



Leicester
City Council

OSMB
PVFM
Cabinet

WARDS AFFECTED
Castle Ward/City Wide

7th December 2010
8th December 2010
13th December 2010

De Montfort Hall – Business Plan

Report of the Chief Operating Officer and Deputy Chief Executive

1. Purpose of Report

- 1.1. To present a business plan for the operation of DMH and agree a way forward to ensure the Hall is adequately funded and provides a cost effective and varied programme of live entertainment for the people of Leicester and beyond. The development of a sustainable business plan is an integral component of the improvement plan for the Hall.
- 1.2. To present a range of potential options for the future management and operation of De Montfort Hall

2. Recommendations

Cabinet is recommended to:-

- 2.1. Agree the proposed Vision and Objectives for De Montfort Hall (as set out in para 4.4.1)
- 2.2. Adopt and implement the proposed Programme Policy for De Montfort Hall (as set out in 4.5.7) by:
 - a) Increasing the number of single-night popular income generating events,
 - b) Increasing the number of long-run touring musical theatre productions,
 - c) Prioritising popular income generating shows, and
 - d) Maximising commercial hires for non-performance events
- 2.3. Reduce the cost of the Philharmonia Orchestra residency by decreasing the number of concerts from 9 to 7, noting that additional funding is being sought by the Philharmonia for a bespoke programme of concerts tailored for Leicester primary schools (Para 4.7.1-6)
- 2.4. Reduce the cost of the outdoor festivals, by changing the arrangements for Summer Sundae Weekender to a guaranteed fee model followed by a % split of income. This model will reduce costs substantially, share risk more equitably, and provide a mechanism to manage and control expenditure more effectively, as described in Para 4.6. As part of this

arrangement, and in agreement with our partners, Concert Clinic, Big Session Festival will not take place in its current format in 2011, with any resulting programme gaps being met by the indoor programme.

2.5 Continue with the current governance arrangements for the management and operation of De Montfort Hall (Para's 4.8.6-8) on the understanding that:-

- Hall Management will be supported by an Advisory Board made up of councillors, stakeholders and representatives from the Business Community to ensure every effort is made to improve the financial performance of the Hall. The terms of reference and membership of the Advisory Board to be delegated to the Director of Cultural Services in consultation with the Cabinet Lead Member for Culture and Leisure

- A Finance and Business Manager is recruited as soon as possible so that the financial performance of the Hall can be constantly reviewed and developed

- The ongoing cost of this arrangement, (an increase of £287k per annum), as described in the Financial Implications section of the report are noted and incorporated within the base budget for 2011/12 onwards

- A further report is brought to Cabinet on governance which looks in more detail at the feasibility and potential benefits of establishing a trust model for the long term future operation and management of De Montfort Hall

2.6 Support the development of an asset management plan (see para's 4.9.1-4)

3. Summary

3.1. DMH has been operating for the 3 years to 2009/10 with a subsidy of between £1.1 - £1.3m, significantly in excess of the approved budget of £0.7m. The funding gap of £0.6m has been paid for from within the former R&C Department using a variety of one off funds and in year savings generated by other divisions within the department.

3.2. As part of the Improvement Plan for De Montfort Hall, it was agreed to appoint an Interim Manager to manage the operation of the hall; to undertake a fundamental review of the business; and to develop a sustainable Business Plan going forward for approval by Cabinet. A key component of the business plan is to establish what could be done to address the funding gap of £0.6m on an ongoing basis. The need to do this has been brought into even sharper focus recently with the announcement by Central Government of major reductions in public expenditure.

3.3 The review of the business identified that there were a number of reasons for the increased cost. These were an inadequate allowance for inflation (i.e. If the budget in 2005 had not been reduced but rather increased in line with inflation, the budget in 2009/10 would have been £0.9m as opposed to the actual budget of £0.71m); the increased cost of festivals; the lack of priority given to the indoor programme, compared to the outdoor festivals; and issues relating to control and management of budgets.

3.4. Summer Sundae Weekender and to a lesser extent Big Session Festival are high profile events which attract significant numbers of visitors to the City. However, despite previous efforts to reduce and manage costs and despite their popularity, they still require a significant subsidy. The subsidy for Big Session amounts to £10.70 per head and £15.39 for

Summer Sundae Weekender (based on 2009 figures). A total of 25 days is needed to set up and take down in addition to the festival days themselves. This has restricted the ability to programme other events (including commercial and private hires) and generate income during this time.

- 3.5 To ensure the financial sustainability of the Hall, and to comply with the proposed Programme Policy, it is also critical to review the arrangements for non – commercial bookings, especially those relating to bookings by local amateur organisations, to enable priority to be given to popular single-night or longer running touring shows during peak touring periods. This can be achieved by encouraging organizers of these events to consider the use of alternative venues and/or by the introduction of a bookings policy which will restrict the availability of key dates for amateur shows during peak touring periods. It will also encourage organizers to plan some of their shows and concerts during off peak periods.
- 3.6 The popularity of shows can never be guaranteed and therefore there remains the risk that the deficit will fluctuate year on year. The business plan recommends that the option of outsourcing be fully explored as this option will transfer this risk to a third party. There are now very few (about 12) comparable venues currently operated by local authorities and this number is decreasing all the time. Operating in isolation, DMH is not in as strong a position in terms of negotiating fees with producers or agents compared to specialist management companies that operate a number of venues and who can negotiate package deals. Exploratory discussions with 2 theatre management companies have confirmed that there would be interest from the private sector and that further savings could be achieved, whilst maintaining a high quality entertainment programme for the people of Leicester.

