

Guildford Borough Council

Report to: Executive
Date: 27 March 2025
Ward(s) affected: All
Report of Strategic Director of: Economy, Planning & Place
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Status: Open
Key decision: Yes

Yvonne Arnaud Grant Agreement

1.0 Executive Summary

- 1.1 Yvonne Arnaud Theatre (YAT) is an important local cultural institution, presenting and producing entertainment and delivering a programme of community outreach and cultural enrichment activities for Guildford and Surrey.
- 1.2 In 2022 the council entered into a three-year grant agreement with Yvonne Arnaud Theatre Management Limited to support provide theatre and arts activity and opportunities for cultural engagement for Guildford residents.
- 1.3 Over that period the YAT has delivered a programme of cultural, economic and educational benefit to Guildford and Surrey (further detail set out in the section below).
- 1.4 However, the provisional local government finance settlement for 2025/26 was extremely poor for Guildford Borough Council, receiving no increase in their Core Spending Power. So the council can continue to deliver its strategic objectives within its budget, over

2025/26 all council grants will be reviewed, including a review of the grant to the YAT.

- 1.5 In order to not disrupt the current community offer funded by the council, and to enable the YAT to prepare for a grant review in 2025/26 and continue to improve its financial sustainability, it is recommended the current grant of £0.2m will be extended for one further year until 31 March 2026.

2.0 Recommendations

That the Committee resolves to:

- 2.1 Award a grant of £0.2m to the YAT for a period of 12 months to 31 March 2026 whilst a grant review is undertaken.
- 2.2 Include in the grant agreement requirements that the YAT demonstrates how the grant is being used to:
 - **Provide value for money**, demonstrating how the grant will enable the YAT to secure match funding and move towards a more financially sustainable position.
 - **Provide additionality** to the cultural and community offer that would have otherwise been provided by the YAT without the grant.
 - **Support our strategic outcomes** for Guildford, in particular a more inclusive borough and a more prosperous borough.

3.0 Reasons for Recommendations

- 3.1 Research published by the Department for Culture, Media and Sports found that regional theatres contributes to the cultural capital and sense of place of many towns and cities in England. Households on average valued regional theatres more highly than other cultural assets, valuing keeping their local town theatre open at £13 a year compared to their regional gallery at £5 per year, the historic

character of their local high street at around £7.80 per year, and of their historic civic buildings between £5.73 and £7.67 per year.¹

3.2 A 2021 report by the University of Surrey into creative organisations across the county found that for every £10 of visitors' on-site spending within local arts organisations, a further economic contribution of £3.91 to £13.28 was made to the local economy. According to the post-visit survey conducted as part of the research, nearly 70% of the visitors said they would not have come to the area where the three art organisations are located if the art organisations were not in the area.²

3.3 Over the past three years, the YAT has provided cultural, economic and educational benefit to Guildford and Surrey. The theatre offers a variety of educational programmes, workshops and partnerships to help deliver this.

- The theatre's community engagement programme has increased engagement from 2,000 to 2,460 people a year. New groups established at the theatre in the café bar included a Spanish language group and diabetes coffee mornings group run by Diabetes UK.
- There has been an increased investment in Creative learning provision. The theatre offers workshop bursaries and funded tickets to those less able to access the theatre.
- Creative learning provision has almost doubled with the number of sessions delivered increasing from 114 to 211, with the number of participants increasing by 227.
- Funded tickets increased from 337 in 23 to 482 and the groups reached increased to include more adults and those from Ash and Stoke ward.
- A new role of Community Engagement Producer was added to support the growth of the programme. New initiatives this year included Careers Days, Shakespeare Primary workshops

¹ [Culture and Heritage Capital portal - GOV.UK](#)

² Li et al The Economic and Social Impact of Arts in Surrey (2011)

and Theatre Explorers workshops with local SEN schools and colleges.

- The theatre supported Surrey County Council's HAF (Holiday Activities and Food) programme which supports disadvantaged children, by providing discounted tickets and food for children participating in the scheme.
- Working with the Surrey Social Prescribing team the YAT are creating pathways for people currently experiencing social isolation and loneliness to access creative activity - a new initiative Show Goers, has been created to deliver this.

3.4 The provisional local government finance settlement for 2025/26 was extremely poor for most District and Borough Councils, with most, including Guildford Borough Council, receiving no increase in their Core Spending Power. This means that overall the funding for 2025-26 will remain at the same level as 2024-25, even after an increase in Council Tax revenues. The impact of the settlement is that there is no new funding available to meet the cost of pay awards, demand and inflationary pressures.

