

Taunton Deane Borough Council

Executive – 4 December 2013

The Brewhouse Theatre, Taunton Proposal to offer a lease and grant funding to the Taunton Theatre Association

Report of the Economic Development Manager

(This matter is the responsibility of Executive Councillor Norman Cavill)

1. Executive Summary

The Council has received a proposal from the Taunton Theatre Association to reopen the Brewhouse Theatre, Taunton. This report summarises the main elements of the proposal and sets out measures to protect the Council's interest should it decide to approve the proposal.

Members of the Taunton Theatre Association will attend the meeting to introduce the Association's proposal and to take questions from the Committee.

2. Background

- 2.1 Members will be aware that The Brewhouse Theatre entered Administration in February this year and that the theatre has been closed since. The Council owns the freehold of the property, and a long lease was held by the previous operator. That lease was transferred to the Administrator upon closure. The Administrator subsequently marketed the lease nationally to potential purchasers and theatre operators.
- 2.2 The Council resolved at its meeting on 23 July to buy the remainder of the lease and contents from The Administrator with a view to working with suitable parties that may be in a position to reopen and operate the facility. The surrender of the lease was completed on 4 October 2013, at which point the Council took over the control and management of the property.
- 2.3 The consultant, David Pratley Associates (DPA), was appointed to advise the Council on options for the future of the Brewhouse Theatre and on emerging interest and potential proposals to run the theatre. The Council agreed at its meeting on 9 April 2013 that the work of the consultant would be overseen by a steering group comprising relevant lead Councillors and senior Officers, and the Chairman of the Taunton Cultural Consortium.

- 2.4 Over the last four months, DPA has engaged with numerous local and national organisations with an actual or potential interest in either operating or using the theatre. In September the Council invited all interested parties to submit an outline business plan for the running of the theatre. One business plan was submitted, that being on behalf of the Taunton Theatre Association.
- 2.5 An annual grant, which totaled £152,000 in 2012/13, was given to the previous operator. That amount was maintained in the budget during the current financial year and has been allocated towards the acquisition of the lease and contents, property maintenance and holding costs, and determining options for future operation. Should the Council resolve to support the Taunton Theatre Association's proposal to run the theatre, officers would enter negotiations with that party to prepare a lease in relation to the property as well as a Service Level Agreement in relation to the annual grant.

3. Proposal by the Taunton Theatre Association to run the Brewhouse Theatre

- 3.1 Representatives of the Board of The Taunton Theatre Association will be in attendance at the meeting to offer a presentation on its business plan to run the Brewhouse Theatre.
- 3.2 A summary version of The Taunton Theatre Association's proposed Business Plan is appended to this report at Appendix 1. Members will note that the document clearly sets out the Association's vision and plans for the theatre and addresses issues that are of direct relevance to the operation. Chapter 10 deals specifically with the relationship that the Association would have with the Council, respecting the different roles that the Council will have in the theatre.
- 3.3 The Plan also presents a summary of the Association's forecast budgets and financial modelling for the period December 2013 to March 2017. The Committee will note that the Theatre Association is accounting for ongoing grant funding from the Council over that period.

4. Consultant's Comments on the proposed Business Plan

- 4.1 Following the receipt by TDBC of the single bid from Taunton Theatre Association, DPA were asked to review the proposal and work with the Theatre Association to resolve any issues which had been raised by the Steering Group, by TDBC officers or noted by DPA. DPA's report is included at Appendix 2.
- 4.2 During September DPA raised detailed issues considered critical to success. These related to:

- a. Clarity of TTA's vision for the theatre and culture in Taunton
 - b. The governance of the Trust
 - c. The options for the formal relationship with TDBC: governance, reporting, lease etc.
 - d. The balance and nature of the programme to be presented
 - e. The opportunities for trading and in particular bars and catering
 - f. Marketing
- 4.3 Detailed meetings were held with TTA during October with specific advice being given on the topics above. In particular DPA brought in specialist catering and retail consultant Mary Nightingale Associates to examine TTA's plans for trading, bars and catering.
- 4.4 DPA's lead consultant on the project, Michael Launchbury, offers the following comments on the proposal:

Our advice to Taunton Deane Borough Council is that the proposal from Taunton Theatre Association is a credible basis upon which TDBC can offer a lease to operate the theatre. It is also the only offer on the table at the present time. The proposed programme of events, the outline budgets of income and expenditure and the governance arrangements are appropriate for a theatre of this type. The particular needs and aspirations of the community of Taunton have been addressed. DPA have been particularly impressed by the commitment of time and effort put into this bid by the voluntary team at TTA. There was a willingness to act promptly upon suggestions from the consultants and from TDBC officers which was very welcome. This will ensure a good working relationship between the Council and the theatre in the future. Having set out this conclusion, DPA also note that there are a number of risks inevitably associated with a venture of this kind, the principal of which are:

- *The new Brewhouse Theatre will commence operations with minimal financial resources and will need to proceed with great caution until some level of reserves has been built up to meet unforeseen eventualities.*
- *The success of the theatre will depend greatly upon the successful appointment of the small professional team and in particular the Chief Executive.*
- *A long term solution is required for the backlog of maintenance work which will be beyond the resources of TTA in the immediate future.*
- *In addition to these headline issues there is a range of challenges and risks facing Taunton Theatre Association. These have been realistically assessed by TTA and they are set out in the Schedule of Risks which forms part of the Business Plan.*

Managing and mitigating these risks will require vigilance from both parties, if the proposal is approved, and when the project moves forward.

