theatre is an asset to the town, particularly the current council's ambition to open the river as part of the proposed town plan and to **promote its heritage assets**.

The Creative Learning Program which works with disenfranchised and low social economic groups across the Borough, directly supports the Council's priority to **tackle inequalities in Guildford's communities and support vulnerable residents**.

The theatre provides **cultural activities within walking distance for residents**, also a priority for the Council. Research has evidenced that a higher frequency of engagement with arts and culture is generally associated with a higher level of subjective wellbeing, so easy access to the theatre benefits the general health and wellbeing of Guildford residents.

The theatre would like to propose the following for the Council's consideration:

- That any grant reduction be deferred to 2023/24 to give the theatre the opportunity to rebuild audiences and box office income.
- That any reduction be phased over three years, as recommended in option B.
- That a new grant level is then agreed for five years – to give the theatre certainty in its planning, strengthen its case with other funders and demonstrate the Council's commitment to the theatre's future and its recognition of the important role the theatre plays in the economy and well-being of the Borough and its residents.
- That the Mill Studio rent remains at its current level for 2022-2024 and is reviewed only when the Council have improved the site.

As part of its funding agreement, the theatre will continue to run the Tourist Information ticketing service for the Council.

The theatre's detailed response to the GBC mandate follows below.

Context for the Yvonne Arnaud Theatre

The theatre is a charity, whose purpose is to enrich the lives of the communities it serves by offering and encouraging opportunities for learning, for creativity and for personal and social development through its broad programme of theatre and arts activity. The theatre lost income of just over £3 million in the last fiscal year (20/21) from box office, hires, events, and memberships as well as a further £300k ancillary income from education, scenic workshop, and fundraising. Income from the theatre's separate catering company was decimated by the pandemic and closure periods. **We anticipate the theatre will be in a deficit position at the end of March 2022 of £151k.**

The recovery for performing arts continues to be slow and will impact on venues' income throughout 2022/23. Despite reopening fully in September 2021, the Arnaud is by no means back on its feet after Covid. All industry analysis is indicating that the recovery for theatre and performing arts will take longer than originally thought and lag behind other sectors of the economy. The theatre is not forecasting a return to pre Covid box office levels in 22-23 and will need to invest additional resources into audience retention and development throughout 2022 and 2023 to ensure it can rebuild its income.

Current funding position

The theatre's annual turnover pre Covid was £4.2 million.

- GBC funding of £310,220 (7.5% of annual turnover) is the only regular source of public subsidy the theatre receives.
- Of the remaining 92.5%, 60.5% is from Box Office and 32% is revenue from: Café and Bar, Hire and Events income, and Philanthropy. These areas of income have also suffered due to the pandemic.
- We received £35k from ACE Covid Emergency funding. We have taken a CBILS loan of £240k, drawn down in November 20. We received DCMS Cultural Recovery Fund grants totalling £954k across 20/21 and 21/22 to ensure that the theatre has remained operational during Covid.

Significant savings have already been made to the theatre's operation due to the impact of the pandemic

- Staffing has been reduced in all areas, from 37 at the start of the pandemic to 26 at January 2022.
- Front of House, Stage Door and Box Office have been restructured to make ongoing savings of £45k and achieve better value for money from expenditure.
- Stage Door has been permanently closed.
- Volunteer ushers have replaced a large casual staff front of house, saving £80k per year.
- Adoption of more on-line sales, ticketing and increased digital marketing resulting improved value for money on marketing expenditure.
- Senior management salaries were reduced by 20% whilst maintaining full-time hours for seven months. Other staff were furloughed on 80% salary and then continued to be partially furloughed until the scheme ended in Sep-21.

Finding further savings of £50k in April 2022 on the back of the cuts already made this year to get through the closure period, will be challenging. We cannot assume box office income will pick up quickly. The theatre has for the last seven years achieved a break-even position in the management company, or a small deficit which has been funded by the Trust.

