

Guildford Borough Council

Report to: Overview & Scrutiny Committee

Date: 16 January 2024

Ward(s) affected: N/A

Report of Director: Transformation & Governance

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Report Status: Open

G Live Annual Report 2022-23

1. Executive Summary

This report provides a summarised overview of the performance of the contractor operating G Live for the period 1 October 2022 to 30 September 2023.

The Council entered into a 10-year contract with HQ Theatres Guildford Limited (HQT) to operate and manage G Live on 12 August 2011. The contract was extended for a further three years to 30 September 2024. HQ Theatres has since been acquired by Trafalgar Entertainment. In the contract agreement, Trafalgar is required to optimise commercial and hospitality income in G Live as well as provide different genres of entertainment. Trafalgar's Annual Report on the operation of G Live during 2022-23 can be found at Appendix 1.

A sub-group of councillors volunteered to represent the Overview and Scrutiny Committee to consider the G Live Annual Report in detail. The minutes of the Annual Report presentation that took place at G Live on 6 November 2023 are included in Appendix 2.

The Council pays a management fee in monthly instalments for the operation of the venue. This was fixed at £328,596 per annum for the ten-year life of the initial contract and was revised to £275,000 per annum for the three year contract extension, thus improving the council's financial position by £53,596 per annum.

Any net income 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%). This year Trafalgar has reported a surplus of £377,000 (see Appendix 1) which means the Council's 20% share will be £77,000. This is the best financial performance of G Live in its 12 years.

The Scrutiny sub-group were pleased with the performance of the venue and the Operator during this period.

2. Recommendation to Committee

Councillors may wish to comment on the performance of Trafalgar in relation to the operation of G Live over the period.

3. Reason(s) for Recommendation:

To enable councillors to review and comment on the performance of the contractor.

4. Exemption from publication

No.

5. Purpose of Report

To provide a summarised overview of the performance of the contractor operating G Live for the contract year period 1 October 2022 to 30 September 2023. This is the twelfth year in an extended ten-year contract term.

6. Strategic Priorities

The provision of the services detailed within this report support the Corporate Plan values by:

- 6.1. Attracting visitors to the borough and making Guildford a more attractive place in which to live
- 6.2. Offering a range of employment opportunities and facilities that businesses need. The venue makes a significant contribution to the local economy.
- 6.3. Providing an enhanced cultural and entertainment offer in an attractive, vibrant town.

7. Background

- 7.1. The Council entered into a 10-year G Live Operator Agreement with HQ Theatres Guildford Limited and QDOS Entertainment PLC (HQT) on 12 August 2011. HQ Theatres has since been acquired by Trafalgar Entertainment. This contract, which deals with the operation and management of G Live, has been extended for 3 years, until 30 September 2024. This period of extension will hopefully allow the marketplace to recover from the impacts of the pandemic before the operation of the venue is re-tendered.
- 7.2. The Council also granted a lease of the G Live premises to HQT (now, Trafalgar) for a period of 10 years at a peppercorn rent. This lease was also extended until 30 September 2024.
- 7.3. 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.
- 7.4. In the contract agreement, Trafalgar is required to optimise commercial and hospitality income in G Live as well as provide different genres of entertainment. Key performance indicators set out what was thought to be the desired balance between the provision of: classical music, co-promotions, dance, rock, pop, folk, jazz and world concerts, comedy/spoken word, children's family entertainment, sport and others.
- 7.5. The original KPI targets prepared at the start of the contract were based on an unopen venue and without the benefit of recent

information on the performance of a suitably equivalent venue in Guildford. These KPI targets have shown themselves to be of limited value compared to comparing performance against previous years. The performance indicators are shown in the G Live Annual Report at Appendix 1.

- 7.6. The venue has over 11 contract years' history and is an established venue in the marketplace. The comparison against previous year's results is usually a good indicator of performance. As can be seen by the attached report the performance this year by Trafalgar has been strong when compared against previous years.
- 7.7. 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 may not do as well as anticipated. As G Live has matured, more promoters have looked to hire the venue at a fixed cost. However, there remains a level of uncertainty associated with the cost-of-living crisis and how this will impact on the industry and consumers and therefore G Live's performance.

