



# **POLICY DEVELOPMENT SCRUTINY COMMITTEE**

**Tuesday 7<sup>th</sup> November 2006**

**7.00 p.m.**

**Town Hall, Watford**

**Please note the start time for this meeting**

Publication date: 30<sup>th</sup> October 2006

Welcome to this meeting. We hope you find these notes useful.

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If you require further information or you would like this agenda in another format e.g. large print, please contact Lucy Jobson or Sandra Hancock on 01923 226400 or by email to [legalanddemocratic@watford.gov.uk](mailto:legalanddemocratic@watford.gov.uk) (Minicom available on 01923 278499).

# COMMITTEE MEMBERSHIP

Councillor Derbyshire (Chair)  
Councillor P Mortimer (Vice-Chair)

Councillors Greenslade, Khan, Mahmood, McGovern and Mrs Punter (two vacancies)

## AGENDA

### PART “A” - OPEN TO THE PUBLIC

#### 1. APOLOGIES FOR ABSENCE/COMMITTEE MEMBERSHIP

#### 2. DISCLOSURE OF INTERESTS (if any)

#### 3. MINUTES

To submit for signature the minutes of the meetings held on 4<sup>th</sup> and 18<sup>th</sup> September 2006 (*all minutes are available on the Council's website*).

#### 4. WATFORD MUSICAL HERITAGE TRUST PRESENTATION

Mr Graham Mordue will be present to explain how Trust status for the Colosseum might work and the potential benefits.

#### 5. REVIEW OF THE 2004 CONSULTANT'S REPORT

The Scrutiny Committee is asked to review the information contained in the Consultant's report regarding the Colosseum, which was completed in November 2004.

**Members – Please bring the information pack previously supplied**

#### 6. CONSIDERATION OF OPTIONS FOR THE COLOSSEUM

Report of the Scrutiny Manager

*This report asks the Scrutiny Committee to review the options that have been considered for the Colosseum in view of the visits to Cambridge and Southampton and the public meetings held in the Colosseum.*

#### 7. DATE OF NEXT MEETING

Monday 20<sup>th</sup> November 2006

## Policy Scrutiny Committee

Colosseum Review 2006

First Draft Report – Discussion of Options – November 2006

### 1. Introduction

***Insert quote from Scope paper here.***

### 2. Review of Committee meetings to date and evidence received

#### 2.1 The Committee has held three meetings on the subject of the Colosseum –

4 September – a summary of the main points is attached as Appendix 1

18 September – a summary of the main points is attached as Appendix 2

23 October – a summary of the main points is attached as Appendix 3

#### 2.2 Conclusions

***What do members want to take forward from the three meetings?***

### 3. Review of visits to Cambridge and Southampton

#### 3.1 Three members made the two visits to the Cambridge Corn Exchange and the Southampton Guildhall.

Notes of the visit to Cambridge are attached as Appendix 4.

Notes of the visit to Southampton are attached as Appendix 5.

#### 3.2 Conclusions

***What do members want to take forward from the visits?***

## 4 Options for discussion

### 4.1 Mothball

Close the building to all activity and carry out only essential maintenance.

#### Reasons for:

- Could be the cheapest cost option depending upon whether other options require a subsidy from the Council.

#### Reasons against:

- Ongoing costs, these may be small but there will be no income to offset them against.
- The interior decoration will continue to deteriorate and become more costly to repair should the Council wish to do so in the future.
- Loss of a community facility and the only venue of its type and size in or around the Borough.

### 4.2 Do nothing – continue with current operation

Seek to extend the BBC arrangement and other similar bookings but without major promotion of the facility and with a minimum of maintenance and expenditure.

#### Reasons for:

- Keeps the building open and accessible for community use.
- It appears that a limited number of booking can be attracted without large expenditure on advertising and promotion.
- Could be the cheapest cost option depending upon the level of subsidy required by other options.
- Potentially, self financing.

#### Reasons against:

- The building and its interior decoration will continue to deteriorate, some capital investment by the Council will eventually be required.

### 4.3 Develop – along the lines of current operation

Follow up the idea floated at the public meeting on 23 October to develop the facility primarily as a major recording venue. To use income from the recording use to improve the building over time and to bring it in to use for concerts and some community use.

#### Reasons for:

- Cautious, step by step, approach and does not commit the Council to any capital expenditure in the short term.

- Will build the reputation of the Colosseum and its attractiveness as a recording venue.
- If successful, revenue generated can be reinvested in the building and its decoration.
- If successful, capacity for community use can be developed over time.
- If following a strategy of reinvesting income, revenue costs to the Council should be no greater than at present.

Reasons against:

- Initial commitment is limits use of the building.

#### 4.4 Develop – in-house operation as the Cambridge model

To develop then facility as a multi-use assembly hall incorporated, in operations management terms, into a wider group of entertainment facilities (eg joint promotions and bookings with the Palace Theatre). The facility would be managed and operated by the Council.