Impact of any funding reduction on the theatre's Refurbishment and Capital plans

The Council are aware of the theatre's urgent need to refurbish and improve accessibility in all areas of the theatre. The Director of the theatre made a presentation to full Council on the 4th August 2021 to brief them on the theatre's plans and the potential cost of the theatres masterplan. Closure has further damaged the theatre's building. The roof is leaking and will require replacement within the next three years; heating and plumbing is failing. The Theatre has begun a capital appeal to raise funds required. Support from the Borough is critical to the theatre's fundraising success. Withdrawal or reduction in Local Authority funding will substantially damage the theatre's eligibility to apply to other funders. For example, the theatre was able to apply for Round One and Two of Cultural Recovery funds because it was in receipt of local authority funding.

Creative Learning Programme.

The theatre has used the closure period to establish a new Creative Learning programme that works with people across a range of age groups and backgrounds. Meeting the Council's priorities to support vulnerable residents and tackle inequalities in its communities. Targeted activities focus specifically on engaging those people who have limited access or opportunities to engage with the arts. This includes families, children and young people who have a low household income or low socioeconomic status; young carers; care leavers and those who are not in employment, education, or training. Since its establishment in May 2021, Creative Learning Programme has worked with clients from:

- The Hive, Matrix Trust
- Halow
- Surrey Choices
- BIG LEAF Foundation
- Lighthouse Specialist Centre of the Guildford Grove Primary School
- Guildford Community Wellbeing Team based at the Hive
- The YMCA Guildford Downslink Group
- Surrey Young Carers
- Army Training Centre in Pirbright
- Wey Valley College Pupil referral unit

This area of our work would need to be reviewed in the light of cuts to our funding.

Economic Value and Impact of YAT to Guildford

The mandates reference that culture and heritage were identified by residents as a low priority in both the budget and future council spending consultation. YAT disputes the integrity of this survey on which this opinion is made. Only a low number of residents were surveyed, the phrasing of the questions encouraged arts and cultures to be placed last and no context was given as to the impact of any cut on the viability of services.

The theatre considers that the mandate does not convey the benefits delivered by the theatre that meet the Council's priorities.

- A listed building, the theatre is an asset to the town, particularly the current Council's ambition to open the river as part of the proposed town plan and to promote its heritage assets.
- The Creative Learning programme of activities, working with disenfranchised and low social economic groups across the borough directly supports the Council priority to **tackle inequalities in Guildford's communities and support vulnerable residents**.
- The theatre provides **cultural activities within walking distance for residents**, also a priority for the Council.
- The theatres foyer spaces, provide a refuge for numerous community groups including mums and toddlers' groups, adult learners, and those with special needs.
- Research has evidenced that a higher frequency of engagement with arts and culture is generally associated with a higher level of subjective wellbeing. Engagement in structured arts and culture improves the cognitive abilities of children and young people.
- 87% of audience would not have come to Guildford if they had not been coming to the theatre. (80% of 130,000 = 113,110). Those people pay for parking, shop before the theatre, and patronise restaurants and bars in town during their visit to the theatre.
- Over 40% of our audience spend an additional £28 per head locally on every visit directly contributing £1.5 million to local hospitality and commerce.*
- Arts and prescription can reduce:
 - GP consultations by 37%.
 - Hospital admissions by 27%.

Value for Money. What the current funding delivers.

- A year round producing and presenting arts venue that provides a diverse and high-quality programme of theatre, spoken word, dance and comedy for a wide range of audiences.
- A widely respected theatre of reputation and standing in the industry. A landmark for Guildford.
- An average 130,000 audience per year. (Population of Guildford 147,800).
- 2000 engagements in seven months with the vulnerable and socially deprived through the Creative Learning Programme since its launch.
- 26 staff directly employed, the majority of whom are GBC residents.
- 140 other staff and 80 freelancers given employment during the year, again, the majority of whom are GBC residents.
- The theatre's workshop in The Billings provided commercial rental income for Guildford Borough Council and employs between 6 and 12 craftspeople and technicians during the year.
- Hosting and support of other Guildford organisations including: Book Festival, Guildford Jazz, Guildford Arts, Guildford in Bloom, Experience Guildford, Guildford Shakespeare Company, Surrey Age UK and, since the reduction of the Electric Theatre's programme by ACM, a number of local youth theatres.
- Creating employment opportunities at the theatre for young adults engaged with The YMCA and Surrey Choices.
- Partnership working with:
 - Business Improvement District/Experience Guildford.
 - University of Surrey
 - Tourist Information Office
 - Surrey Chamber of Commerce