Overview of the existing monitoring arrangements

- 7.8. The contract is monitored by the Leisure Client Team. 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 Trafalgar's Regional Director, the relevant Lead Councillor and the Director of Transformation and Governance 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 four Scrutiny sub-group members.

- The venue's Facilities & Building Manager has monthly meetings with the Council's Facilities Specialist to discuss the technical aspects of the venue.
- 7.9. Minutes are prepared in respect 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.

8. Contract Monitoring

- 8.1. The performance against the prescribed contractual KPIs is included as part of the Trafalgar presentation. As they were created at the very start of the contract some have become less relevant over time.
- 8.2. The performance and proactiveness of the operator throughout this financial year has been impressive. The attention to detail has been exceptional and as a Client we are extremely pleased to report on not only an exemplary financial performance but a year where health & safety has been a keen focus and success.

9. Scrutiny Sub-Group Monitoring Process 2022-23

- 9.1. The sub-group of four councillors who volunteered to represent the Overview and Scrutiny Committee (the "Scrutiny sub-group") to consider the G Live Annual Report in detail were invited to the Annual Report Presentation by Trafalgar. All councillors have received background detail of the contract in the past by the Leisure Client team and are familiar with its operation now that it is a well-established venue.
- 9.2. This year, Cllr Catherine Houston was joined by Cllr Howard Smith, Cllr Stephen Hives and Cllr Dominique Williams from the sub-group who attended the presentation by the Venue Director, Andy Locke and Trafalgar's Group Operations Director, Alvin Hargreaves.
- 9.3. The councillors considered the contents of the report and asked a number of questions covering a variety of topics. The minutes of this meeting are at Appendix 2.

- 9.4. The Scrutiny sub-group recognised the year's performance and thanked Andy and Alvin for their insight into the venue they also welcomed the economic impact information of such a venue on the local economy.

10. Financial Implications

- 10.1. All income and tariff receipts at G Live are the property of Trafalgar (subject to the agreements with the promoters) i.e., Trafalgar keep the income attributable to the venue from hires, bookings and ticket sales and secondary income (such as catering, refreshments, programmes, souvenirs etc.). The Council pays a management fee in monthly instalments for the operation of the venue. This is fixed at £275,000 per annum for the three-year contract extension which was negotiated from the original 10 year contract management fee of £328,596. The new management fee improves the council's financial position by £53,596 per annum.
- 10.2. Any net income 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%). Trafalgar has reported a surplus this year of £377,000 (see Appendix 1) which means the Council's 20% share will be £77,000.

11. Legal Implications

- 11.1. Section 3 of the Local Government Act 1999 requires that the Council as a best value authority to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". Reviewing and where required monitoring the Council's contractual approach is an important way in which that obligation can be fulfilled.
- 11.2. Any formal changes to the current contractual arrangements will have to be agreed with Trafalgar and varied by agreement.
- 11.3. As the Overview and Scrutiny Committee has no decision-making powers, any recommendations that may arise would need to be

referred to the relevant decision-making body of the Council for a decision.

- 11.4. The 3 year contract extension was granted via a contract modification under Regulation 72 of the Public Contracts Regulation 2015.

12. Human Resource Implications

There are no human resource implications arising from this report.

13. Equality and Diversity Implications

This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report. Prior to any future decision to change the G Live arrangements, an Equalities Impact Assessment will be required.

14. Climate Change/Sustainability Implications

There are no direct Climate Change/ Sustainability implications arising from this report.

15. Suggested issues for overview and scrutiny

Councillors may wish to comment on the performance of Trafalgar in relation to the operation of G Live over the period.

16. Summary of Options

This is an informative report for councillors.

17. Conclusion

- 17.1. The twelfth contract year saw a strong financial performance. The Scrutiny sub-group recognised the challenges faced by the industry and were pleased with the performance of the venue and the Operator during this recovery period.
- 17.2. The reported surplus of £377,000 means the Council's 20% share will be £77,000.

17.3. Overall, this has been a very positive year demonstrating a full recovery from the impact of the pandemic and the venue is positioned well for a strong 2023/24.

18. Background Papers

None.

19. Appendices

Appendix 1: G Live Annual Report 2022-23

Appendix 2: Minutes of Annual Report Presentation 6 November 2023