Reasons for:

- Maximises the use of the building both in terms of capacity and in terms of variety of use.
- The programme of events would be entirely controlled by the Council.
- Would quickly instate a major entertainment and meeting facility within the Town.

Reasons against:

- Likely to be the option requiring the largest subsidy from the Council.
- The Council's financial commitment would to some extent be open-ended – the Council would have to underwrite any costs (losses) over the budgeted amount.
- Would require the recruitment of a management and support team and the development of business and financial plans.

#### 4.5 Develop – external management contract operation as the Southampton model

To develop then facility as a multi-use assembly hall incorporated, in operations management terms, into a wider group of entertainment facilities (eg joint promotions and bookings with the Palace Theatre). The facility would be managed and operated by an external company under a contract with the Council.

Reasons for:

- Maximises the use of the building both in terms of capacity.
- Maximises commercial income (within usage defined by the Council).

- Would quickly instate a major entertainment and meeting facility within the Town.
- Minimises the Council's risk (the Council could set a subsidy level within the contract and expect that the contractor operate within this).
- Dependent upon contract negotiations, the Council might expect some capital investment by the contractor.
- Brings in commercial management and operational experience – will establish a functional facility more quickly than in-house.

Reasons against:

- This option would almost certainly require some subsidy by the Council, although less than the in-house option.
- The programme of events may be more limited than an in-house option because a contractor would look for commercially successful bookings.

#### 4.6 Develop – under trust status

To develop the facility as a multi use assembly hall operated by a trust under a contract with the council.

Reasons for:

Reasons against:

## Appendix 1

### Notes of 4 September 2006 Committee Meeting

#### COLOSSEUM REVIEW PROJECT INTRODUCTION

##### Watford Colosseum brochure

Some Members thought that the colour of the brochure was a little dull. The Chair advised Members that any comments could be made to the Officers at the next meeting.

##### MORI 2006 report

The Chair said that there was very little information to be gained from the survey, although page 19, 'satisfaction with cultural and recreational services' could be useful. One Member also suggested that page 21, 'most important versus needs improving' could be useful information to consider.

##### November 2004 Consultant's report

The Chair asked Members to read through the report again before the next meeting with a view to asking questions on how the Executive had moved forward with particular regard to the four options identified.

##### Minutes from the 10 January 2005 meeting of the Policy Development Scrutiny Committee

One Member asked if any follow up action had been received since the resolution was passed by the Committee with regard to the four identified options. The Chair said that this question should be asked of the Portfolio Holder at the next meeting.

##### Watford's Cultural Strategy

The Chair explained that the cultural strategy was currently in consultation and that the Colosseum featured only in general terms and was not specifically referred to.

##### Cambridge Halls Business Plan

The Chair advised that this was background information to the visit to Cambridge. One Member asked if their financial information was available, another Member requested plans for the buildings. The Chair advised that this and further information would be collected during the visit.

##### Colosseum Overview

The Chair thought that it would be useful to research the reasons why the Council opted to change the management of the Colosseum in 1994 from in-house to a contractor. Another Member said that she thought the information was incomplete and that more than one contractor had managed the Colosseum in the time mentioned.

##### Current Colosseum findings

The Chair said that the further research into public opinion was still required. He explained that he would advertise the meeting on 23 October 2006 as fully as possible as stakeholders and members of the public would be invited. One

Member suggested that the Area Committees could be used as a forum and that an item could be included on the newsletters. The Chair said that as much publicity as possible should be encouraged.

#### Site visits

The Chair said that the Committee would visit two fully operational Council venues. Cambridge Halls was managed by an in-house team and Southampton's Guildhall was managed by outside contractors and were therefore suggestions for the visits to give an insight into how they are both run. One Member suggested that a third visit could be useful to an operation run by a Trust. The Chair agreed that they would also look at a third visit. The visit to Cambridge Council was scheduled for 26 September and the Southampton visit was not yet confirmed. The Scrutiny Manager would issue details of the visits when available.

## Appendix 2

### Notes of 18 September 2006 Committee Meeting

#### COLOSSEUM REVIEW

The Chair explained that the purpose of this meeting was for Members of the Committee to ask questions of the Portfolio Holder and officers. The main opportunity to get the opinions of the public would be at the meeting on the 23 October, but the Chair said he would also give the public some chance to ask questions and give opinions at this meeting also.

The Chair asked the Portfolio Holder for Leisure what her vision was for the Colosseum. The Portfolio Holder for Leisure said that she was keen to hear the views of the people of Watford. She said that any vision would be limited by financial constraints and value for money and said that she was pleased that the Committee had chosen to look at this topic.

The Chair also commented that the previous management company had folded in the summer of 2004 and asked what the timescale was to move forward as at present, the asset was underused. The Portfolio Holder for Leisure stated that the BBC contract ran until April 2008 and that there were two aspects to look at; what do we want to see at the Colosseum and how much do we need and have to spend. She said that the Executive had planned to look at this matter at the end of 2006/beginning of 2007 as until now, the leisure centres had been the main priority. They were now coming up to the stage where they would need to see business options to be able to form opinions and make a decision on the future of the Colosseum.