5. Corporate Scrutiny Committee's Consideration and Recommendation

- 5.1 The Corporate Scrutiny Committee considered this item at its meeting on 21 November 2013. The Committee welcomed the progress made by the Taunton Theatre Association in its proposal to operate the Brewhouse Theatre, and approved its appropriateness to reopen the theatre. The Committee expressed concerns over some aspects of the Business Plan, and asked the Executive to recommend support for the proposal, subject to the resolution of those concerns by the Brewhouse Steering Group.

6. Implications for Taunton Deane Borough Council

- 6.1 In consideration of Taunton Theatre Association's Business Plan, the Committee needs to be mindful of the need to protect the Council's interest in the theatre in terms of its ownership of the property, its financial interest, and the economic, cultural and reputational contribution that a successful theatre makes to the County Town and wider region. Should members decide to support Taunton Theatre Association's Business Plan, the measures presented in the following paragraphs are recommended in order to protect the Council's interests and provide the basis for a strong and transparent partnership.

6.2 Governance and Scrutiny

The Council needs to protect its financial and reputational interests in the theatre through robust governance and scrutiny arrangements. The following measures are proposed for comment by the Committee:

- 1 The Council should have two Observers to the Brewhouse Board, comprising one elected member and one senior officer
- 2 In the first year of operation, key officers from the Council should meet with the senior Theatre management on a monthly basis to review progress and accounts. The frequency would be subject to review after 12 months and may extend to quarterly.
- 3 Senior theatre management should attend the relevant Scrutiny Committee twice per year to provide an update on their business plan and general performance to Members.

The monthly meetings referred to in 2) would be held with Officers in the Finance Team as well as the Economic Development Manager.

The above governance and scrutiny arrangements will be included in the annual Service Level Agreement referred to in paragraph 6.5 below.

6.3 Lease arrangements on the occupancy of the property

Advice from the Council Solicitor and the Asset Management Client is that the most effective arrangement to secure the operation of the venue by the Theatre Association would be through a lease founded upon the following headline terms

- 5 year term with a mid term break point. [nb. The Corporate Scrutiny committee raised a specific concern over the shortness of this term in enabling the Theatre Association to carry out effective planning and programme management].
- Peppercorn rent
- Responsibility to rest with the tenant for internal repairs and maintenance of fixtures and fittings
- Demise of the lease to include the whole of the property including external patio and seating area, performance area and landscaping
- Responsibility to rest with the tenant for maintenance of all external areas
- Should the operator face significant difficulties and be unable to continue the operation of the theatre the property would be surrendered to the Council at no cost

The exact terms of the lease would be subject to agreement with the Theatre Association.

The Council will work with the Theatre Association to introduce potential new tenants and operators to parts of the property, for example, office occupants, information facilities and café / bar operators.

Such a lease arrangement would provide adequate security of tenure for the operator, whilst also protecting the Council's interests as owner of the building and contents.

6.4 Maintenance and repair of the property

The Council has commissioned urgent and essential maintenance required to pass the venue on in a safe and suitable condition for operation. This work is being carried out within the financial parameters approved in the confidential report to Full Council in July 2013.

Under the terms of the lease arrangement proposed in 6.3, the Council would retain responsibility for the ongoing maintenance of the external aspects of the venue to enable its continued operation.

Based upon its survey of the property prior to purchase of the lease, the Council is aware of works to the external fabric of the property that are likely to be required within the next few years. Those works are estimated to be in the order of £350,000. Financial provision needs to be made in order to carry out those works as well as routine maintenance. Options to fund this additional work include the following:

- **Addition to the Council's annual asset maintenance budget in the sum of £70,000 per year.**
- **Borrowing.** If the Council were to borrow to fund this work it would result in a revenue impact, which would be dependant on the length of the loan.
- **Prioritisation of Capital Receipts**
- **Prioritisation of future New Homes Bonus Grant income**
- **Prioritisation of current revenue provision for capital programme** subject to confirmation of sufficient available funds at the time of any potential capital maintenance requirement
- **Top-slice of future grant funding provision to the operator.** This has not been modelled in the business plan and could be detrimental to the business, potentially putting the Theatre Association into a deficit situation.