- A home for regular users of front of house include:
 - Knit and Knatter
 - Halow
 - Drama group
 - Pop up and play for under 5's and families

The Mill Studio programme is an entirely professional programme of work and does not consist of amateurs and semi-professional companies. The focus is on supporting young and local artists, using the Mill to further artist development in the Borough and provide a contrasting offer to the main house aimed at the younger audiences. In addition, we have begun to host local youth theatre companies who have lost their performing space at the Electric Theatre due its take-over by ACM.

YAT taking over GBC Tourist Information ticket service

- The theatre offered to take over this service creating a saving for GBC and enabling this community service, which many local arts and community groups rely on, to continue. In addition, ensuring a flourishing arts infrastructure will further support Guildford's bid for City status.
- This is unlikely to be a significant income generator for YAT. In 2019, the GBC ticketing function delivered income of £15,700 + VAT in commission charges and an additional £4,500 in booking fees, a total of £20,200 + VAT.
- However, as the Council have run the service down, it has been handed over with no orders for Spring 2022. The pandemic has affected audiences and therefore tickets sales for all events, not just theatre

Lease information

Under the terms of the lease and the covenant of the Theatre Trust, the theatre building would return to Guildford Borough Council if the Trust was no longer occupying the building. The Council does not have the in-house expertise for running a performing arts charity.

Three year rolling funding agreement

The theatre was under the impression that a three-year rolling funding agreement was put in place in 2016 and the theatre would therefore receive two years' notice of any reduction in grant funding. The theatre notes that this view has been frequently expressed verbally at board meetings at which councillors and the Resources Director of GBC have been present and has not been disputed or corrected. This statement has been in the theatre's annual report and accounts since the year ended Apr-16 and has not been disputed by those councillors who have served as Theatre Trustees and Directors during this time or by Guildford Borough Council Officers.

The theatre has a number of comments on Option C - Do Something (2) which it wishes the Council to consider.

Charge a full market rent (£56,000) for the lease of Old Mill Studio on renewal from December 2022 (generating additional income of £33,000).

- The Mill houses the finance, fundraising, marketing and creative learning departments, in total 12 members of staff in five offices. There is no room to accommodate these departments in the main building.

- The Mill is sited in a flood risk area, is in a poor state of repair with no heating, inadequate lighting, rotten window frames and damp issues. Further deterioration of the building has been impeded by the theatre's occupation of the site, meeting the costs for keeping the site warm, dry, and secure.
- The theatre disputes the figure of £100k annual income potential if the building returns to the Council and would be keen to understand how this figure was arrived at. The building, which is listed, is an unlikely candidate for housing given its location and flood risk.
- Repurposing the Mill for heritage, gallery or museum occupancy is unlikely to be possible without further capital investment in the building. The challenges the theatre faces through lack of footfall and passing trade would be the same for any repurposed heritage space.
- Access is challenging to all parts of the building and non-existent in many areas.
- The public use the toilets and other facilities in the Arnaud's main house as there are no suitable facilities in the Mill.
- The Mill is listed.
- The studio space, including the seating, was refurbished with a grant from Heritage Lottery. If there is change of use, then there may need to be a partial refund of grant to HLF, further damaging the theatre's finances.

** "Economic and Social Impacts of Arts in Surrey" 2021 report conducted by a research team in the School of Hospitality and Tourism Management at the University of Surrey, in partnership with Yvonne Arnaud Theatre, The Lightbox and Watts Gallery – Artists' Village.*

JOR 03/12/2021