4 Report

4.1 Background

De Montfort Hall is the largest venue in Leicestershire with a maximum auditorium capacity of 2,200. De Montfort Hall is a 'receiving' venue that presents ready produced touring shows and 'packaged' events. The Hall has the 16th (joint) largest auditorium in the UK. De Montfort Hall was built in 1913 as a concert hall and still contains the organ that was installed a year later. The Hall is a Grade II listed building and is therefore subject to statutory obligation in terms of the building's usage and change. The Hall benefits from flexible seating enabling a wide range of options that includes raked seating for 1600+ and flat floor standing with seated balcony for 2,100+ customers. The acoustics for classical music are world renowned. The Hall is unique in being situated in grounds that can accommodate a further 7,000 people, meaning that large-scale events and festivals can be presented both in the Hall and the grounds simultaneously. The Hall presents a mixed programme of large-scale popularist, mainstream touring artists and shows, commercial hires and smaller-scale community and amateur events

4.2 Current Position

De Montfort Hall is owned and operated by Leicester City Council and currently receives no other external funding. The Hall's annual operating cost is £1.3 million which amounts to a £5.00 annual subsidy per user. The Programme has previously lacked focus and direction and needs a Programme Policy adopted to ensure income targets are achieved and the appropriate mix of events for Leicester/Leicestershire audiences are secured. The Hall is 100 years old in 2013 and requires a committed programme of both repair and

maintenance. The stage and backstage facilities and technical capabilities are not comparable to the auditorium capacity potential and is therefore a barrier in attracting some 'higher level' touring productions that reap greater income and audience development, particularly musicals, ballet and opera. However, to improve the backstage facilities to an appropriate level is financially prohibitive at the present time with costs estimated at £10 - 15m. The Hall has a workable staffing structure and the introduction of an Interim General Manager has provided leadership and improved operational and financial management. As well as the main programme, the Hall promotes two 3-day festivals during the summer (Big Session and Summer Sundae Weekender) and is also one of 3 regional residencies for the Philharmonia Orchestra. Attendances for ticketed events over the last 4 years has averaged 257,000 a year, with approximately 50% coming from the city

4.3 Context

- 4.3.1 Entertainment venues nationally are at risk as a result of downturn in the economy. Venues owned or funded by local authorities are likely to receive revenue budget cuts. The impact on theatre attendances during the recession has shown that ticket sales have not been badly affected. In fact national trends show that, on average, sales have been up on previous years. However the effect of the recession and cuts by local authorities and Arts Council England may have a significant effect on the number of touring productions as well as existing productions yet to tour.
- 4.3.2 There have been many changes across the UK in the governance of venues like De Montfort over the last 5 years. Many comparable venues operate as a Company Limited by Guarantee and/or as a Charitable Trust. Very few are now managed by local authorities and some are currently outsourcing their venues to specialist operators. Arts Council England funding is restricted to those venues that produce or advocate new work or other ACE priorities. As more venues are managed under specialist umbrellas there is a risk that isolated venues may be left off the touring circuit because new touring productions or artists are contracted by the management company as a 'package deal' for all their venues, meaning the fee or risk is less for each venue.
- 4.3.3 No venue or theatre is exactly the same in terms of physical make up, age, positioning, size of public and presenting spaces, types of performance and usage, staffing, audience demographics and funding structures. De Montfort Hall's Unique Selling Point (USP) is that it is the only venue in Leicestershire that can cater for the mainstream, popular market in the presentation of large-scale touring artists, bands and theatre productions.
- 4.3.4 Leicester 02 Academy (managed by the Academy Music Group) has recently opened and caters primarily for student audiences in the presentation of live music to a maximum capacity of 1,400. Consultation with the Academy's stakeholders, including SJM Concerts with whom the Hall regularly works, has concluded that the 02 Academy will add to and complement Leicester's live music scene rather than impact negatively on existing venues. DMH will continue to be the Leicestershire hub for larger, mainstream popular touring artists such as Sugababes, Michael Buble, Manic Street Preachers, Madness, Diversity, Katie Melua, Girls Aloud and Thin Lizzy.

4.4 Vision and Objectives

- 4.4.1 Cabinet is recommended to agree the proposed Vision and Objectives for De Montfort Hall, as follows:-

Vision – To provide a cost effective and varied programme of live entertainment for the people of Leicester and beyond

Objectives

- To ensure the future of De Montfort Hall as the premier live performance venue for Leicester
- To ensure the best programme of live entertainment that reflects the Hall's capabilities and the diversity of Leicester audiences
- To maximise the potential of De Montfort Hall to stage large scale touring productions and performances
- To ensure De Montfort Hall's position as the City's hub for commercial, mainstream popular programming

4.5 Programme Policy

- 4.5.1 There has been a lack of focus and direction in terms of what De Montfort Hall is, who should be using it and the type of programme that it should be presenting. There has been an insufficiently proactive and strategic approach to programming De Montfort Hall. Many events and shows have not been sought out or favourably negotiated; they have been offered in a fragmented way and accepted on the basis of the deal presented. The Hall has been isolated from the industry which has prevented networking, benchmarking and the fostering of relationships with some key partners such as producers and promoters.
- 4.5.2 The Hall has increasingly focussed on its outdoor festivals to the detriment of its year round programming. A lack of proactive programme and diary management has compromised further programme development due to lack of available dates, particularly for high season touring artists (February – May and October – November). Benchmarking De Montfort Hall's programme with other comparable venues for the periods 2008/09 and 2009/10 has identified that there were many notable omissions, particularly pop and comedy artists. This may be because the dates were not available or because De Montfort Hall is not on some promoter's immediate priority "radar" for touring dates. Many artists and shows can only perform in Leicestershire at De Montfort Hall due to its audience capacity and subsequent potential income generation. Should tour dates not be available, Leicester audiences can sometimes miss out on the opportunity to see them. All artists and shows tour for a specified period according to the availability of the artist or contractual arrangements for a show. It is clear that DMH needs to promote itself 'further up the priority ladder' to encourage agents and promoters to consider Leicester for one of their dates.
- 4.5.3 Historical loyalty and ownership by some amateur and community users, particularly at weekends, restricts further development of the programme, particularly in terms of weeklong shows. For example, the Leicester Symphony Orchestra and Bardic Orchestra have historically utilised over 8 Saturdays a year during high Season (average over 4 years 2007/08 – 2010/11). Further work is being done to encourage them to look at the potential use of alternative venues particularly during peak touring periods and to encourage bookings during off peak periods.
- 4.5.3 The Hall's use is comparatively low in terms of commercial, mainstream and popular events that are appropriate for the size of the auditorium and the Hall's capabilities. As the largest venue in Leicestershire, De Montfort Hall is able to accommodate more large scale, popular events than it does at present

4.5.5 During 2009/10 the programme mix was as follows (days):-

- Single-night touring shows and artists – 161
- Long-run (week-long) touring shows (including Christmas) – 43
- Two in-house festivals (Big Session Festival and Summer Sundae Weekender) – 31(see note below)
- Philharmonia Orchestra Residency – 9
- Amateur and Community Events – 45
- Commercial Hires – 42
- Dark (ie Maintenance and Non Show days) - 34

Note The performance (public) days for the festivals are 6 (3 for BSF and 3 for SSW). A further 25 days (31 days in total for both festivals) have traditionally been 'held off' the Hall's diary to enable fit up, fit down and the release of all Hall staff to carry out festival related work (mainly in the grounds). Many officers have traditionally carried out low level manual work at high cost and in detriment to their 'day job'. Current discussions taking place include options to release some days to enable other potential activity to take place in the Hall simultaneously and for a more appropriate balance of allocated staff resource to be achieved.