6.5 Service Level Agreement in relation to the annual grant

The Theatre Association's Business Plan includes reference to ongoing financial support from the Council in the form of a grant. The level of the grant is the same as that given to the previous operator in 2012/13, £152,000.

The Theatre Association has also included reference to a TDBC grant during the current financial year, in the sum of £50,668. That amount represents four months' worth of the annual grant, and would contribute towards necessary start up costs before any income can be generated from the theatre operation itself.

Should TTA's Business Plan and associated financial request of the Council receive approval in December, the Council would enter a Service Level Agreement (SLA) with TTA prior to any payment of grant being made. The SLA would be based on the Council's standard template for all SLAs with the community and voluntary sector, and would include the following notable provisions:

- The Council's grant will be a contribution towards the core, operational costs of the theatre and a 'sinking fund' to fund essential repairs to the property;
- The Council's grant will be drawn down in installments over the year;
- The Theatre Association will be required to strive for a high quality artistic and cultural programme that sustains box office income and attracts additional and alternative income sources
- The Theatre Association will be required to ensure that appropriate governance and monitoring arrangements are in place to enable the Council to observe the strategic direction of the theatre, and to scrutinize the operator's financial accounts.
- The Theatre Association will need to prepare an Equalities Impact Assessment to demonstrate how it will ensure that the theatre is

accessible to, and providing services suited to the whole of the community.

- The level of grant will be subject to annual review

6.6 Ensuring high cultural and artistic standards

The Council will expect the Theatre Association to design a programme and offering that balances sustainable income generation on the one hand and high artistic and cultural quality on the other (although the two are not necessarily mutually exclusive). The Taunton Cultural Consortium, which comprises all of the main organizations that are active in the funding and delivery of cultural events and activities, would be a useful ally and advisor to the Theatre Association in this regard.

7. Finance Comments

7.1 Grant Funding Requested

The TTA have requested £50,668 from the 2013/14 revenue grant of £152k given to the previous operator. This can be met from the existing budget approval from Full Council for the purchase of the lease of the Brewhouse Theatre. The total costs to-date include estimates of future costs, that are less than the original estimates due to a major reduction in the costs of 24 hour security. The table below summarises expenditure to date and future estimated costs. Assuming the estimates are accurate the TTA's request of £50,668 can be met from the existing funding set aside for the acquisition of the Brewhouse.

Actual Costs Incurred to Date	£
Total budget approval	371,600
Less: assumed proportion of 2014/15 annual revenue grant	(58,000)
Less: Purchase of lease and costs accrued during administration	(168,520)
Less: Consultants/Advisors costs re: Future of Theatre Provision	(17,800)
Less: Estimated Holding Costs	(22,589)
Less: Estimated Urgent Maintenance Works	(50,000)
Total Remaining Budget	54,691

7.2 VAT Implications

As the lease to the TTA is expected to be on a peppercorn rent there will be no VAT charge on the lease even if the Council 'opts to tax'. It is recommended that the Council 'opts to tax' on the Brewhouse to protect the partial exemption position. If the Council was to breach the partial exemption limit, which could be

the cause if there were major works to the Brewhouse, this could result in a VAT liability of approximately £200k. The implications of 'opting to tax' are if in the next 20 years the Council wishes to sell the site the purchaser will be required to pay VAT.

7.3 The most straightforward mechanism to ensure that sufficient funds are available to carry out the external maintenance works that have been identified (para 6.4) is through an addition to the Council's annual asset maintenance budget in the sum of £70,000 per year.

7.4 Comments on the TTA Business Plan

- The TTA business plan has been reviewed by external consultants with expertise in the theatre business.
- The TTA have assumed that the grant from TDBC will remain at £152k. In the high level principles budget framework it is set out that funding to voluntary and community organisations could be reduced by 10% in 2016.
- The business plan is showing some modest surpluses, there would need to be some sensitivity analysis undertaken to show the affect on the business plan if income was lower and costs were higher than assumed.

8 Legal Comments

8.1 The Council's Legal Monitoring officer is confident that a proper process has been followed in the procurement of the potential operator. Legal advice would be sought in the drafting of both the lease and the Service Level Agreement with the Theatre Association.

9 Links to Corporate Aims

9.1 The Brewhouse Theatre is a significant and important element of the Council's commitment to strengthening the Borough's artistic and cultural identity. The objective is captured in Aim 3 of the Council's Corporate Business Plan, to create a vibrant social, cultural and leisure environment.

10. Environmental and Community Safety Implications

10.1 The reopening of the theatre would bring a currently redundant building back into a positive community use, located in a prominent part of the town centre.

11. Equalities Impact

11.1 The impact of a new theatre would be of significance to a large part of the Borough's population and it is important that the Theatre Association understands the impact that the new facility would have on the whole of the community. An important output of the Service Level Agreement would therefore

be the preparation and submission to the Council of an Equalities Impact Assessment.