The Chair asked what had been done since the results of the consultants' report. The Portfolio Holder for Leisure said that only minor health and safety issues and minor improvements had been made. There had been no other progress with the report. Another Member asked why nothing had been done and said that there had been no work looking at risk management in terms of the risk of lack of use or a major problem with the building occurring. The Portfolio Holder for Leisure said that risk management had been looked at and some work had been carried out.

Another Member asked about the option from the report to do nothing with the Colosseum. The Portfolio Holder for Leisure said that this option would cost closer to £200,000 per year if the Council did not have a contract with the BBC and that she thought that the majority of opinion would be to keep it open.

The Chair invited Members of the public to ask questions of the Portfolio Holder for Leisure. One member of the public asked if the Council had looked into other funding such as BBC restoration grants or lottery grants. The Portfolio Holder for Leisure said that the Council were limited to what they could do as a local authority but that they were working with the Watford Musical Heritage Trust.

Another member of the public commented that the building was not designed originally purely for entertainment, but for multi purposes and that the public relied on Councillors who were better informed to reach sensible conclusions.

Another member of the public said that the unique asset of the Colosseum was the sound quality, but that it was impossible for people to use it as there was no advertising facility or box office.

The Chair then invited questions from Members of the Committee to the officers. The Chair asked the Head of Leisure and Community Services what she saw as the main challenges in moving the Colosseum to a multiuse venue. The Head of Leisure and Community Services said that the state of the building would need updating to bring it up to the standard of other venues but that the constraints would be capital availability and how the Colosseum fitted in with the Medium Term Plan. In terms of the Cultural Strategy, the Colosseum could come under two strands; people participating in local activities and for people to be audience at high quality events.

Another Member questioned if the development of the two leisure centres would leave any capital for any development of the Colosseum. The Portfolio Holder for Leisure said that it was not necessarily the case that there was no capital, but that until they knew what was left from the contingency fund for the leisure centre developments, it was impossible to know the amount. She said that they would know more once the developments were underway.

Another Member asked if it was possible to take a more organic approach to building up usage and have a box office. The Head of Leisure and Community Services said that a box office could be considered as an interim arrangement and that the BBC's contract ran until 2008. Any further extension of contract could be renegotiated and agreed by Cabinet.

The Chair commented that the motto of One Watford was a town to be proud of, but could the town be proud without an operational venue as the regional centre in Hertfordshire and that other towns and cities run successful venues. The Head of Leisure and Community Services said that a balance was needed between the aspiration and what was realistic in terms of available funds and other priorities. The Chair said that the aspiration would be for a fully functioning multi purpose venue with a box office, but that it seemed that the current situation was being driven by the BBC contract.

One Member asked about the utilisation figures of the Colosseum. The Service Manager explained that in 2005/06, the Colosseum was open for 335 days of the year, due to some closure following the liquidation, of those 335 days, 47% of days were used. From bookings to date, 2006/07 had a potential usage of 77% which equated to approximately only one in five days with nothing booked. He said it would be useful to learn the usage of other venues from the planned visits and that they would struggle to cope with any further usage with the current staffing levels. The Member asked if the usage was already that high, what benefit the refurbishment would bring. The Service Manager stated that some of the refurbishment was necessary, roof repairs, for example. He said that they had issued a tender to a property services company to carry out a stock condition survey which would identify the exact costs of the refurbishments.

One Member questioned if the Colosseum was worthwhile as local people could not use it. Another Member said that as a small borough, the tax payer could

not be expected to fund the Colosseum and that the Council had managed to run the building when consultants said it was not possible. He said that the building looked better than it had done for a long time but felt that to move forward they would need to think outside the box and was keen to get the opinions of the members of the public.

The Chair commented that the Council was currently subsidising the running of the Colosseum and asked if the officers had considered looking at the BBC contract in order to minimise this subsidy. The Head of Leisure and Community Services explained that the one year extension until 2008 had been part of the original contract at a fixed rate, but that any further extension would be negotiated. The Service Manager explained that an internal charge was made when the Council used the venue.

The Chair then invited comments and questions from the public. One person said that the venue should be used for the community with resources to promote young artists and musicians. He said that a café or bar could also be opened up draw in the public. Another member of the public said that there was a perceived local apathy as it was generally thought that the venue had been shut. One person suggested that a box office could be run through an external agent. A further comment was made that the Council could look at and learn from other venues which were run successfully. The Chair explained that two visits to other venues were planned with a potential third visit to look at venues which were run by a Council, contracted to a commercial agent and run by a not for profit organisation.

A member of the public said that the Colosseum had amazing acoustics and that the BBC were getting value for money as there were very few venues as acoustically good. He said there was an opportunity to put Watford on the cultural map and that it should therefore not be closed down.

