

MANAGEMENT COMMITTEE

7TH March 2017

Pavilion Theatre- Lease and Funding Issues

For Decision

Portfolio Holder(s)/ Briefholder

Councillor J Cant –Assets & Finance

Councillor A Blackwood- Community Facilities

Councillor J Osborne- Tourism & Harbour & Culture

Senior Leadership Team Contact:

M Hamilton, Strategic Director

Report Author: David Brown Head of Assets & Infrastructure

Statutory Authority

Legal power to dispose of the land – s123 (2) and s 128(1) Local Government Act 1972 and Circular 06/03 Local Government Act 1972 General Disposal Consent (England) 2003.

Purpose of Report

- 1 To agree to grant a thirty year lease to the Weymouth Pavilion CIC to help ensure the long term prosperity of the Pavilion thereby enabling the CIC to apply for grants to carry out repairs to the fabric of the Pavilion.
To confirm the payment of £250,000 to allow and require the replacement of the deteriorating roof covering together with other improvement works.

Officer Recommendations

- 2 (a) To agree the grant of a 30 year lease between WPBC and the Weymouth Pavilion CIC without break clauses, at a peppercorn rent.
- (b) To agree that the payment of £30,000 per annum from car parking income that to date has been paid to the Weymouth Pavilion CIC will cease, and be used to repay the current £150,000 loan incrementally over the first 5 years of the new lease.
- (c) To agree to the payment of £250,000 from the Capital Receipts Reserve to the Pavilion as a condition of the new lease requiring roof covering replacement plus other works.
- (d) To authorise the Strategic Director (Martin Hamilton) to agree the final terms of the lease.

Reason for Decision

- 3 To help ensure the long term prosperity and more cost effective management of the Pavilion Theatre.

- 3.1 To give a sufficiently long lease without break clauses to then enable the Theatre to apply for grants to carry out works and improvement to the building.
- 3.2 To reduce the outgoings for the theatre by allowing the repayment of the £150,000 loan using the car park payments previously made to the tenant to be used instead for that loan repayment.
- 3.3 To provide a capital sum to allow the roof external cladding and other works to be undertaken and to give the potential for match funding for grant applications being submitted assuming the new lease grant is approved.

Background and Reason Decision Needed

- 4 The management of the theatre was taken over nearly 4 years ago by a private Community Interest Company (CIC) following this facility being directly managed by the council. At that time the council was running the theatre this was operating at a large loss and there was concern that whoever took over the running of this might not be able to make the theatre a viable operation.
 - 4.1 Accordingly, while at that time the theatre was not to be demolished this was still in the minds of many as a possibility. Were that to happen it was anticipated that a new alternative facility would be built elsewhere in the town as part of the enhancements achieved by the redevelopment.
 - 4.2 The current tenant has over the period made significant improvements to the operations, and has attracted a wide variety of different entertainment types. This has resulted in a vibrant and financially viable facility catering for all age types and tastes. Following these successes, and that the cost of any alternative theatre would be prohibitive, it has been accepted that the current theatre will remain and there will be no new facility.
 - 4.3 With this determination discussions have continued with the tenant to look at what is needed to ensure a longer term future for the theatre. To achieve this there needs to be certainty and with this then investment and grants are possible that will ensure this.
 - 4.4 Further, with the new proposal for the peninsula redevelopment in which the pavilion is retained, the improvement of the exterior of the pavilion is important. This will not only make the Pavilion more attractive aesthetically but also improve protection by better weather exclusion and reduce running costs by improving insulation.
 - 4.5 The external fabric is becoming poor and investment is needed. The tenant is not obliged to maintain the building in any better condition than it was but despite this has spent money improving this. The council do therefore need to assist if the more expensive items of wear such as the roof are to be dealt with. Further a reduction in future outgoings in relation to the loan repayment will allow a sinking fund to be built up to assist with future works as they be needed.

- 4.6 To this end a capital payment of £250,000 is requested to be paid subject to the grant of the lease and this being a condition of that lease that the roof covering is replaced.
- 4.7 It is the intention of the CIC to seek external grant aid to facilitate further development of the facility, improving the sustainability of their offer. In order to secure such funds the CIC needs to have security of tenure which the current lease does not provide. It is therefore proposed to grant a new lease of 30 years with no break clause in order to enable the CIC to secure further funding.
- 4.7 The new lease will require the current condition to be maintained by the tenant who will be responsible for all outgoings. The details and remaining terms of the lease will be delegated to the Strategic Director (Martin Hamilton) to finalise.

Implications

Corporate Plan

- 5 Priority **B3. Facilitating sustainable leisure, culture and community activities**
C2. Protecting and enhancing the built and natural environment

Financial

- 6 The capital sum will allow the weather proofing works to be funded, and the write down of the loan will keep expenditure to actual day to day operations costs for the tenant. There will be no other costs, management or other liabilities due to be met by the council at this time.

Environmental

- 7 There are no direct environmental implications as a result of this report.

Economic Development

- 8 Improvement to the quality of the borough's facilities will improve the overall visitor experience and should assist the local economy.

Risk Management (including Health & Safety)

- 9 There are no H&S implications as a result of this report, as these will be taken on by the tenant.

Human Resources

- 10 N/A

Consultation and Engagement

- 11 Consultation has been undertaken with the Group leaders, and the Asset and Regeneration Group

Footnote

Issues relating to financial, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

Report Author: David Brown Head of Assets & Infrastructure

Telephone: 01305 252297

Email: dbrown@dorset.gov.uk