12. Risk Management

Risk	Low/Medium/High	Mitigating Action
<p>The Theatre Association is unable to generate sustainable income leading to financial losses and closure.</p>	<p>Medium</p>	<p>TDBC Finance Officers will scrutinise the company's accounts on a regular basis to try to anticipate financial difficulties.</p> <p>The Council's annual grant will be paid in installments during the year in order to mitigate against early closure of the theatre.</p> <p>Officers will support the Theatre Association to attract income, be that through box office sales, other commercial income, or through the attraction of grant and other types of funding.</p>
<p>The theatre has a narrow artistic and cultural offering, appealing to only a small section of the community</p>	<p>Medium</p>	<p>Through the new governance arrangements the Council's Board Observers will ensure that the theatre's offering is broad and inclusive.</p> <p>The SLA with the Council will require the early preparation of an Equalities Impact Assessment.</p>
<p>A visitor to the theatre is injured or killed</p>	<p>Medium</p>	<p>A Full schedule of essential repairs will be prepared and actioned prior to the transfer of the property in order to make the property safe for users.</p> <p>Upon transfer the theatre Association will hold an internal repairing lease and will be legally required to safeguard and full regard to the health and safety of all visitors to the property, and to hold all relevant insurances covering the property, its content and its users.</p>

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13. Partnership Implications

13.1 The Taunton Cultural Consortium, of which the Council is a member at Member and Officer levels, has played an active and valuable role in progressing the selection of the operator.

13. Recommendation

The Executive is **recommended** to:

- i) Delegate authority to Executive Councillor Norman Cavill to grant a lease to The Taunton Theatre Association for the operation of the Brewhouse Theatre and Arts Centre, the terms of which to be determined in consultation the Brewhouse Steering Group.
- ii) Delegate final authority to Executive Councillor Norman Cavill to sign off The Taunton Theatre Association's Business Plan, following further consultation with the Brewhouse Steering Group
- iii) Subject to (i) and (ii) above, to approve the award of a grant to The Taunton Theatre Association in the sum of £50,668 in 2013/14 and £152,000 in 2014/15, which would be subject to a Service level Agreement. The level of grant thereafter being subject to annual review.
- iv) Update the Council's General Fund budget to add £70,000 per year to the general assets maintenance budget, to provide funding of £350,000 over the next five years for unavoidable maintenance costs. Any works that are of a capital nature are added to the capital programme, to be funded from this maintenance budget provision

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**Appendix 1
Taunton Theatre Association
Summary Business Plan#**

**Appendix 2
Report of David Pratley Associates on the Taunton Theatre Association
Business Plan**

Appendix 1



**SUMMARY BUSINESS PLAN FOR OPERATING LICENCE OF
THE BREWHOUSE THEATRE AND ARTS CENTRE
8 NOVEMBER 2013**

Taunton Theatre Association Ltd
Ash House, Cook Way, Taunton
Somerset, TA2 6BY

Presented by:
Val Hammond, Phillip Bower, Mark Dawson
Email: directors@tauntontheatre.org.uk

NOTE

This document is a Summary of the Business Plan submitted to TDBC in September, updated in October and again in November following meetings with the Steering Group and Consultants and now includes an overview of the three year financial plan. Fuller detail can be found in the earlier documents but this summary is intended to bring all the relevant material together in an easily accessible format.

Taunton Theatre Association Ltd

Founder Members and Directors

Val Hammond, Phil Bower, Mark Dawson

Founder Members

Beccy Armory, Lynn Carter, Caroline Corfe, Eddie Gaines, Richard Holt, Guy Wolfenden

Professional Advisers:

Lentells (Chartered Accountants), Foot Anstey (Solicitors)

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1: INTRODUCTION

The sudden closure of The Brewhouse Theatre and Arts Centre in February 2013 had a dramatic impact on the town, local businesses and the community and resulted in support across the spectrum for the theatre to be re-opened. Three groups emerged: Count Me In, Tone Theatre Association and Save Our Brewhouse. These soon merged into one group, now known as Taunton Theatre Association, to take forward a vision for a vibrant centre for the arts and theatre with the joint hallmarks of quality and community.

The business plan sets out the vision, the organisational and management structures, the staffing model and crucial role of volunteers and shows how it is possible to keep faith with cultural integrity whilst nevertheless using a commercial mind-set to build a sustainable theatre and arts centre

2: VISION AND MISSION

Our aim is not just to restore the Brewhouse as it was but to grow it into a true artistic focal point with a varied and interactive offering. This will both enrich the cultural life of the District and Somerset generally and will bring economic advantage to Taunton and the surrounding areas.

2.1 Vision

Our vision for the Brewhouse Theatre and Arts Centre is to provide a lively and dynamic environment where entertainment, art and culture and associated activities can be accommodated - an open and accessible meeting space for all who are currently interested in theatre and the arts as well as enticing those who, previously, have thought it not for them. By ensuring that the doors are truly open to all, TTA aims to build and extend the previous core audience by offering more and different events at different times of day, all the while ensuring that all that we offer is of high quality and built on sound, sustainable economic principles.