Another member of the public said that knowledge of the financial situation was necessary in order to look at possible future options. The capital expenditure needed to be considered in relation to the revenue expenditure. He said that the dream was for more opportunities to be available and used for a wide range of performances and purposes. He said that a successfully run Colosseum could increase the business coming into the town. He also felt that the Colosseum was an inappropriate name for the venue and denoted failure. He said that a full clear policy on where the Colosseum was heading was necessary.

One Member said that when the Council took over the running of the venue, a pre booked comedy performance was honoured and was successful. The Portfolio Holder for Leisure said that at the time, there would have been a lot of costs associated with running the venue commercially, but that they were now at the stage where this option could be viable. The Head of Leisure and Community Services pointed out that a few commercial events were held at the Colosseum. Another Member questioned the design of the brochure and commented that it was not very inspiring.

## Appendix 3

### Notes of 23rd October 2006 Committee Meeting

#### COLOSSEUM REVIEW - EVIDENCE FROM PUBLIC

Mr Gordon Higham, Chairman of the Watford Philharmonic Society, said that the Colosseum was an internationally renowned concert hall, with one of the best acoustics in the country. The Society holds four concerts per year at the Colosseum and attracts an overall audience of 2000 people. Although they do not require the full audience space the Colosseum provided, it is the only local venue which had a stage big enough to accommodate both a choir and an orchestra. Nevertheless, the Society still has to spend £1000 per concert for installation of temporary staging for the choir as the Colosseum's fixed choir staging had been removed in 1994. They also have to spend an additional £300 at each concert for an extension to provide extra room at the front of the stage.

Mr Higham said he saw three possible options for the future of the Colosseum: leasing it to a private contractor – which, given the failure of the previous contractor, he did not see as a viable option; continued operation by Watford Borough Council - which was his preferred option as he felt it was run very well currently; or management by an external trust. He said that a trust would need to be widely based and represent all types of entertainment. He added that the status of the last contractor as a tenant had fettered the Council in having any influence in the running of the venue. He said that the building needed refurbishment to make a better quality experience back stage for artists as well front of house as for the audience. He said that the Town Hall car park was confusing and that access from the car park to the Colosseum entrance was through dark alleyways. He pointed out that there was no drop off point at the front for disabled people. Mr Higham also said that the name of the venue should be changed back to "Watford Town Hall". Finally he stressed the importance of the continued operation of venues like the Colosseum for the future of live music.

Mr Higham said that about 60% of ticket sales for Society concerts were to Watford residents. Asked if the Watford Philharmonic Society would be willing to pay higher hire charges if the Colosseum was returned to full operation, Mr Higham said that if the Society were relieved of having to pay the additional £1300 per concert staging costs, then they would be able to pay more for the hire of the venue.

Mr Jonathan Brett, a concert promoter from Classics Concert Trust, said he had used the Colosseum from 1994 until full operation ceased in 2005. Mr Brett said that although he found nothing special about the visual impact of the building either inside or out, its acoustics were very rare and special and beyond price. He said the building was an excellent concert hall. In his view the report of the consultants commissioned by the Council report had looked at the Colosseum too scientifically, and not sufficiently appreciated the importance of its acoustics. He felt the best way to exploit the asset was to develop it as a concert hall and music education centre. He recognised that this would be expensive, but instanced the Barbican in Basingstoke and the Sage in Gateshead as being successful models for this type of venture. He said that the consultants had identified that 2 million people lived within a 12-mile radius of the Colosseum. There was therefore a potential annual audience of at least 615,000 people. He said that people travel up to 26 miles for concerts and so the 615,000 figure could be doubled. He said that to sell the

Colosseum site to a commercial developer for redevelopment was unthinkable. He also felt that to give the management to a commercial operator or a trust could also have negative results. Finally he said that in his view £12 million would be needed to be spent on renovation, and that this was now was an opportunity to develop a world class music venue.

Asked what he felt were the main deficiencies were of the Colosseum as a concert venue Mr Brett said that the stage was not big enough. The installation of an opera pit would also help to attract large audiences. He said that the seats needed improvement, although an acoustic expert should be consulted when making any changes. He said that two floors could be built above the small hall, with the large hall sealed so that more than one thing could go on at once when recordings were taking place. Mr Brett said that without a fully functioning box office, it was very difficult for promoters to get an audience sufficient to fill the venue.

Mr Norman Thyritt of the Watford Musical Heritage Trust, referring to the aim of Watford "to be a town to be proud of", spoke of three major venues which in the Town made which made it that: the Palace Theatre, the Colosseum and the Museum. He said that like many public leisure activities, they did not make money but were important to the life of the town notwithstanding. He said that one option was for the future management the Colosseum to give it to a Trust, which could then apply for funding from other sources. He gave as an example the financial support of the Arts Council for the refurbishment of the Palace Theatre. He mentioned the need for a box office for the Colosseum and the expense of these services. He suggested joint operation of the box office in partnership with the Palace Theatre as a way of keeping costs down.