3.5 To ensure that the council can continue to deliver its strategic objectives within its budget, over 2025/26 all council grants will be reviewed, including a review of the grant to the YAT.

3.6 In order to not disrupt the current community offer funded by the council, and enable the YAT to prepare for a grant review in 2026/27, it is recommended the current grant of £0.2m will be extended for one further year until 31 March 2026.

3.7 To ensure value for money, the grant agreement for 2025/26 has been strengthened so that:

- The purpose of the grant is explicitly for the benefit of Guildford residents, particularly those from less advantaged communities.
- There is clawback provision for any underspend.
- The Council can at its sole discretion change the activities supported by the grant, the payment schedule, or removing activities from the list of activities that the grant supports.

- The Council can require the prompt repayment of any overpayment,
- YAT is the only entity that can use the grant.

4.0 Status of Report

4.1 This report is open as no parts fall within schedule 12A to the Local Government Act 1972 regarding exempt information.

5.0 Strategic Priorities

5.1 The one year grant of £0.2m to the YAT will deliver against the following strategic priorities for the council:

- **A more inclusive borough** by providing access to cultural activities and opportunities for our town's communities, especially those who are less advantaged.
- **A more prosperous borough** Not only is the YAT a local employer, research by UK Theatres found for every £1 spent on a theatre ticket, an additional spend of £1.40 is generated in local economies.
- **A resilient and well managed council** by strengthening the grant agreement with clearer requirements to demonstrate value for money, additionality and delivery of the council's strategic objectives, including an expectation that funding from the council will enable the YAT to attract match funding to continue to grow its cultural offer and wider programme as well as develop its financial sustainability.

6.0 Background

6.1 The YAT is a theatre providing theatre and arts activity and opportunities for cultural engagement for Guildford residents. Its aim is to create a community and cultural hub with theatre at its core.

6.2 Their mission states it is 'a regional theatre with a national reach - our mission is to produce and present vibrant, outstanding, entertaining drama for the many communities of Surrey and the South-East. With a thriving studio space and creative learning programme, we are an

artistic resource and a cultural hub; a safe space for our many communities. We enable people of all ages across the South to participate in the thrill and delight of live theatre, benefiting their health and well-being and realising stronger, more meaningful, social relationships and building prosperous and cohesive communities. The Yvonne Arnaud Theatre believes that art changes lives; that engagement in arts activity as a participant or an audience member is central to the wellbeing of an individual, to promoting good mental health and emotional engagement and that theatre is a cohesive and socialising force for good. The Yvonne Arnaud Theatre enriches the lives of the communities it serves by offering and encouraging opportunities for learning, for creativity and personal and social development through its broad programme of theatre and arts activity.

6.3 In 2015/16 the council awarded the YAT an annual grant of £310,220. In 2022 the council took a decision to reduce the grant provided to the YAT to £273,000 for 2022/23, £236,500 for 2023/24 and £200,000 for 2024/25.

6.4 The council owns the freehold to the theatre and the Old Town Mill, which are both used by the YAT. The Yvonne Arnaud occupy the Main Theatre under a lease for a term of 99 years until 2060 at a peppercorn rent. They occupy the Old Town Mill under a tenancy at will at below market rent.

7.0 Options

7.1 Three alternative options were considered

<p>Option 1: Not continue funding</p>	<p>If it was felt that the agreement was not delivering on previous agreement terms or not delivering on enhancing GBC strategic priorities sufficiently. An option of not continuing funding could be appropriate.</p> <p>This would have significant impact to the YAT funding provision, at less</p>
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	than one month's notice to contract renewal date of April 2025.
Option 2: Reduce funding	<p>The YAT has had an annual reduction in funding (of £18,250.00 per annum) since 2022, as set out in the previous Grant Funding Agreement 2022- 2025.</p> <p>This approach could be implemented in the 2025-26 funding agreement.</p>
Option 3: Maintain current funding for one further year	<p>Maintaining funding at the current rate would help manage expectations with YAT funding provision.</p> <p>All grants will be reviewed before the next budget allocation as part of the all Grants Review and writing of the new Grants Policy.</p>

8.0 Consultation

8.1 Consultation on the grant agreement for 2025/26 has taken place with the YAT.

9.0 Key Risks

Best Value

9.1 The independent review undertaken last year by SOLACE into the governance of the council identified that it was at serious risk of failing in its statutory duty to deliver Best Value. As part of the council's improvement programme, it will be reviewing all grants over 2025/26 to ensure that they deliver value for money and contribute to the council's strategic objectives.