4.5.6 The key features of the proposed Programme Policy are as follows:-

- To focus on the key USP (Unique Selling Point) of the Hall by proactively programming in popular, commercially viable artists and shows as a priority.
- Thereafter, to enable the development of profitable additional events (for example, conferences, sporting events, trade shows, weddings) suitable to the Hall's size and capabilities.
- To build, foster and strengthen relationships with key producers and promoters to enable the Hall to step further up the priority ladder in terms of securing further dates for more popular touring artists and shows
- In the context of the increased commercial viability of shows to ensure the programme is reflective of the audience diversity and demographic make up of Leicester communities
- Foster a strategic approach to forward planning and diary management by programming key events in 3-4 years ahead, i.e. set aside 4 weeks during the Spring Season (1 week in each of February, March, April, May); 3 weeks in Autumn Season (1 week in each September, October and November) for large-scale, long run (usually a week) shows
- Facilitate 'Fit for Purpose', joined up programming by encouraging distribution of appropriate events across other suitable Leicester platforms, i.e. smaller events that regularly achieve less than 500 attendances are probably better suited to alternative venues. Exploring the potential for accommodation of these events in other venues such as Curve, Leicester Cathedral and local churches
- Review Big Session and Summer Sundae Weekender with a view to reducing both the cost and risk to the City Council to enable sustainability-see section 4.6 below.
- Review the Philharmonia Orchestra Residency with a view to reducing the Hall's costs by decreasing the number of concerts – see section 4.7 below

4.5.7 Cabinet is recommended to agree the following in respect of the indoor hall programme:-

- **Increase the number of popular single night income generating shows**

by proactive long-range programming 2 – 3 years ahead through negotiation to secure the best deal and retention of income and by nurturing relationships with promoters and producers

- **Increase the number of long-run touring musical theatre productions a year from 3 – 7**

By proactive long-range programming 2 – 3 years ahead through negotiation to secure the best deal and retention of income, and by nurturing relationships with promoters and producers, and by exploring and maximising marketing/audience development opportunities including subscription packages and group booking to supplement auxiliary income streams

- **Prioritise popular income generating shows**

- A proactive rather than reactive programming policy is recommended, in line with general practice in the industry. This includes: Proactively programming in popular, profit-making shows as a priority; Fostering a strategic approach to forward planning and diary management by programming key events 3-4 years ahead, i.e. initially ring fencing 4 weeks in spring, and three weeks in Autumn, to book large scale, long running shows;

- Ensuring diary availability for amateur and community organisations paying the reduced community hire-fee. 1 date per year would be guaranteed in advance for larger amateur music organisations, which are appropriate for the nature of the Hall, including the Leicester Symphony and Bardi Orchestras and the Leicester Philharmonic Choir. Other dates will be made available as far as possible, but may be restricted in terms of day of the week and seasonal period because of the need to prioritise popular income generating shows through proactive diary management. The Hall will continue to work closely with Leicester's much-valued major amateur orchestras and choir to ensure that their needs are met as far as possible within the new programming policy.

- Dates will continue to be available to the Leicester Hindu Festival Council for Navratri and for Village India to be presented at DMH as part of the Programme Policy, on the basis that the Hall is the most appropriate venue in Leicester for events of this size, audience potential, financial viability and reflective of the City's cultural make-up.

- All users will be subject to the hire tariff and bookings policy and some may need to consider their own business case, including appropriate pricing and other funding sources, in order to ensure their hire of the Hall is cost-effective for their event and the venue.
- Following consultation and discussions with the three amateur orchestras - Bardi, Leicester Symphony Orchestra and Leicester Philharmonic Choir- it has been agreed that available dates will be offered by the Hall to the three orchestras up to three seasons in advance. Some dates may be restricted to allow further high season dates to be available to touring promoters for commercial income generating, popular shows. However, by enabling a pro-active long-range approach to the Hall's diary management both the Hall and the orchestras are confident that appropriate dates can be maintained, allowing forward planning for both parties. A consultation process looking at possible additional venues has also taken place and two

possibilities are currently being explored by orchestra representatives and DMH Officers. Forward planning diary meetings with the orchestras, DMH Officers and appropriate partners will be held in January and September each year.

- Consultative meetings with Hall staff and other amateur and community users are also taking place with a view to adopting a workable Booking Policy.
- **Maximise commercial hires for non-performance events**
Options for alternative profitable events suitable for the Hall's facilities and expertise should be explored without compromising the Hall's USP and Programme Policy. Examples include sporting events, trade shows, conferences, fashion shows and weddings. Weddings and similar events are not 'pre-produced' or 'packaged' and may require service, facilities, staffing, expertise and resource levels not currently catered for by the Hall. These may be better catered for in other locations in and around Leicester. It is therefore important that additional events staged at the Hall are suitable to the delivery capabilities in terms of physical and staff resource. Some specialist services, such as wedding and conference planning, could be provided by an external company subject to need and at the cost of the client
- It is recommended that the universities continue to partner with DMH for degree ceremonies should dates be available as they bring in a high commercial hire fee with minimal resource needs, during the summer when limited touring events are available

4.6 Festivals

- 4.6.1 Leicester City Council currently funds two festivals at De Montfort Hall: Big Session Festival and Summer Sundae Weekender. Arts and music festivals invariably take place during the summer and success can be affected by the weather. Promoting festivals is not dissimilar to theatre producers and touring music promoters in that there are a few key organisations that dominate the larger, popular festival industry, for example, Festival Republic, AEG and Live Nation. Festival Republic promotes Leeds Festival, Reading Festival, Latitude, The Big Chill, Electric Picnic, Hove Festival and are partners in Glastonbury.
- 4.6.2 The financially successful festivals rely on lucrative sponsorship and large capacity levels to bring in the necessary funding to support the festival's external, bespoke infrastructures. Many of the artists that perform at Festival Republic festivals are contracted to perform at more than one festival which assists programming efficiency, routing and cost.
- 4.6.3 The maximum capacity for De Montfort Hall incorporating the current arrangement with Victoria Park is 7,000 per day (that includes artists, traders, crew and staff)
Some of the costs related to the festivals have not been explicit because the events have traditionally been amalgamated as part of the Hall's programme in terms of staff time and resource and procurement of supplies. Management and officer time leading up to and after both festivals across the year has been high and therefore costly in terms of hours undertaken
- 4.6.4 The extent of pre-fit and set-down time (approximately a week either side of the festivals) historically undertaken by Hall staff has previously compromised other activity that could take place during this time (including statutory annual maintenance which by default runs into key dates in early September). It also reduces the number of income generating events which could take place during those times. Whilst, theatres and entertainment venues are

generally dark during August (for maintenance and holidays), June is a good time for touring shows and both periods offer opportunities for commercial activities such as weddings and trade shows. Although it is difficult to be precise about the level of income that could be generated by using these dates, commercial hires on 10 of the 31 days used for Festivals could generate up to £50,000 in gross income. Festivals also divert significant staff time and resources away from the Hall's year round programme which has a negative impact on its operation and financial sustainability.