Asked about the status of the Watford Musical Heritage Trust, Mr Thyritt said that it was a registered company limited by guarantee and also had charitable status. Asked about the new facility for Watford Music School on the site of Watford Boys Grammar School he said that it would have a lot of rehearsal rooms as well as a small concert hall for an audience of about 300 people. He saw this as complementary to the Colosseum. He said that he saw a Trust working with the Council to encourage community events as well as concerts and other multipurpose uses. He also understood the commercial need to hire the venue out for events such as large weddings for weddings and said that the kitchens may need renovating to develop more of this and other similar uses. He said that community use always involved some form of subsidy.

Mr Nigel McEwan, Head of Media; Mr Alex Mann, Officer for the South region; and Mr Pete Tomms, Sessions Organiser. Mr McEwan said that there were now only two studios in London for suitable for large-scale orchestral film and CD recordings – AIR studio and Abbey Road. (One in Soho closed recently for land redevelopment and another in Wembley closed because of the Wembley Stadium redevelopment). The remaining two cannot meet demand from the film and recording industries and so business is being lost to other places in Europe. Mr McEwan said that the Colosseum had a reputation for having been used for high profile film recordings such as *The Lord of the Rings* and that it had a huge income generation potential if it was marketed properly. He said that UK Trade and Investment were making a big push overseas about the use of UK recording facilities, but the the two existing London studios for large film/orchestral recordings were fully booked for two years in advance. Mr Tomms said that there were a lot of people in Hollywood who loved working in the UK because many of the best musicians were in the UK, but they

were being forced by lack of recording studio availability elsewhere, such as to Eastern Europe. Mr Mann said that there was a huge demand for recording facilities in the UK and there was a very good long term potential.

Asked why two studios had closed down if there was so much demand, Mr McEwan said that one studio had been forced to close down because of the redevelopment of Wembley stadium. In the other case the lease on the premises had run out and the landowner decided to take advantage of the redevelopment potential of the site in the West End. He said that the two remaining studios were booked for two years and that this demonstrated the demand. He said that the Musician's Union had excellent relations with fixers who booked recording sessions and that the Union would be willing to work with the Council to market the Colosseum as a recording facility. He said that they could put a questionnaire to the fixers on the Council's behalf and then help put some bespoke publicity together. In response to a question from another Member, Mr McEwan said that the Musician's Union had members from all sections of the music industry from pop musicians to classical orchestral players.

Mr Graham Mordue, also of the Watford Musical Heritage Trust, said that the Colosseum had been built as a multipurpose venue and that is where the future lay. He said the issues were around the finances and the way it would be managed in the future. He felt that it would be better run by a Trust than the Council itself because of the financial and other constraints of in-house Council management. A Trust would have greater potential to take initiatives forward and it would be easier for a Trust to attract specialised high quality personnel. Mr Mordue said that if a Trust were to be successful, it would need a clear lead, support and policy direction from the Council.

A member of the public said that the acoustics of the building were a miracle and should not be put in danger. He said that he had booked the Colosseum for a performer who had said that he had never played anywhere with such outstanding acoustic qualities.

Another person said that the Colosseum should be used for more than music. She said that it had in the past been used for bazaars, antique shows and boxing as well as music and other community uses. She said if it had been successful before and it could be successful again.

Another person said that the Sage in Gateshead and the Bridgewater Hall in Manchester had both intended to house resident classical orchestras. Both venues, however, had come to realise that they could not survive on classical concerts alone and had developed excellent profiles in jazz, folk and pop music. He said that the age profile audiences was changing and that people now expected good facilities.

A Member said that classical music would need underpinning and that the Council needed to look at broader programming options financially. She said that visits to other venues had showed that the backstage facilities generally were no better than at the Colosseum.

Mr Andrew Collier, General Manager of the BBC Concert Orchestra introduced himself. He said that the Colosseum suited the Orchestra and they were happy to be there for 90 days per year. He said the BBC was looking at other long-term

options for a home for the Orchestra but that no decision had yet been made. He said that if high profile solo artists were to be persuaded to perform at the Colosseum, then there would need to be better dressing-room facilities since the existing facilities were not of an acceptable standard for top performers. He said the BBC Concert Orchestra would do more public performances at the Colosseum if the back-stage facilities for top-name solo artists were improved.

A member of the public said that the Colosseum was a potential venue for exhibitions, but that the car parking arrangements were poor. Another member of the public agreed and said that the Council's car park was full of Councillors and employees' cars during the day so that there was nowhere for the public to park when there were day time events in the Colosseum.

It was pointed out that the parking issue was currently being addressed in the context of the development of the building of the new leisure centre on the Central Baths site. Attention was drawn to the availability of town centre parking and that a lot of town centre venues - like the Palace Theatre - did not have their own parking facilities.

Several members of the public felt that the Colosseum should could be used as a multipurpose venue, but that its focus should be as a concert hall.