2.2 Mission

We aim to capitalise on the intrinsic ability of a theatre and arts centre to be a magical place offering a myriad of possibilities:

- a place for entertainment of many different kinds
- a source of inspiration and insight, offering new ways of seeing and understanding the taken-for-granted and the novel
- the opportunity to meet and be with friends and like-minded people, a chance to refresh the spirit
- a place to learn, think and to develop new skills

We aim to maximise the benefit for specific groups:

- for those in education, apart from the clear curriculum benefits of syllabus related performances, the theatre and arts centre will offer self-development and confidence building opportunities
- for those concerned with health, theatre and the arts can be life-affirming and lead to better health, happiness and employability
- for older people, research shows that participation in the arts can lead to life improvements including reduced anxiety and lower blood pressure
- for businesses we will offer commercial opportunities, both as part of the cultural offering of the theatre and arts centre itself and in supporting the needs of performance and audience in the widest sense.

While promoting the theatre and arts centre, TTA will help promote Taunton and its surroundings as an ideal place to live, to work and to thrive.

3 GOVERNANCE AND ORGANISATIONAL STRUCTURE

Taunton Theatre Association Ltd is currently a company limited by guarantee, company registration number 8658085 with nine founder members including three unpaid directors. Professional advisers include Lentells Ltd, Chartered Accountants and Foot Anstey LLP, Lawyers. The company is applying for charitable status.

Charitable status confers specific responsibilities in terms of providing public benefit and it offers significant financial advantages in raising funds and purchasing services. It ensures an open and transparent governance structure that can, nevertheless, act swiftly to respond to changing circumstances.

The remit within the current company Articles of Association will be amended as part of the change in status to include an over-arching Object to allow the widest remit in terms of activity both cultural and to support the work of the theatre and arts centre. The Articles will also be amended with regard to voting and non-voting members to ensure a balance between responsibility and accessibility.

The Trustee Board of the charity will be accountable to Charity Regulators and to TDBC. The Board will agree the length of service and replacement of trustees. The Chair of Trustees will be elected annually from among the trustees and the appointment will be ratified at each AGM.

Nominated prospective trustees will be put forward and selected on the basis of their match with skill needs. The Founding Members of the Company will act as the initial electing body. The new trustees will immediately become full Voting Members and will then constitute the Board of the Charity. A class of non-voting members will allow for wider membership for all those who want to receive information, attend general information meetings and offer their support.

A separate wholly owned subsidiary company will be established to manage the non-core activities, namely the café/bar, operation of retail space and the hiring out of facilities to other users. This company will pay a management charge to the charity for use of staff and management time. Any surplus made by this company will be covenanted back to the charity.

3.1 Trustee Board

The intention is to build a trustee body that reflects the business needs of running a theatre and arts centre. Trustees will be sought with the following twelve sets of skills and/or experience to give grounded oversight to the work of staff and volunteers:

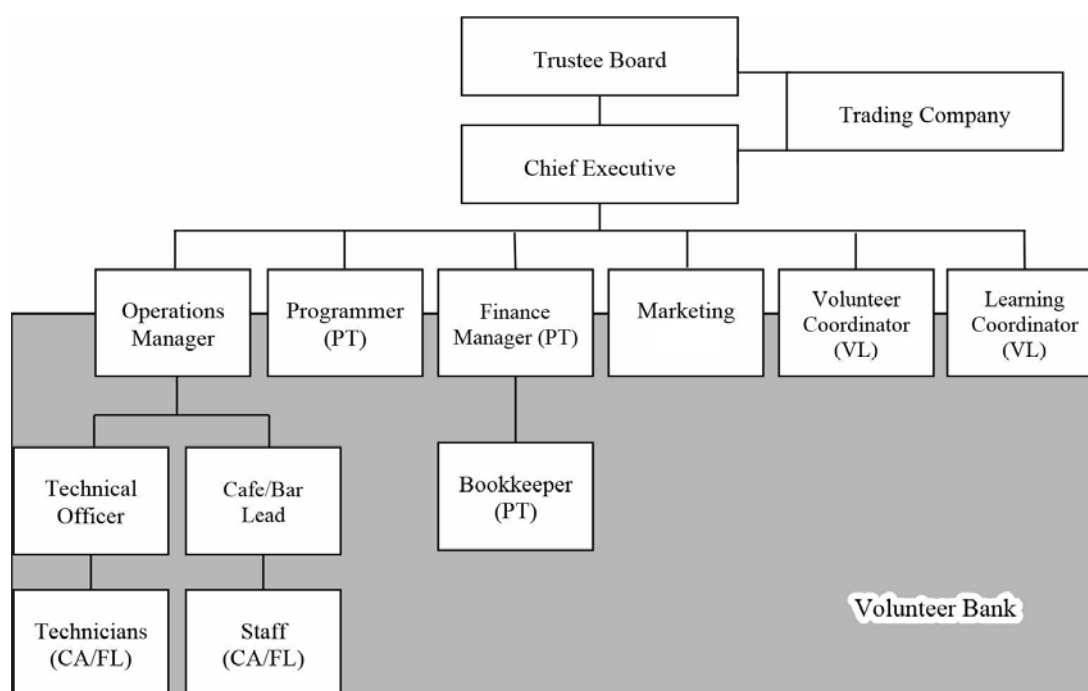
Finance	Performing Arts – Professional/Management
Commercial management	Performing Arts – Local group representation
Marketing & PR	Visual Arts Management
Human Resources	Education
Facilities, Health & Safety	Fundraising
Legal	Community interest – non political