- 4.6.5 The contractual arrangements for Big Session and Summer Sundae are complex: The Festivals are wholly subsidised by LCC. Concert Clinic are paid a fee to procure the artists and deliver site management, however LCC administer and issue the contracts and pay the artists fees as well as subsidiary services such as catering, accommodation and expenses. De Montfort Hall provide management and staff as well as procure contactors and suppliers. This arrangement is completely unlike all other events that take place in the Hall (or any venue) where financial risk and responsibility is always shared.
- 4.6.6 The Council's current procurement procedures hinder cost efficiency for the festivals even more than the other Hall's activities in terms of securing specialist supplies and services outside of the Council's usual supplier list. This includes stage and technical supplies and services. Staging the festivals relies in part on in-kind arrangements and partnerships. The festivals current reliance on De Montfort Hall staff, including many days before and after the event, amount to high overtime payments and time off in lieu and can compromise other Hall activity while key officers are involved in 'on the ground' festival work
- 4.6.7 The rights to the name 'Summer Sundae Weekender' are owned by the Festival Partner, not Leicester City Council. The same applies with the name "Big Session Festival" which is owned by Oysterband
- 4.6.8 Although costly in terms of the Hall's overall subsidy (subsidy per head of £10.70 for Big Session and £15.39 for Summer Sundae compared to £5 for the Indoor Programme), the festivals contribute significantly to Leicester's unique cultural make-up and have commanded loyal audiences over the last 10 years.
- 4.6.9 Big Session is a 3 day music festival undertaken in partnership with Oysterband (now in its 6th year) that takes place in June. The Festival includes 3 stages of music (including the Hall's main auditorium) as well as retail, food stalls and a real ale tent. Customers can choose from a weekend ticket or individual day tickets. Camping areas are provided at a cost. Ticket sales for Big Session 2010 were 2,641 (£127,371.30 gross) over the weekend, a decrease of 476 (£14,859.95) from 2009. The net cost (subsidy) of the Festival in 2009 was £28,381(excluding costs contained within De Montfort Hall's budget) and Subsidy per head was £10.70. The total (unconfirmed) cost for Big Session in 2010 is circa £50k, when all City Council costs are taken into account, which represents an estimated subsidy per head of just under £19 per head in 2010. The event attracts a core, loyal audience who travel across the country to the event. Of the 2,641 tickets sold for 2010 24.6% were purchased by customers living in postcodes LE1 - 5; 15.6% from Leicestershire and 59.8% from beyond
- 4.6.10 Summer Sundae Weekender, also a 3 day festival coming up to its 10th year, is much bigger than Big Session encompassing Victoria Park and takes place in August. The event management cost in 2009 was £103,721(excluding costs contained within De Montfort

Hall's budget). Ticket sales for SSW 2009 were 6,739 across the 3 days with a gross of £543,828. Subsidy per head was £15.39 and does not represent value for money; although the event has a very positive national profile. The event management cost does not represent the full cost of operating the festival as this excludes overtime and additional hours of DMH staff and certain other Hall costs which means the total cost and subsidy level is higher. Ticket sales for 2010 were 7,941 of which 4,231 were weekend and 3,710 day tickets (an increase of 17.8% on 2009). Of the 7,941 tickets sold for 2010, 35.1% were purchased from customers living in LE1-5 (which represents an increase of 248 (9.8%) on numbers sold in 2009), 22.6% from Leicestershire and 42.3% from beyond Leicestershire. Full cost analysis for 2010 is currently being finalised, but the total unconfirmed cost for Summer Sundae Weekender is circa £156k, when all City Council costs are taken into account, which represents an estimated subsidy per head of £19.64.

4.6.11 A number of potential options with regard to the future of the festivals have been considered. These include:-

- Work with current partners (Concert Clinic) on options to reduce the current cost and sole risk to the Council. This would enable the existing brands to be retained.
- Ceasing one or both festivals and /or incorporating any programme gaps within the Hall's programme.
- Suspend operation of the festivals for one year to allow for a thorough review of all options
- Explore outsourcing options to a specialist festival promoter. However there is no guarantee that there would be commercial interest or that festivals of equal production levels could be delivered without subsidy. The name 'Summer Sundae weekender' is owned by Concert Clinic. To deliver the festival in its current format, the name is crucial in terms of branding and sustainability of the event as a going concern.

4.6.12 Positive discussions are taking place with our current partners (Concert Clinic) who have agreed to work with the Council to reduce costs and share risk. A number of options to increase income and reduce costs have been proposed and these are currently being evaluated. These include:-

- increasing the capacity by 500 but without encroaching any further onto Victoria Park. This will be subject to a full risk assessment.
- Increasing the prices by £10 for a weekend ticket and £5 for a day ticket,
- Potential to programme an additional event on the Thursday evening utilising the stage and technical infrastructure in De Montfort hall Gardens, and
- Changing the contractual relationship with Concert Clinic whereby a fee is paid to the main provider (Concert Clinic) followed by a % split of income based on an agreed allocation of staff and resource expenditure provided by DMH. This model is more in line with industry expectation for a receiving venue such as De Montfort Hall whilst also recognizing the event's unique complexities outside of the Hall's usual programme. This arrangement which has been agreed in principle will enable both Concert Clinic and LCC to share risk more equitably and allow Concert Clinic to secure procurement benefits by direct purchase of infrastructure. Although it is recognised that a subsidy by LCC is still required to present SSW in its current format, this will be substantially reduced. It will also ensure both parties are committed to cost efficiency. Work is continuing to finalise the arrangement.
- As part of the analysis and consultation process it has been agreed by LCC and Concert Clinic to cease Big Session Festival in its current format. This conclusion

has been reached independently of Summer Sundae Weekender by looking solely at the viability of BSF as a bespoke event that provides for a more specialist audience base than SSW. Many options were considered to retain BSF in its current format, including incorporating the event into SSW, or moving it closer in the calendar so that some infrastructure costs could be shared, however these options are not viable for reasons of cost and audience demand. It has been agreed to stage a one-day event at De Montfort Hall during peak season in October 2011 billed 'Oysterband & Friends', featuring Oysterband as the headline event.

