



Notice of Non-key Executive Decision

Subject Heading:	Granting of Lease to Havering Theatre Trust
Cabinet Member:	Councillor Roger Ramsey
SLT Lead:	Jane West, Chief Operating Officer
Report Author and contact details:	Guy Selfe, 01708 433866, guy.selfe@havering.gov.uk
Policy context:	MTFS 2019-2023
Financial summary:	Subject to a lease being agreed, the Havering Theatre Trust would pay a rent for the Theatre.
Relevant OSC:	Towns and Communities OSC
Is this decision exempt from being called-in?	Yes – exempt from call-in by Cllr Wise as Chair of O&S Board

The subject matter of this report deals with the following Council Objectives

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[]

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

1. Background/Information

1.1 The Queens Theatre is a Council owned facility that is managed and operated by Havering Theatre Trust. The building opened in 1975, and

Non-key Executive Decision

since that time the Trust has occupied the building with no formal occupancy arrangements, such as a lease, in place.

- 1.2 The Council provide a grant to the Trust annually to contribute towards the Trusts operating costs. An annual funding agreement is in place for this funding, that sets out the terms of the grant.
- 1.3 The Council also provide a contribution of £42k per annum towards the maintenance costs of the Theatre and an Education grant of £20k. Funding agreements are also in place for this funding setting out what it can be spent on. The Education grant used to be paid through London Councils, but the money collected was repatriated with the boroughs.
- 1.4 The Council has invested significant capital in the Theatre building over recent years, including a refurbishment of the foyer involving removal of asbestos, a new fire alarm system and a fall safe system above the auditorium.
- 1.5 As the Trust do not have a lease or formal agreement to occupy the Theatre, and the building is owned by the Council, any major repairs or investment in the Theatre building falls to the Council.
- 1.6 There has been discussion between the Trust and the Council about a lease for a number of years, but because of the unknown liabilities that the Trust might inherit, they have been reluctant to further these discussions until more recently. A new management structure has focused on making the best possible use of the building, including seeking external funding to fund building related projects. To enable this a lease is required to demonstrate to potential funders that the Trust have security of tenure.

2. Considerations

2.1 Business Case

If a lease was agreed between the Council and the Trust, all future building responsibilities would be expected to fall to the Trust. This would save Council resources, as currently the Council will be responsible for any investment in repairs to the building structure.

Currently, the Trust is unable to make funding applications for significant investments. Funders will expect an applicant organisation for significant funding to have in place security of tenure. The Trust is proposing to apply to Arts Council England Capital Funding round for grants up to £1m. The

Non-key Executive Decision

requirement for a successful applicant is to have at least a ten year lease, if the property the application relates to is leasehold. This is to ensure that the funding investment is used for the purposes it is intended, and that the tenant cannot be removed from the premises. Were the Trust to have a lease on the Theatre building they would also be able to apply for significant funding towards building investments as well as operational investments from other funding organisations.

The issuing of a lease regularises the Trust's occupancy of a Council owned building, and provides the Trust with the ability to make medium to long term strategic decisions.

Were the Trust and the Council to agree a lease, this potentially could restrict the Council should it decide, for example, to market the site that the Theatre building sits on.

It is recommended to

1. To enter into the lease and supplemental licence for Alterations in accordance with the Lease and Licence for Alterations attached to this Executive Decision.
2. Delegate authority to the Chief Operating Officer in consultation with the Deputy Director of Legal Services, to agree the detailed terms and enter into the legal agreements referred to above, seeking the best possible terms for the Council.

AUTHORITY UNDER WHICH DECISION IS MADE

Part3, Section 2.5 (t) – Individual Cabinet Member

(t) To approve the 'in principle' decision of the Council disposing of or acquiring an interest in property or land where the disposal or acquisition receipt is not considered likely to exceed £1,000,000.

STATEMENT OF THE REASONS FOR THE DECISION

The Havering Theatre Trust does not currently have a lease in place to cover their occupancy of the Queens Theatre building. By granting the Trust a lease with a minimum term of ten years, the Trust will be able to make both capital and revenue funding applications to invest within the building and to contribute to operational aspects of the Trust's work.

The granting of a lease to the Trust also regularises their occupancy of a Council

Non-key Executive Decision

owned building. The Trust currently has no security of tenure, other than rights afforded by the length of time they have occupied and operated the theatre building.

OTHER OPTIONS CONSIDERED AND REJECTED

An alternative option is to not grant the Havering Theatre Trust a lease. This has been discounted because it then does not allow the Trust to make external funding applications, for capital or revenue, of any significant value.

A further alternative option is to grant a short term lease, for example for three or five years. This has been discounted because it limits the level of funding that can be applied for to fairly small sums. The Trust is proposing to apply for grant funding from Arts Council England, to a capital funding stream of up to £1m. However, this requires the applicant to have security of tenure for at least ten years.

The Management and Operation of the Theatre could be market tested through tendering as the Trust currently has no security of tenure, other than rights afforded by the length of time they have occupied and operated the theatre building. This has been discounted as the Havering Theatre Trust is a valuable and long standing partner that is performing well.

PRE-DECISION CONSULTATION

The Leader of the Council, the Lead Member for Finance and Property and the Lead Member for Public Protection and Safety have been consulted about this decision.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Guy Selfe

Designation: Health and Wellbeing Manager

Signature:

Date:

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

Section 123 of the Local Government Act 1972 requires the Council to secure best consideration on the disposal of land for a period of seven years or more. The proposed lease arrangements for a term of ten years will therefore be subject to the requirements of section 123. In the event of a disposal at less than best consideration, the Secretary of State's consent is required. This report confirms that the disposal is at best consideration in compliance with the requirements of Section 123.

FINANCIAL IMPLICATIONS AND RISKS

The Havering Theatre Trust currently does not pay any rent for their occupation of the Queens Theatre building. Subject to Members agreeing to progress a lease with the Trust, it is proposed a rent sum is charged to the Trust. The Theatre is expected to make savings from 2019/20 and the rent will contribute to this saving.

The Council will expect the Trust to take on repairing and maintaining responsibilities for the Theatre building, without further funding from the Council being made available to the Trust. The detail of the condition survey and other commercially sensitive information about the arrangements is contained in the exempt appendix.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

There are no Human Resource implications associated with this report. All employees at the Queens Theatre are employees of Havering Theatre Trust.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The granting of a lease to the Havering Theatre Trust does not impact on the day to day operation of the Theatre. The Trust would continue to offer opportunities either as an audience member, a participant in drama, an employee to all sections of the community.

Over recent years, the Trust has diversified their offer including Bollywood style productions and productions that are more appealing to younger members of the community. The Trust offer signed performances, as well as dementia friendly performances. There is disability access with wheelchair spaces available within the auditorium.

The lease will include a clause on equalities so that the Trust continues to provide opportunities for all the community.

BACKGROUND PAPERS

Non-key Executive Decision

None

Non-key Executive Decision

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Delete as applicable

Proposal NOT agreed because

Details of decision maker

ROGER RAMSEY

Signed

Roger Ramsey

Name:

Cabinet Portfolio held:
CMT Member title:
Head of Service title:
Other manager title:

FINANCE & PROPERTY

Date:

22.11.18

Lodging this notice

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on 22/11/18

Signed A.H. Linn