A trustee with a Finance background will be appointed as Treasurer and will lead a Finance Committee. A senior member of staff will be designated as Company Secretary.

Trustees will be required to work within the framework of principles set out by the Nolan Committee (Standards in Public Life 1996) and will also be bound by the statutory duties of directors as set out under the Companies Act 2006.

3.2 Management and staff

The organisational structure (see diagram below) is light but robust. The management team is supported by lead staff in key areas and full use is made of part-time appointments. Support will come from trained volunteers, casual staff and skilled freelancers in technical areas.



As soon as start-up funding has been secured, the trustees will appoint a Chief Executive and then the management team. This will comprise:

- Chief Executive with overall responsibility to the Board for the operation of the theatre and arts centre and a specific remit for the creative programme.
- Operations Manager with responsibility for all the operational aspects of running the building and functions including technicians, café/bar and hiring out facilities in and outside the building when not required for performance
- Finance Manager, a qualified accountant, with responsibility for financial management and regular reporting to the Board both on the current situation and forward projections against budget. This person may also be designated Company Secretary.

The Technical Officer, Programme Planner, and Marketer are all priority appointments and Café/Bar lead will be recruited a little later.

All members of the management team and those in supervisory roles will be required to have people development skills as on-going training [and support] of volunteers will be a constant feature of their roles.

3.3 Volunteers

Volunteers of all ages are integral to the plan for a cost effective structure and full training will be given. They will work in all areas to support the day to day functioning of the Brewhouse Theatre and Arts Centre. This will include: Front of House, Box Office, Café/Bar, Technicians and Stage Crew, Marketing, Fundraising, General Support as well as Volunteer Co-ordinators. The latter will work closely with the management team to establish and schedule the needs and availability of volunteers.

Some 400 people have already registered their interest, they will be invited, along with others, to formally apply, provide references, be interviewed and be subject to disclosure/barring and health checks where appropriate. We recognise many motivations for volunteering which we will endeavour to meet: learning new or using existing skills, offering help to the community, having fun, gaining work experience, social activity, improving health and wellbeing.

We will not offer benefits in kind that could be construed as having a cash value or be considered to lead directly to a paid position. We will offer recognition and there will be structures in place to involve volunteers in decision-making, to include in social events, to provide certificates that recognise achievements, support for their own development, and provide for mentoring/buddy schemes.

4 START-UP PLAN

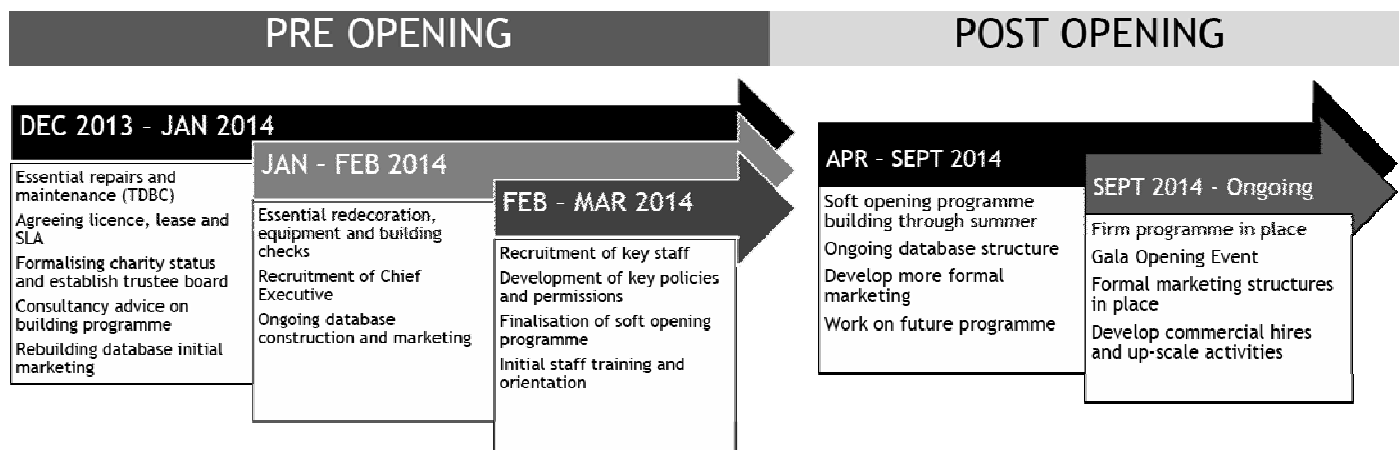
The critical stages to re-open are shown in the following time-plan. As indicated, there is essential work for TDBC to ensure the building is safe and fit-for-purpose. It is anticipated that this work will be carried out during November/December although, other longer term work will need to be scheduled further into the future.