- 4.6.13 At this stage, it is not possible to state with confidence what level of subsidy would be required from the Council. Initial calculations would suggest that based on attendance levels in 2009 and 2010, an LCC subsidy of between £28k and £38k will be required which would reduce subsidy levels to between £3.30 and £5.00 which would be consistent with the average level of subsidy for all events at DMH. Given the proactive discussions with Concert Clinic, officers would recommend that we adopt this approach for 2011 and review the position again next year
- 4.6.14 The feasibility of moving Summer Sundae to Abbey Park has been considered. Whilst this site offers a potentially larger festival, there would be higher set up costs (as De Montfort Hall provides the 2nd stage and infrastructure ie bars, toilets, dressing rooms, security etc). There would also be conflicts in respect of camping and sports use on Abbey Grounds. The shared view of officers and our partners Concert Clinic is that there would be reluctance from SSW festival goers to migrate to a new site and Abbey Park would present a higher level of risk to both parties

4.7 Philharmonia Orchestra

- 4.7.1 The Philharmonia is one of the world's leading orchestras and Leicester is privileged to have secured such a significant partnership. The programme is very popular, playing to an average of 82% capacity through the season. Of the 11,688 tickets sold for the 2009/10 season of 9 concerts, 37.7% were purchased from customers living in LE1-5, 51.6% from Leicestershire and 10.7% from beyond Leicestershire. Subsidy per user is approximately £7.60 per person
- 4.7.2 It was initially suggested that 6 concerts could be sufficient to maintain a high calibre of soloists and conductors and therefore sustain a residency. Discussions have taken place with representatives from the Philharmonia Orchestra who were concerned that such a significant reduction might compromise the basis of the residency and its associated community and education programmes. Following discussions with the Philharmonia, it is now proposed to reduce the number of concerts in the annual programme from 9 to 7 and when the financial situation improves, the number of concerts will again be reviewed.
- 4.7.3 These discussions have also included pricing policies, sponsorship and marketing opportunities, progress towards bringing down costs, raising awareness of the Philharmonia amongst Leicester residents, and incorporating it more into City life.
- 4.7.4 The education and community engagement programmes are a particular important part of the residency for both the Council and the Orchestra as they are focused on predominantly young people. About 2,000 city residents per year currently benefit from these targeted programmes, which include work with; young people, Curve and the Royal Shakespeare

Company; Special schools for the Special Olympics; Re-rite, a digital interactive experience based on Stravinsky's Rite of Spring, and a partnership with Shruti Arts.

- 4.7.5 The Philharmonia is now extending its education programme by raising funds locally and nationally to cover the costs of a unique programme of bespoke concerts tailored for Leicester primary schools. By 2014 they aim to give every Key Stage 2 child in Leicester the opportunity to hear the Philharmonia Orchestra. The Philharmonia will work with LCC to prioritise schools of greatest need and to ensure the programme supports the council's wider education strategy, particularly regarding literacy and numeracy. In addition, they plan to offer a series of professional development programmes on using music in the classroom, from cross-curricular working to social integration, and hope to provide supporting materials for pupils and staff using digital resources.
- 4.7.6 This initiative has been welcomed by CYPS. Head teachers have been briefed and invited to join a steering group. This will meet in January to finalise details including whether schools should contribute towards costs.
- 4.7.7 In addition to helping to raise educational attainment generally, this initiative supports national strategies for music education for all children, and also strengthens the links between Leicester's local communities and the Philharmonia which helps to develop new local audiences.
- 4.7.8 The concept has already been enthusiastically received by local and national stakeholders and therefore has every chance of success.

4.8 Governance

- 4.8.1 There have been many changes to the ownership and management of entertainment venues over the last 5 years. Many large-scale venues operate as a Company Limited by Guarantee and/or as a Charitable Trust that are funded by various bodies including local authorities and Arts Council England. Many others, comparable with De Montfort Hall, are managed by specialist theatre operators. Very few are now managed by local authorities. Some large scale venues are owned by a local authority but managed as a limited company by guarantee or charitable trust. Some are privately owned and operated by a specialist venue organisation (Ambassador Theatre Group, Really Useful Company, Cameron Mackintosh). Currently only very few (approx 12) venues comparable with De Montfort Hall are owned and operated by a local authority. Of the 12 some are now currently seeking expressions of interest from the interested parties to take on management of the organisation. The last 5 years has seen many venues outsourced to external specialist venue operators.
- 4.8.2 Generally only those theatres that have received significant investment in their customer spaces as well as technical capabilities can sustain as an independent limited company or charitable trust because they are able to receive the major income generating shows as well as other cost saving benefits, putting them in the strongest position in terms of programming and procuring the best acts. Venues run as a trust and are independent, therefore do not rely on a local authority or management company for payroll, vat, financial support, HR or IT provision. These costs and accountability lie with the board of trustees and venue management.

- 4.8.3 Most large-scale multi-performance venues run as independent trusts or companies are large city based affording them larger populations (i.e. Manchester, Birmingham, Newcastle, Liverpool) or pull from wider demographic areas (i.e. Southampton, Norwich, Bournemouth, Plymouth). Venues catering for mainly one genre (i.e. concert halls, playhouses) can be sustainable as a trust where there is also alternative provision for large-scale multi-performance popular programming and sufficient available audiences (i.e. Bristol, Cardiff, Manchester and Birmingham).
- 4.8.4 Many major presenting venues benefitted from significant investment when capital monies were more available some 10-15 years ago either from the Arts Council, local authorities or Lottery. The investment, particularly in stage facilities, public areas and auditoriums enabled many theatres to be sustained as independent trusts or companies
An example is The Regent Theatre and Victoria Hall in Stoke. Previously local authority owned, the then Chief Executive was successful in achieving the largest capital regeneration lottery bid outside London to significantly develop the venues to “No 1” touring status. Both venues are now owned and operated by ATG. There is unlikely to be the level of investment at this time necessary to put De Montfort Hall on this level of footing.
- 4.8.5 The emerging of other specialist venue operators such as SMG and HQ Theatres provides venues such as De Montfort Hall with the opportunity to achieve programme growth and venue development through industry knowledge and procurement of product