There was general agreement when a member of the public said that the name of the venue should be changed back to "Watford Town Hall".

A member of the public felt that a big weakness of the Colosseum was the lack of publicity for events and said that proper publicity was essential if the venue was to be a success.

Another person said that the audience chairs were not comfortable and that the experience was not great. Another member of the public - a recording engineer - said that fixed seating should not be considered as it would change the acoustics and removable seating is needed to allow for recordings in the centre of the hall.

Another person said that they had been involved in a recording of a choir and orchestra at the Colosseum, generating £20,000 income for the town from fees for hiring of the hall and overnight accommodation in the town.

Another member of the public said that a joint town box office should be considered, which would help promote the excellent reputation for culture that attracted people to the town.

## Appendix 4

### POLICY SCRUTINY COMMITTEE

#### The Colosseum Review

Report of visit to *The Corn Exchange*, Cambridge

#### 1. Introduction

1.1. As part of its review of the future of the Colosseum the Committee made visits to other similar sized local authority venues. They were both fully-operational multi-purpose venues but operated under different management systems. This enabled the Committee to compare the different modes of operation and to learn from the experience of others.

1.2. Three Committee Members (Councillors Derbyshire, Greenslade and Mrs Punter) attended the visit to The Corn Exchange in Cambridge.

#### 2. Cambridge City

2.1. Cambridge city is a second tier authority within Cambridgeshire County.

2.2. *Some facts about the City here.*

2.3. *Population, demographics, ethnic mix etc.*

#### 3. The Corn Exchange – Development and Background

3.1. *The Corn Exchange* is owned and managed, both as a building and a leisure facility by Cambridge City Council. It is a multi purpose entertainments venue similar in size and facilities to the Colosseum; the main auditorium is 16.5m by 55m and has a seated capacity of 1400. It has gone through periods of great uncertainty about its future and the Council has had to make some difficult decisions in order to keep it running.

3.2. In 1982 builders started the first stage of a conversion to update the building to a modern, multi purpose, entertainment venue. Due to financial over-runs and unexpected problems (rotten roof timbers) the renovated building was finally completed in 1984 at a cost of roughly £4million. The renovated building attracted a range of events well attended by the public and by 1987 extra staff were engaged as booking were up by 30% on expectations.

3.3. In 1988 consultants recommended a radical reorganisation in which the venue management was given more independence and control over how it ran, especially its finances. A new post of Director was created to lead a more self-sufficient management and staff. However the staff still remained Council employees.

3.4. By 1998 The Corn Exchange was described by the local media as a priceless public asset. Since 1988 It had increased audiences by 50% and reduced its running cost by 30%. It has twice won a Charter Mark for excellence in public service and is regionally and nationally renowned for its new music and contemporary events programme. It is regularly grant-aided by the Arts Council of England, Eastern Arts Board, Eastern Orchestral Board and New Audiences Fund.

3.5. However the 2002-2005 Business Plan for the venue noted that during the period 1998 to 2001 there was repeated failure to adhere to the Business Plan's budgets due to:

- Over-budgeting of orchestral concerts;
- Under-budgeting of profitable popular events;
- Significant losses in jazz, opera and some musicals.

3.6. The 2002-2005 Business Plan had this to say about the future status of the venue:

“The Corn Exchange is operated as part of the City Council, and whilst various reviews of preferred control have been undertaken, the BVFSR concluded it preferable to retain council status for the immediate future.”

#### 4. Findings from the Visit

4.1. Although *The Corn Exchange* is owned and managed by the City Council, the café and licensed bar are run on contract by a commercial operator. The operator pays the Council a fee for the use of the premises on a three-year contract. It is understood that the café does not make money but any loss on the café operation is more than offset by profits from the licensed bar operation. The operator has made a significant investment in the café and bar areas. The bar investment has been aimed at increasing serving capacity during busy periods when there are public performances in the venue. The café opens during the day (not just when a booking is playing) for the use of the public.

4.2. The Corn Exchange management has recently invested in new retractable motorised seating system for the rear part of the flat floor of the venue. The capital cost of the system was high but this will be recovered through savings in labour over the lifetime of the seating. There are limitations with the Corn Exchange building which present

challenges for some productions, the main one being having only five dressing rooms for performers.