The plan for opening in April 2014 depends on decisions being reached in December 2013 and grant funds being made available from that month. Any later decision and delay in funds will have a major impact on the viability of this proposal. TTA cannot take responsibility without appropriate grant funding and delays, even with funding, will mean there is insufficient time to build a programme by April.

The start-up programme will open the Brewhouse for specific uses that attract income and cover expenditure. This will allow time for the Chief Executive and team to build a planned autumn programme with a more formal opening. During the intervening period, the theatre will offer a number of events, some associated with fund-raising, all seeking to build audience interest so that there is a stronger platform in place for the first full year of operation.

4.1 Start-up funding

Funding is a critical issue for this community based organisation which has no large financial backers. To date, all costs have been met by Founder Members together with pro bono professional support. This is not sustainable and a campaign has been launched to raise money from the community to provide start-up finance. Funds available to finance business start-ups will also be sought. Thereafter, the financial proposals aim to provide an income that is in balance with outgoings and to create a re-investable surplus. Tight financial control will be essential to ensure that costs are managed appropriately.



THIS PLAN DEPENDS ON GRANT FUNDS FROM DECEMBER 2013

The campaign aims to raise funds equivalent to one year's operating costs. The target of £350,000 includes the TDBC grant. Charitable status will assist in achieving this goal by giving access to trust funds as well as public donations and gift aid. The objective is to provide much needed financial assistance in the start-up process and to help ensure there are funds to carry forward into year two which will, in turn, lead to a sustainable business model.

It is unlikely that sufficient donations will be forthcoming to assist in the start-up phase and it is proposed to fill the gap in two ways:

- Seeking sponsorship and pro bono assistance for key expenses
- Applying the TDBC grant judiciously from December 2013 pro rata at the rate of £152,000 for this year (2013/14) and next (2014/15).

5 CULTURAL PROGRAMME

The Cultural programme aims to offer a broad mix of different genres, to ensure that we maintain accessibility to the whole community irrespective of age, gender, ability, or background. We aim to do this in a way that is commercially sound and sustainable whilst nevertheless meeting or exceeding expectations for performance and art. A commitment to quality in both content and presentation is central to developing our identity,

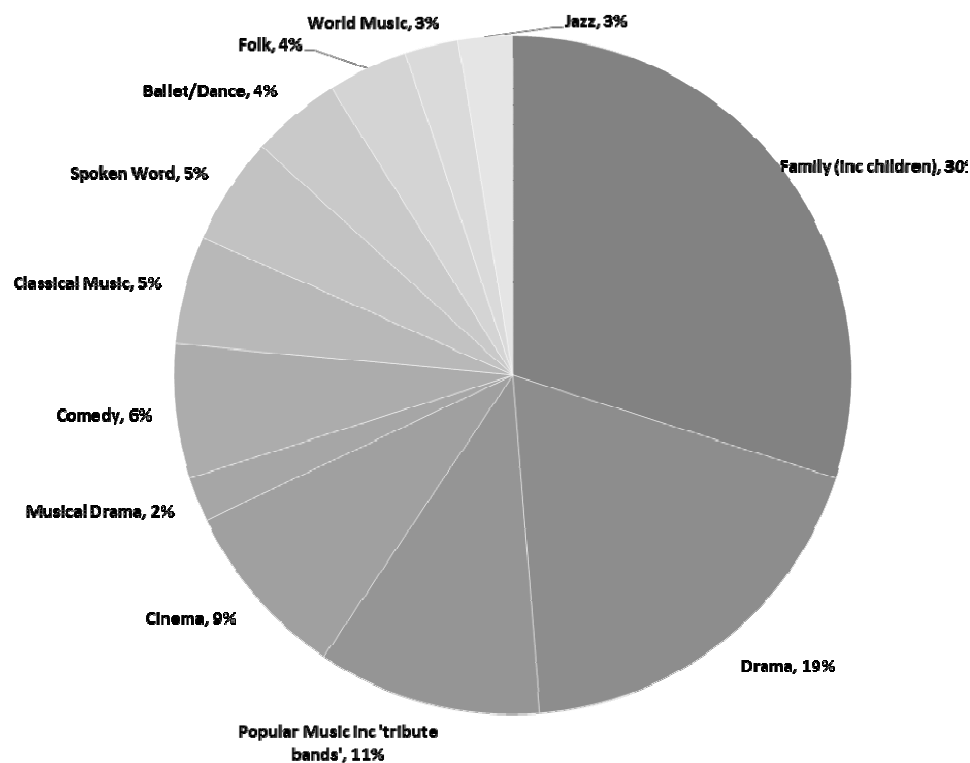
The offer in the opening months of the theatre and arts centre, inevitably, will be limited in range and frequency. Nevertheless, the intention is to build support by using the café/bar areas for informal entertainment whilst still using the theatre for performance and cinema screenings, though without a fully scheduled programme.