The governance options for De Montfort Hall are as follows:-

4.8.6 **Option 1: Leicester City Council owned and operated**

Pros	Cons
<ul style="list-style-type: none"> • Demonstrates council's continuing commitment to culture already shown through existing high levels of investment per head of population in cultural provision • Reflects local pride in and affection for this facility • Complete flexibility over the level of use by council subsidised community organisations • Removes potential period of uncertainty during outsourcing process • May be more straightforward from central maintenance fund investment point of view • Removes risk that outsourcing may not be successful 	<ul style="list-style-type: none"> • Will require additional LCC funding to become sustainable • Lack of industry knowledge from the corporate body • Isolation from industry in terms of 'bulk' purchasing for touring artists and shows; high risk of being left off the circuit • Unable to benefit from package procurement opportunities for artists/shows • Managers' fire fighting Council incompatibilities rather than managing the venue/service • No access to the benefits of being part of a wider theatre groups (i.e. access to big shows and further investment, networking and sharing of industry practice) • Significant financial risks due to volatility of the business

4.8.7 Option 2: Leicester City Council owned but Outsource Management to a Theatre Management Operator

• Pros	• Cons
<ul style="list-style-type: none"> • Reduced Cost to Council in terms of overheads and corporate recharges • ‘Package’ programming opportunities as a result of being part of a bigger theatre group resulting in more choice for customers and the potential to attract major artists • Run more as a business/commercial venture • Investment/funding opportunities • Significantly reduced risk • Staff development opportunities • Financial stability/known annual cost • Not constrained by LCC’s processes and procedures • Specification and ‘purchase’ of community programming is possible • Networking and sharing of good practice between venues. • LCC would retain ownership of venue 	<ul style="list-style-type: none"> • Limited control over programme content which will be commercially driven • Limited stage and backstage facilities (requires major investment to aid programme development for major shows) • Possible staff costs following TUPE • Loss of in house catering • Public and local user uncertainty/objections • Potential impact on integration and viability of Summer Sundae Weekender • Reduces opportunities of joint working with other cultural venues

4.8.8 Option 3 - Establish an independent Cultural Trust for the operation of DeMontfort Hall

• Pros	• Cons
<ul style="list-style-type: none"> • Reduced Cost to Council in terms of overheads and corporate recharges • NNDR Savings on De Montfort Hall of between £74 and £92k if charitable status achieved • Increased external funding opportunities • Reduced organisational constraints mitigate against local authority entertainment venues operating in an optimal way. • Clarity of focus enabling management to concentrate on improving the programme and commercial viability of a single venue • Tried and tested model understood by potential funding partners 	<ul style="list-style-type: none"> • Additional costs of approximately £0.5m pa for unrecoverable VAT • Possible staff costs following TUPE, especially relating to pensions • Loss of in house catering • Potential Public and local user uncertainty/objections • Significant risk in establishing new business, with tough financial targets during a recession, with LCC as sole public funder. • Increased support costs in respect of accountancy, legal, HR, ICT and possibly office space and management capacity • Insufficient pool of capable, skilled and willing trustees/board members within the locality to guarantee financial success without financial backing • Isolation from industry in terms of ‘bulk’ purchasing for touring artists and shows; high risk of being left off the circuit

	<ul style="list-style-type: none"> • Unable to benefit from package procurement opportunities for artists/show • No access to the benefits of being part of a wider theatre groups (i.e. access to big shows and further investment, networking and sharing of industry practice)
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Options Analysis

4.8.9 Option 1 can reduce the budget to more acceptable levels, although not to the existing budget provision. Furthermore the financial risk remains. As more and more local authorities pass management of their venues to specialist operators, the risk of being left off the touring circuit for income generating, popular shows increases as more tours are package procured. The estimated cost of this option is £998k (against an approved budget of £711k), provided the recommendations relating to the implementation of the Programme Policy including Festivals and the Philharmonia residency are supported. If Cabinet support this option it is recommended this is on the understanding that:-

- Hall Management are supported by an Advisory Board made up of councillors and representatives from the Business Community to ensure every effort is made to improve the financial performance of the Hall. The terms of reference and membership of the Advisory Board to be delegated to the Director of Cultural Services in consultation with the Cabinet Lead Member for Culture and Leisure

- A Finance and Business Manager is recruited as soon as possible so that the financial performance of the Hall can be constantly reviewed and developed

- The ongoing cost of this arrangement, (an increase of £287k per annum), as described in the Financial Implications section of the report are noted and incorporated within the base budget for 2011/12 onwards

- A further report is brought to Cabinet on governance which looks in more detail at the feasibility and potential benefits of establishing a trust model for the long term future operation and management of De Montfort Hall

4.8.10 Option 2 provides the greatest potential for maximising the saving and reducing the cost of operating De Montfort Hall. It also eliminates the financial risk, whilst maintaining ownership of De Montfort Hall and retaining influence through the contractual framework. A successful, sustainable partnership with a theatre management company would be subject to a workable negotiation process concluding in an agreed split of cost and income potential over a 10 to 15 year period. This model provides the greatest sustainability in terms of maintaining and developing the income generating, popular programme necessary for the Hall's medium to long term future. The estimated cost of this option, excluding festivals, is £650 - £750K provided the recommendations relating to the implementation of the Programme Policy including the Philharmonia residency are also supported.. However, under this model there could potentially be an impact on the integration and viability of Summer Sundae Weekender which would need to be discussed and agreed with the selected operator and the festival promoter. If Cabinet support the proposal to outsource the management of De Montfort Hall to a theatre management company, a timeframe of 12 months should be allowed to complete the process and ensure the right operator is sought.