Financial sustainability of the YAT

9.2 The YAT has received a grant of at least £0.2M from the council for at least the last three years, which has contributed towards the ongoing financial sustainability of the theatre and its wider community programmes. Any change to the level of grant will need to be carefully balanced against the council's best value duty and the future financial sustainability of the theatre.

10.0 Legal and Governance Implications

10.1 The Council has the power to give grants to voluntary and community organisations under the general power of competence in Section 1 of the Localism Act 2011. The Grant agreement is not subject to the Council Contract Procedure Rules and will be reviewed by Legal Services before it is completed.

10.2 If the Executive agrees the recommendations, the Council will need to enter into a one-year funding agreement with the YAT Trust to reflect the agreed level of grant funding, provide clarity about the expectations and arrangements, the outcomes to be delivered (including in terms of community outreach programmes) and how these will be monitored.

10.3 Consideration has been given as to whether the grant is a subsidy in accordance with the Subsidy Control Act 2022. The rolling grant is being awarded primarily to support 'non-economic' activities under to help maximise learning and outreach activities, and to use by community groups. As it is not conferring an economic advantage on YAT it does not meet the definition of a subsidy. The grant award will therefore not count toward the Minimum Financial Threshold.

11.0 Financial Implications

11.1 A grant of £0.2m will be awarded to the Yvonne Arnaud Theatre for the 2025/26 financial year, ending on 31 March 2026.

11.2 This grant amount is consistent with the funding provided in previous years, maintaining the current level of support.

- 11.3 The grant will be funded from the council's existing budget allocations, with no additional funding required beyond what has been previously committed.
- 11.4 The strengthened grant agreement includes provisions for clawback of any underspend and repayment of overpayments, which may result in potential savings for the council if not all funds are utilized.
- 11.5 The council will undertake a comprehensive review of all grants, including the YAT grant, during the 2025/26 financial year to ensure best value and alignment with strategic objectives.
- 11.6 Any future changes to the grant amount or structure will be determined based on the outcomes of this review and the council's financial position for the 2026/27 financial year and beyond.
- 11.7 The grant is expected to enable the YAT to secure additional match funding, potentially increasing the overall financial benefit to the theatre and the local community.

12.0 Human Resources Implications

There are no direct human resources implications arising from this report.

13.0 Equality and Diversity Implications

- 13.1 Under the Equalities Act 2010 the council has a “public sector equality duty”. This means that in taking decisions and carrying out its functions it must have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the 2010 Act; to advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it; and to foster good relations between persons who share a relevant protected characteristic and those who do not share it.
- 13.2 The council is also required to have due regard to the need to take steps to take account of disabled persons’ disabilities even where that involves more favourable treatment; to promote more positive

attitudes toward disabled persons; and to encourage participation by disabled persons in public life.

13.3 The 2010 Act states that “having due regard” to the need to promote equality of opportunity involves in particular having regard to: the need to remove or minimise disadvantages suffered by persons sharing a protected characteristic; take steps to meet the needs of persons sharing a protected characteristic that are connected with it; take steps to meet the needs of persons who share a protected characteristic that are different from those who do not; and encourage persons with a protected characteristic to participate in public life or any other activity in which participation by such persons is disproportionately low.

13.4 The courts have held that “due regard” in this context requires an analysis of the issue under consideration with the specific requirements set out above in mind. It does not require that considerations raised in the analysis should be decisive; it is for the decision-maker to decide what weight should be given to the equality’s implications of the decision.

13.5 This grant agreement has been subject to Equality Impact Assessment Screenings to ensure the 2010 Act duties are complied with.

14.0 Climate Change and Sustainability Implications

14.1 As part of the grant agreement, the YAT will be expected to continue to reduce the carbon impacts of its operations and activities, as well as promote understanding of the climate and ecological emergency through its community outreach and education programmes.

15.0 Background Papers

15.1 None for the purposes of this report.

16.0 Appendices

Appendix 1: Draft 2025/26 Grant Agreement.

Appendix 2: Equalities Impact Assessment

Report clearance progress:

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Legal & Governance	Claire Beesly	16.3.25
Human Resources		
Equalities		
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