

Guildford Borough Council

Report to: Executive

Date: 12 June 2024

Ward(s) affected: ALL

Report of Director: Richard Bates – Strategic Director

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Report Status: Open

Key Decision: Yes

G Live – Contract Award

1 Executive Summary

- 1.1 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.
- 1.2 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.
- 1.3 As the contract had been extended to its maximum length under the original procurement the contract had to be re-tendered. Given the importance and complexity of the contract Blue Horizon Associates were appointed to assist with the procurement process. This process must include a significant length of time for mobilisation of a new contract and therefore just over a year was set aside to carry out the procurement.

- 1.4 This report summarises the outcome of this competitive tender process and recommends to the Executive the successful operator and length of term of the new contract.
- 1.5 An exempt Appendix is attached that details the technical, legal and commercial scores attributed to each tender submission and the overall score achieved.

2 Recommendation to Executive

That the Executive:

- 2.1 approves the appointment of Trafalgar Entertainment Group as the operators of G Live for a 25-year contract, and
- 2.2 delegates authority to the Strategic Director for Finance, in consultation with the Lead Councillor for Commercial Services, to agree and enter into all such contracts and other legal agreements as may be necessary to implement this award, in compliance with the Procurement Procedure Rules where applicable.

3 Reason for Recommendation:

- 3.1 The contract has been competitively tendered through the GBC procurement portal and Trafalgar Entertainment Group have proven to be the most competitive and best placed to run G Live going forward.

4 Exemption from publication

- 4.1 Following advice from the Procurement team Appendix 1, which demonstrates financial modelling, is exempt as it contains commercially sensitive information provided by tenderers that is not in the public domain.
- 4.2 Part of the report content is to be treated as exempt from the Access to Information publication rules because of information relating to the financial or business affairs of any particular person (including the authority holding that information).
- 4.3 Exempt information if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Information falling within paragraph 3 is not exempt information by virtue of that

paragraph if it is required to be registered under: (a) the Companies Act 1985, (b) the Friendly Societies Act 1974, (c) the Friendly Societies Act 1992, (d) the Industrial and Provident Societies Acts 1965 to 1978, (e) the Building Societies Act 1986, (f) the Charities Act 1993.

- 4.4 The authority is a reference to the principal council, for example Guildford Borough Council, or, as the case may be, the committee or sub-committee in relation to whose proceedings or documents the question whether information is exempt or not falls to be determined. Financial or business affairs includes contemplated, as well as past or current activities.

5 Purpose of Report

- 5.1 To agree the appointment of Trafalgar Entertainment Group as the new operator of G Live.

6 Strategic Priorities

- 6.1 The recommended option will fulfil the criteria of Guildford Borough Council's Corporate Plan 2021 – 2025 delivering Value for Money for the Council.

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.
- 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 in understanding the performance of the venue year on year.
- 7.6 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.

8 Key Risks

- 8.1 The risks of entering a new contract have been mitigated by the fact that a full competitive tender exercise was carried out in accordance with the Council's procurement procedures.
- 8.2 The incumbent operator has successfully tendered for the new contract. This mitigates the mobilisation risk that stands with the introduction of a new operator.

9 Financial Implications

- 9.1 The approval of this contract ensures an income for the next 25 years, whilst leading to reduced costs for Guildford Borough Council. The recovery has been substantive since the pandemic and despite a reduction in the number of performances a surplus was generated, indicating that the management of the current contract is strong.
- 9.2 The current agreement includes a subsidy payment to the operator with a potential profit share back to the Council. The new contract ensures a confirmed rent to Guildford Borough Council with a profit share payment expected from year 2. In addition, there is a capital commitment to investment in the facility within the first 3 -5 years.

10 Legal Implications

10.1 Contract and lease arrangements were discussed, evaluated and agreed as part of the tender process. Therefore, there are no specific legal risks that need to be considered as part of this report.

11 Human Resource Implications

11.1 N/A

12 Equality and Diversity Implications

12.1 This was a key consideration as part of the tender process and equality and diversity of audience is one of the key objectives of the operator.

12.2 The building itself is fully accessible but work continues on improving accessibility and attracting a diverse audience.

13 Climate Change/Sustainability Implications

13.1 Sustainability was one of the key considerations of the new contract and energy efficiency and carbon reduction are embedded targets within the new arrangement.

14 Procurement Implications

14.1 Please see Appendix 1 that details the procurement process followed for this contract.

15 Summary of Options

15.1 As part of the procurement process the tenderers were asked to price two options a 15-year management contract or a 25-year management contract. This has been evaluated as part of the process and the winning proposal for each option was the same contractor.

15.2 The 25 year option is the most financially beneficial to the Council so is the recommended option.

16 Conclusion

16.1 Officers recommend the 25-year management contract with Trafalgar Entertainment Group.

17 Background Papers

None

18. Appendices

Appendix 1: Procurement process (EXEMPT)