- 4.8.11 Option 3 would require increased costs which would exceed the likely benefits. Whilst there are many benefits to trust management, the negative financial picture and the significant operational risks make this option difficult to support at this time. The establishment of a joint trust with Leicester Theatre Trust Ltd and Leicester Arts Centre Ltd. would be costly and time-consuming to implement and would require the active support of a range of partners. However, there is a commitment between the venues to continue to work together and pursue opportunities for efficiency benefits, sharing of resources etc. The estimated cost of this option is £1.1 to 1.3m and more detailed feasibility and costing would be required before this could be progressed further. As mentioned above, if Cabinet decide to maintain the current governance arrangements for now, it is recommended that a further report is brought to Cabinet on governance which looks in more detail at the feasibility and potential benefits of establishing a trust model for the long term future operation and management of De Montfort Hall
- 4.8.12 Large-scale venues that succeed on a trust basis have received sufficient investment to present well defined programmes, have proven audiences for their market and provide for a specific genre (Concert Hall, Play House, Art House, Theatre) that complements an overall portfolio of venues representing fit for purpose platforms across all performing art forms. Examples include:-
 Bristol: Hippodrome – No 1 large scale receiving; Colston Hall – Concert Hall; Old Vic – producing theatre;
 Norwich: Theatre Royal – No 1 large scale receiving; Play house; Arts Centre; St Andrew’s Hall – Concert Hall;
 Manchester: Palace – No 1 large scale receiving; Bridgewater Hall – Concert Hall;
 Cardiff – Wales Millenium – Large scale receiving; St David’s Hall – Concert Hall

4.9 Investment priorities

- 4.9.1 De Montfort Hall is one of many large-scale entertainment venues across the country that was originally built as a concert hall. Some remain as concert halls (mainly where there is alternative provision to present other product) for example Cardiff St David’s Hall and Bristol Colston Hall. Many have had to adapt in order to maximise income through auditorium capacity or technical capability as the live performance industry has grown and developed.. Because DMH was built as a concert hall, the auditorium layout is not ideal for many of today’s productions where activity on the stage takes place in the rear or sides of the stage, resulting in some loss of ticket sales from restricted seats. This is particularly the case for musicals and opera where viewing can therefore be restricted in the side balcony. Similarly, many venues like DMH (or those built originally as cinemas) have undergone substantial stage and backstage development enabling capabilities to present major large-scale productions such as The Sound of Music, We Will Rock You and Mary Poppins. Examples include Southampton Mayflower and Stoke Regent. De Montfort Hall requires significant investment to enable the presentation of larger musicals
- 4.9.2 Capital investment could further increase the number of profitable large-scale productions that the venue can present through stage and backstage development, increase capacity and therefore income potential by addressing restricted view seating; develop customer facing income generating services such as catering and bar facilities; improve the customer experience in terms of comfort and ease of facilities and Improve office facilities for staff to enable efficiency, productivity and health & safety improvement.

- 4.9.3 The financial costs for Stage and backstage development and improved heating and air conditioning are prohibitive in the current financial environment with estimated costs in the region of £10 -15m. Other smaller scale improvements such as Front of House and decoration improvements (£200k), Catering, bar and kitchen facilities (£100k) and Auditorium Sightlines (£300K) may, however, be more achievable.
- 4.9.4 A key issue, therefore, is the need for an asset management plan which will be needed to identify future premises cost needs, particularly as the building is nearly 100 years old and listed. This will require surveying and inspection that includes the following - Structural survey including load bearing, Asbestos Register update, Fire risk assessments, Electrical testing, DDA improvements, automation of current equipment at height, lighting and fixtures, signage, customer and loading lifts, toilets, bars, catering areas, heating systems, auditorium floor repair, seat repair, internal and external plaster, ground maintenance, roof integrity as well as replacement, servicing, updating of CCTV, sound system, lighting stock, tallescope etc. This would need to be jointly undertaken with Property Services who are the landlord and currently provide a number of these items via the Central Maintenance Fund

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1 Financial Implications - Impact of the business plan proposals

- 5.1.1 The forecast deficit for the Hall in 2010/11 is £1.3m compared to a budget of £0.7m resulting in a shortfall of £0.6m. The majority of the Hall's income is generated in the period October to March and so there could still be a significant variation to this forecast.
- 5.1.2 The impact on the subsidy of the proposals recommended in this report are shown in the table below:

	20011/12 £'000
CURRENT FORECAST DEFICIT 2010/11	1,310
1 Impact of indoor programme policy changes including Philharmonia (this is estimated to rise to £168k by 2013/14)	(93)
2 Estimated reduction in festival subsidy	(145)
3 Interim management costs	<u>(74)</u>
ADJUSTED FORECAST DEFICIT FOR 2011/12	<u>998</u>
BUDGET FOR 2011/12	711
DEFICIT (Assuming festival savings are achieved)	287
DEFICIT (If festival savings are not achieved)	432

- 5.1.3 The business plan proposals detail realistic changes to the programme policy which would generate an additional £0.6m of sales and £0.17m of additional gross profit over and above the forecast for 2010/11 within a period of 3 years. This represents an increase of 20% in ticket sales of £2.9m forecast in 2010/11 and an increase of 50% in gross profit of £0.3m forecast in 2010/11 over the three years.
- 5.1.4 Included in the forecast was £183k of net costs covering both Summer Sundae and Big Session. The report recommends discontinuing Big Session and continuing with Summer Sundae in 2011/12. The proposal is that Concert Clinic will procure and manage the majority of the site costs and the Hall will enter into a fee arrangement consisting of a guarantee and a % of the income. The projected direct cost to the Hall of this arrangement is up to £38k compared with £143k included in this year's forecast, saving £105k. The total saving shown in the table is £145k which includes £40k as result of stopping the Big Session.
- 5.1.5 The savings on Summer Sundae are based on significant increases in income through raising ticket prices and significant cost reductions. It is questionable whether these cost savings are achievable and there remains a significant risk that, despite the proposed payment structure, the Hall will end up incurring any additional costs to ensure the festival goes ahead. The Hall is also exposed to any reduction in ticket income.
- 5.1.6 It is assumed that the interim management arrangements are no longer required from April 2011.
- 5.1.7 The deficit compared to the current budget is between £287k - £432k depending upon whether or not the festival savings are achieved. An additional budget of £432k has been included in the budget proposals for 2011/12 as no agreement with Concert Clinic has been finalised.
- 5.1.8 The estimated cost of the other two governance arrangements (options 2 and 3) are considered in paragraphs 4.8 onwards. Outsourcing the theatre management (option 2) was the least cost option and would also have transferred the financial risk from the City Council to a commercial operator. The cost of this option could be within £50k of the existing budget, depending upon programme mix.
- 5.1.9 There are significant financial hurdles to overcome in operating the Hall as a trust. It is certainly not clear how this would put us in any better position than our current one in terms of being able to attract the best shows at the most competitive price. There would be no effective transfer of risk from the Council as the trust would ultimately have no other funding sources other than the City Council. The Trust would also incur more costs due to VAT and governance, offset by a saving in property rates. The net effect would be an increase in costs of at least £0.4m over and above the cost to the City Council continuing to manage the Hall.