- 4.3. Within the City there is little competition for the Corn exchange although there are similar (competitive) venues in Norwich and Ipswich. The City provides a catchment population of about 130,000 for the Corn Exchange. The City is also a major regional centre and draws in tourists and people from the surrounding area that adds greatly to the catchment area of the venue.
- 4.4. Opposite the Corn Exchange is the Cambridge Arts Theatre. This is of similar size to the Watford Palace Theatre. It is run by a trust and grant aided by the Council with a grant of £55,000 per year. The theatre concentrates on fully staged dramatic productions which are not suitable for The Corn Exchange and so there programming is complementary rather than competitive.
- 4.5. The Corn Exchange currently sells 250 days of bookings per year from a target of 280. The balance of days during the year is allocated for the Council's use and for venue maintenance work.
- 4.6. Responsibility for bookings and promotions lies within the management team (a structure chart is attached). The Council operates its own box office that also sells tickets on behalf of other venues in the town.
- 4.7. Bookings for use of the Corn Exchange can be:
  - by a promoter who pays a fee for the use of the building, takes the box office receipts and accepts the risk;
  - by the Council which promotes the event, takes the box office receipts and accepts the risk;
  - a joint venture between the Council and a promoter on a shared risk basis;
  - a booking for a private function which is covered by a straight fee.
- 4.8. There is no published "rate card" for hiring of the venue as such. The venue the Corn Exchange operates with an internal price guide which is subject to negotiation with hirers.
- 4.9. The management team meets every two weeks to discuss bookings and how to draw in new promotions.
- 4.10. The Council consults people who live in the City annually on their views on the Corn Exchange and the entertainment it offers. The Council requires that a mix of entertainment be offered over the year to suit a range of audiences. The results of the consultation contribute to the Business Plan.

- 4.11. Details of hirers and users are kept on an active mailing list and are regularly kept up to date with what is happening at the Corn Exchange. The Council also keeps a profile of users in terms of their ethnicity, age, locality etc. Events are published in local papers, the Council's free paper and on the Council's website which has a section set aside for the Corn Exchange.
- 4.12. The finances of the Corn Exchange are set out in the Business Plan; this prescribes the projected expenditure over the period of the Plan year and income targets. The balance of income and expenditure in terms of revenue currently projects a £500,000 per year deficit although the management team are working to reduce this over future years. Capital expenditure, such as the recent seating installation, is met from available Council capital funds rather than revenue.
- 4.13. The operating deficit represents the Council subsidy for the operation of the venue. In justifying the level of subsidy the Council says that the Corn exchange is a major, high profile, regional asset which provides an extensive range of top quality entertainment for the people of the City. Without the subsidy, the Corn Exchange would not be able to operate as a multi-purpose venue.

## APPENDIX 5

### POLICY SCRUTINY COMMITTEE

#### The Colosseum Review

Report of visit to *The Guildhall*, Southampton

#### 1. Introduction

1.1. As part of its review of the future of the Colosseum the Committee made visits to other similar sized local authority venues. They were both fully-operational multi-purpose venues but operated under different management systems. This enabled the Committee to compare the different modes of operation and to learn from the experience of others.

1.2. Three Committee Members (Councillors Derbyshire, Mrs McQuire and Mrs Punter) attended the visit to The Guildhall in Southampton.

#### 2. Southampton City

2.1. Southampton City is a unitary authority.

2.2. *(Some facts about the City here)*

2.3. *Population, demographics, ethnic mix etc.*

#### 3. *The Guildhall* – Development and Background

3.1. *The Guildhall* is owned by Southampton Council and, like Watford, the building) is physically an integral part of the town hall (Civic Centre) complex.

3.2. *The Guildhall* is a multi-purpose venue. It is operated on behalf of the Council under a management contract by one of the countries leading commercial venue operators – Live Nation (formerly Clear Channel). Under the contract the maintenance responsibility for the building is shared between the Council and Live Nation.

3.3. Prior to 2001 the venue was operated in-house by the Council itself with Council staff. The operating deficit in 2001 was £750,000 per annum and the Council set up a strategy review group to consider alternative options for the operation of the venue with view to reducing its operating cost. The review resulted in the decision to contract out the operation of the venue to Live Nation.

3.4. The Guildhall is a multi-purpose entertainment venue similar in size and facilities to the *Colosseum* and the *The Corn Exchange* in Cambridge. The main auditorium is ? by ? and has a capacity of ??

#### 4. Findings from the Visit

4.1. Financial problems came to a head in the year 2000 because of a squeeze on leisure services budgets. Up to this time the Guildhall had been run by the Council. The the operating deficit in 2000/01 was £750,000. Steps were initially taken to reduce the loss. The main measure was to cut a number of posts with highly graded salaries. This reduced the deficit but left the Guildhall with an uncertain future.

4.2. A cross party steering group, including trade union and officer representation, was set up to look at options for the future operation of the Guildhall. This included considering its alternate use as an art gallery or closing the hall completely. The final outcome was a strong desire to maintain *The Guildhall* as a multi purpose entertainment venue.

4.3. Two options for this emerged:

- giving the operation over to a trust;
- contracting the operation to a commercial operator.

4.4. The trust option was discarded because of the problems and costs associated with the setting up of a new trust. Southampton had previous experience of a trust operation with its Mayflower Theatre. Contracting with a commercial operator was agreed as the preferred option. The Council's main consideration at this time was that a commercial contract would allow the Council to limit its financial commitment to the running of *The Guildhall*.

