

## **G Live – EAB background paper**

### **Background to existing contract and venue**

The Council entered into a 10 year contract to operate and manage G Live with HQ Theatres Guildford Limited (HQT) on 12 August 2011. The contract period commenced from the opening date of the venue on 15 September 2011. The Council also entered into a lease of the G Live premises for a period of 10 years again from 15 September 2011 at a peppercorn rent. The Specification for the services is set out in Schedule 1 of the existing contract with the Key Performance Indicators outlined in Schedule 2.

The venue was designed to complement existing theatre facilities in Guildford and to replace the Guildford Civic Hall, which was costing the council @ £400k per annum to run in the last years of operation. The programme reflects this and is driven by a series of predominantly one night performances of music and comedy.

The venue consists of main concert space capacity of 1,031 people seated, 1,700 standing, and a second space seating for up to 100. In addition, there are hospitality and meeting rooms.

In the original contract agreement, the operator was required to provide different genres of entertainment and key performance indicators set out the balance to be achieved between the provision of:- classical music, co-promotions, dance, rock, pop, folk, jazz and world concerts, comedy/spoken word, children's family entertainments, sport and others. The operator was to provide for up to 15 events per annum by local amateur and pro-am associations. In total 265 non-hospitality events are to be staged annually. The operator must also optimise commercial and hospitality income in G Live.

These performance indicators targets were set prior to the operation of the venue and are out of step with the modern market place and how the business has developed since opening. They are also out of the Operator's control to an extent, in that the venue is a touring house i.e. it provides a location for touring companies to use, it is not a producing house. The venue cannot put on product that is not on tour.

In a new agreement, we would review the current list of indicators and decide which ones are appropriate and set benchmarks that are based on ranges where appropriate.

As referred to above, G Live is reliant on touring product, so promoters will either hire the venue or enter into an agreement for a percentage share of the box office. Promoters will seek to share the risk (i.e. share the box office proceeds) where they believe there is a risk the production will not do as well as anticipated. As G Live has matured, more promoters have looked to hire the venue at a fixed cost.

### **Existing financial arrangements**

G Live has now been open nearly eight years and has matured as a venue. The market is reasonably well developed and the building and plant is still relatively new with cheaper running costs as a result. The contract year runs from October to September reflecting the opening of the venue. All income and tariff receipts are the property of HQT. The council pays a management fee in monthly instalments for the operation of the venue that is fixed at £328,595 per annum for the ten year life of the initial contract.

Any surplus that is generated over that break-even point is referred to as a surplus and is divided between the operator (80%) and the council (20%). The surplus has grown each year as the venue has matured.

The table below sets out the financial performance of the venue since opening:-

Financial Results for Each Contract Year Subsidy per attendee and per Guildford population						
Fixed GBC Subsidy		£328,596				
Guildford Population		137,200				
	Attendance	Overall Profit	Profit Share	Net Subsidy	Subsidy / Attend	Subsidy / Population
Year 1	130,574	0	0	£328,596	£2.52	£2.40
Year 2	136,021	34,235	6,847	£321,749	£2.37	£2.35
Year 3	139,199	138,906	27,781	£300,815	£2.16	£2.19
Year 4	177,079	173,021	34,604	£293,992	£1.66	£2.14
Year 5	198,900	177,121	35,424	£293,172	£1.47	£2.14
Year 6	230,527	228,999	45,800	£282,796	£1.23	£2.06
Year 7	246,492	315,440	63,088	£265,508	£1.08	£1.94

### Asset management responsibilities

The contract and the lease set out the responsibilities for asset management within the site. In summary, the Council is responsible for maintaining, repairing and replacing the structural parts and the access road. HQT is responsible for all other maintenance and replacement items for the building and equipment.

### Monitoring arrangements

The contract is monitored by the Leisure Services Client Team, who also oversee the Leisure Partnership Agreement. A summary of the formal monitoring arrangements are as follows:-

- Monthly client monitoring meetings with the venue's Director using a structured agenda to discuss the operation and management of the venue
- a quarterly client monitoring meeting attended by the venue's Director and HQT's Regional Director, the relevant Lead Councillor(s) and the Director of Environment using the same agenda as above. Scrutiny sub group members are also invited to the mid-year (i.e. March/April quarterly meeting)
- the annual report is presented to a separate meeting with the same attendees as the quarterly monitoring meeting plus the Scrutiny sub group members (historically four councillors) who are also invited to this meeting
- the venue's Facilities & Building Manager has monthly meetings with the Leisure Asset Manager to discuss the technical aspects of the venue.

Minutes are prepared of all issues discussed at these meetings. The formal monthly client monitoring meeting includes a report on the outcomes and, where appropriate, will discuss any outstanding issues.

## Existing KPI's and performance

KPI	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	KPI	Variant	Notes
Main Hall Live programme No of shows	180	188	193	164	169	205	203	250	-47	Excludes get ins, rehearsals and non perf. events such as beer festivals, antiques fairs etc.
Main Hall Community Events	60	41	40	92	136	166	173	15	158	Inc. Hillsong services on Sundays
Main Hall non performance events	48	47	47	63	51	49	47	-	N/A	Get ins, rehearsals and hospitality events
Total main hall event activity	288	276	280	319	356	420	423	265	158	
Main hall attendance	130,574	136,021	139,199	177,079	198,900	230,527	246,492	161,257	85,235	
Non-main hall hospitality events STUDIO	50	35	30	27	40	49	25	125 to 156*	40 to 71	Studio only. * KPI tolerance 20% permissible
Other hospitality events	97	66	105	59	128	167	171			All other spaces
Education projects	218	85	215	193	230	212	275	100	175	
Main hall dark days	114	115	116	91	85	64	67	80	+13	
Customer service										90% KPI is based on rated good /very good  Main bar & pre-show cafe
Show/event		92%	97%	98%	98%	99%	98%	90%	+8%	
Service/staff		92%	92%	93%	95%	93%	93%	90%	+3%	
Facilities		95%	94%	94%	94%	97%	95%	90%	+5%	
Booking/info		89%	90%	89%	92%	91%	93%	90%	+3%	
Catering/hospitality		72%	75%	64%	66%	65%	66%	90%	-24%	
Combined		88%	90%	88%	89%	89%	89%	90%	-1%	