Martin Judson – Head of Finance

5.2 Legal Implications

Outsourcing

- 5.2.1 In the case of outsourcing of management operations, it is recommended that, if this option is to be pursued, an assessment of potential residual costs and liabilities be included in the business case. The market is very risk adverse at the moment – even with what is effectively a concession – and would expect the Council to pick up most or even all of the risk on the business model.
- 5.2.2 The rules on EU procurement and, if applicable, state aids would apply. In the circumstances it is likely that "competitive dialogue" would be an effective procedure as this enables a formal dialogue with the market before finalising the specification and the contract before final tender. It is prudent to allow at least 12 months for this process.
- 5.2.3 If there is a staff transfer, the "Code of Practice on Workforce Matters" will apply and the new provider will have to provide a broadly equivalent pension. Currently the only realistic prospect of this (given the dearth of GAD passports) would be for a new provider to seek admitted body status to the LGPS. Again providers are now very risk averse to contribution and closing fund risk and would seek to limit their liability - leaving a potential residual liability for the Council.
- 5.2.4 The arrangements also need to be examined for VAT efficiency but should present no difficulty if the arrangement is a clear supply of services to the Council by a non associated contractor.

Cultural Trust

- 5.2.5 A cultural trust would usually be established through a company limited by guarantee. There are a number of other models but funders and commercial partners would be most comfortable with this model.. It would be possible for the company to be wholly owned and controlled by the Council - this has pro's and cons.
- 5.2.6 Presumably the Hall would then be transferred to the trust as a foundation. This could be done by way of long lease. Issues of disposal at "less than best consideration" and state aids would require further investigation. It is likely that funders would, however, insist on a legal charge over the lease to secure any funding (although this charge would not extend to the Council's retained freehold interest)
- 5.2.7 This option would need an analysis as to whether any services were being procured for the benefit of the Council and, if so, the procurement implications of this understood. Staff transfer and pension issues would still apply, as would the funding of the business model. Changes to existing charities (enlargement, amalgamation) require the approval of the Charities Commission to the scheme. Again procurement, state aid, charity law and VAT issues could be challenging and conflicting.
- 5.2.8 The Council has power to provide, and fund, entertainments venues (including theatres) under s 145 of the Local Government Act 1972. Further powers to provide (or encourage others to provide) conference and exhibition facilities are contained in section 144 Local Government Act 1972. The Council has powers to provide and maintain art galleries under the Public Libraries and Museums Act 1964. The Council also has power to do things incidental etc to these powers under section 111 of the Local Government Act 1972.

Joanna Bunting - Head of Commercial & Property Law

5.3 Climate Change Implications

- 5.3.1 De Montfort Hall is currently responsible for carbon emissions of 517 tonnes per annum (based on 2009/10 data). There is the potential to reduce the emissions of the Hall but this would require investment and improvements to the building to achieve this; such investment may be a possibility if the management of the Hall is outsourced. If the management of the building is outsourced or the Hall becomes part of a Trust the carbon emissions of the building will still be counted as part of the Council's carbon emissions under National Indicator 185. However, under the CRC Energy Efficiency Scheme (the scheme provides a financial incentive to reduce energy use by putting a price on carbon emissions) outsourced services would not be counted as part of the Council's carbon emissions. As a result if the management of the Hall was outsourced, based on the initial cost of allowances of £12 a tonne, the Council could save £6204 per annum in CRC allowances (this may rise as the cost of the CRC allowances is expected to increase in the future).

Helen Lansdown - Senior Environmental Consultant - Sustainable Procurement

5.4 Property Implications

- 5.4.1 The Council should look in any proposal for details about which party is responsible for the various liabilities such as repair and maintenance, not just of the structure but the complex mechanical equipment such as the lifts, and health and safety management of the building, for electrical equipment, heating and ventilation, asbestos and water hygiene. The ceiling is of particular concern and is regularly monitored.
- 5.4.2 We would also look for the terms of any lease or other arrangement to have sufficient strength from the Council's position to ensure that the other party has to fulfil its obligations for the building. A full repairing lease would be the most preferable with an annual inspection of an asset management plan to ensure all aspects of the building were being maintained to an acceptable standard.
- 5.4.3 De Montfort Hall is a Grade 2 listed building, and if it is leased with the council retaining the repair and maintenance responsibility, we would have no option not to repair, with the possibility of significant penalties if we did not which resulted in cancellations. It could need a separate budget being created. Also the Council might have to put it in good repair beforehand, or ensure that the other party does so. Given its age the Council should pass the liability and risks to the other party.
- 5.4.4 If a decision is made to outsource de Montfort Hall, then Property Services would need to be involved throughout the tendering process. The successful bidder should be expected to carry out an initial baseline repair and refurbishment programme to standard we believe to be acceptable then carry out ongoing maintenance. The nature, funding and responsibility for any further capital investment in improvements would then need to be agreed as a separate issue.
- 5.4.5 The terms would require negotiation on rent, frequency of rent reviews, the length in years, the site boundaries, and potential sub-lettings including car parking. We assume that the Council will wish to retain the freehold ownership of the building to ensure the best benefits for Leicester. We would recommend that the lease ends at the same time as any service level agreement or similar arrangement.

Lynn Cave – Director, Strategic Asset Management

6 Other Implications

OTHER IMPLICATIONS	YES/ NO	Paragraph/References Within Supporting information
Equal Opportunities	Yes	4.5.6, 4.5.7, 4.6.8
Policy	Yes	4.4, 4.5, 4.6, 4.7
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

7 Risk Assessment Matrix

Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/appropriate)
1 Budget Overspends	H	H	Implement Programme Policy, Cease high cost activities, Remove risk by alternative management arrangements
2 Reducing Budgets following Comprehensive Spending Review	H	H	As above
3 Loss of national arts profile if Festivals no longer take place	H	L	Focus on promoting De Montfort Hall and other cultural venues
4 Outsourcing doesn't generate expected savings	L	M	Option to retain direct management if benefits not significant, although enhanced level of financial risk
5 Negative Customer reaction to potential change of governance	L	L	Customer unlikely to notice any significant difference in operation of the venue
6 Negative Customer reaction to impact of Programme policy	M/H	L/M	Ongoing planned dialogue with event organisers to review options, alternatives etc

7 Background Papers – Local Government Act 1972

De Montfort Hall Business Plan – August 2010

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8 Consultations

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Helen Lansdown – Senior Environmental Consultant – Sustainable Procurement

Lynn Cave – Director, Strategic Asset Management-

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