4.5. The Council carried out some "soft" market testing and found six companies that might be interested in a contract. During the procurement process the Council received four expressions of interest; two were rejected at an early stage and two taken forward for detailed consideration. During this second phase, one of the companies withdrew leaving Live Nation (Clear Channel) as the only bidder.

4.6. A contract was eventually agreed for a ten year period, with a break clause by either party after five years. The "bottom line" was a management fee payment by the Council to Clear Channel of £350,000 per year inflated annually by RPI. The contract required that the Council maintain the building outside structure of the building and its services to ensure it is fit for business. There was no capital expenditure required by the Council.

4.7. Other provisions of the contract included:

- all non building fabric improvements, such as bar refurbishment, to be carried out by Clear Channel at their cost;
- a monthly payment to the Council to cover building costs such as power, rates etc;
- a number of free lets to the Council for its own use plus release for elections as and when required; a
- community fund of £10,000 is available for community use.

4.8. Taking into account profit the Council makes on its supply of energy to Live Nation and on provision of security services, the Council estimates that its net annual costs (subsidy) for operation of the venue is around £200,000.

4.9. Since taking on the contract, Live Nation have invested approximately £200,000 in improvements, including refurbishing the bar and the installation of a new motorised retractable seating system (similar to the Cambridge *Corn Exchange*).

4.10. The contract is approaching its five year review period and neither party has indicated a wish to exercise the break clause. Live Nation has indicated a willingness to make further capital investment next year of £200,000 to be spent on .....

4.11. The contract partly prescribes the programming mix in the contract but for the majority of letting days leaves programming decisions the commercial discretion of the contractor. The degree of programming freedom left to the contractor was part of the contract negotiation and impacted on the final fee agreement.

4.12. In reply to the question “what does the Council get for its subsidy”, the Council representative responded:

“A regionally important centre for entertainment, drawing in people from within and outside the town. It enables a high profile (sometimes televised) events and a major regional presence.”

4.13. Regarding competition, within the region there are similar and larger venues in Bournemouth, Portsmouth and Southampton itself.

4.14. Live Nation operates the box office through Ticketmaster for the Guildhall and all other Council events, as well as for other venues in the town.

4.15. Live Nation publishes a detailed rate card for hire of the venue. Advertising and promotion of events is the responsibility of the event promoter. Live Nations target is to let 80% of available days (about the same as Cambridge).

4.16. Bookings for use of *The Guildhall* can be:

- by a promoter who pays a fee for the use of the building and takes the box office receipts, and accepts the risk;
- by the contractor which promotes the event takes the box office receipts, and accepts the risk;
- joint venture between the contractor and a promoter;
- a booking for a private function which is covered by a straight fee.

4.17. The contractor has the licensed bar concession as part of his contract. Profits from the bar operation are a critical element of the venue operators income stream and underpin the financial viability of the operation of the venue. there is no café directly attached to the Guildhall. All catering for functions in the Guildhall is prepared offsite and brought into the building when required.

4.18. Unlike Cambridge, Southampton does not consult widely on the events programme which is largely down to the commercial judgment of the contractor. The Council did however consult at the time the contract was let to identify a range of events to include in the contract document.

## **Policy Development Scrutiny Committee – Development Project**

### **Scope and terms of reference for the Colosseum building**

#### **Introduction**

At its meeting on 11 July 2006 the Policy Development Scrutiny Committee resolved to undertake a review of the future of the Colloseum both as a building and a facility.

#### **Why undertake this review?**

Members regard the Colosseum is a major Council asset that has an uncertain future because of question marks over its use and funding. They are conscious that there is significant public interest in its future, following the failure of contract operator two years ago.

#### **Objectives & Outcomes**

##### **Objectives**

- i) To determine the extent to which current use meets the wishes of people who live Watford.
- ii) To assess the potential for increasing the use of the Colosseum and the resulting benefits for the Town.
- iii) To examine the range of potential uses for this capital asset.
- iv) To determine how the Colosseum relates with the Council's Cultural Strategy.
- v) To examine options for the operational management of the Colloseum for the maximum benefit of the people of Watford.
- vi) To assess the current and future costs to the Council of supporting the Colloseum under the options available to it, and whether they represent value for money.

##### **Outcomes**

To provide a recommendation on the best future use of the Colosseum, taking into account the building and the facility.

## Tasks/Terms of Reference

- To conduct a scrutiny review of all issues surrounding the Colosseum.
- To look at past and current uses of the Colosseum compared to its capacity and potential.
- To examine current and assess potential uses for the Colosseum.
- To review the place of the Colosseum in the Councils cultural strategy
- To examine Council policy for the maintenance and renovation of the Colosseum.
- To examine the consultants report (date??) on the Colosseum and to assess the progress of its recommendations.
- To examine the current funding for the Colosseum and longer term funding issues.
- To seek public opinion on the options, uses and costs for the Colosseum.
- Involve representatives of the community to ensure that members of the public have shared their views on the potential uses for the Colosseum.
- To consider existing and future policy for subsidised use of the Colosseum by community organisations.