For the first full year of operation TTA aims for a programme of high quality in terms of the range of genre on offer, the calibre of the performers and the frequency with which the theatre is operating.

Over a full year TTA's programme is likely to contain examples of the following:

Classical music; ballet; contemporary dance, popular music; family entertainment; world music; comedy; evening with...; folk music; jazz; poetry and readings; musical drama; drama; cinema; amateur performances across a similar range.

The diagram below shows an illustrative annual programme by different types of performance.



Balanced Programme (prospective)

In addition to the performing arts, there will be visual art with exhibition space for fixed artwork and commission-based sales and an intent to work with the wider creative community.

TTA will work with educational institutions and others to promote learning and participation by young people. Links have already been built with education from primary through to the colleges. For the schools we will aim to develop curriculum appropriate programming. For the colleges we aim to develop partnerships to offer involvement in both practice and performance. In time we hope to offer a youth theatre.

6 THE COMMERCIAL OFFER

The re-opened Brewhouse will operate within a commercial environment. The building itself will be used to generate funds and specific activities will be offered that are both self-supporting and able to generate surplus funds to contribute to the running and sustainability of the Centre. Some activities require modifications to the building and so may not be available immediately. This will be urgently reviewed during the next phase of planning. Others will involve collaboration and may be introduced more quickly.

6.1 Location

Taunton is well-situated regionally and in the district with excellent road and rail links, and good car parking. The Brewhouse is well positioned in the town centre with a waterfront location and well defined external apron. The town is well served by hospitality businesses and the Brewhouse must tailor its offer to complement the existing provision, working with other businesses in a collaborative rather than competitive framework.

6.2 Facilities and offer

There are opportunities within the building and outside taking advantage of the attractive pedestrianised area. Key commercial offers include:

- Conference facilities and corporate hire
- Theatre facilities available for hire by local community groups or by contract, arrangements for touring artistes, music groups and other performers
- Meeting rooms, rehearsal spaces, educational use
- Café/Bar facility
- Retail space and concession opportunities for visiting organisations
- Community spaces, music clubs, comedy evenings, spoken word events
- Gallery and exhibition space
- Open air cinema
- School holiday activities (Fairs, Circus Skills, Literary or music events)
- Open air theatre
- Specialist markets (local producer markets, specialist fairs, vintage/flea markets)

The Brewhouse is well placed to attract larger conferences, public and private sector meetings, annual general meetings, training and development days. In addition to the auditorium, there are a number of other rooms available for hire. The Centre will offer supporting hospitality from the café/bar facilities and work with external caterers should hirers require more formal dining arrangements.

6.3 Developing the environment

The front of house areas should be opened up to become more adaptable for commercial use. Subject to survey and cost analyses, we would remodel these areas to allow space for visual arts and improvements to the café/bar to make it more inviting. We would create flexible retail points to enable more people to be served quickly thus increasing sales potential. The former small restaurant would be developed to allow a more flexible retail/exhibition space, with awareness of its grade II listed status. This work will also improve traffic flow for the theatre itself and better meet the needs of people with mobility or visual impairments.

The vision is of a vibrant welcoming space that encourages multiple uses of the main communal space, as a community cafe and meeting point during the day, a venue for performance in the evenings (when the theatre is not in use) and as a theatre bar before, during and after performances.

With excellent potential returns-on wet sales from a café/bar provision it is economically prudent to ensure that when the theatre is busy we can offer the opportunity to people to enjoy a drink in the bar as part of their theatre experience.

Refreshment choices vary according to the type of event/audience. The financial plans include income based on sales according to genre/audience and this will require some flexibility in the way the café/bar areas are stocked and staffed.

The daytime offer seeks to encourage local businesses to drop in for one to one meetings (as well as larger meeting space available to hire). Community groups seeking daytime space can either be accommodated in the expanded café/bar area or via preferential day rates in the meeting spaces.

Encouraging footfall to the building during the day helps to develop trust with the market-place and enables people to feel a sense of ownership of a community facility. It also provides an opportunity for the theatre to showcase its offers, so that people are able to access directly sales of tickets for forthcoming shows and events.

7 MARKETING PLAN

Somerset colleagues across the board described finding it difficult to attract audiences for traditional theatre drama. The situation for Taunton is strengthened by the strong amateur performing companies and by a rich offering of music of all kinds. TTA will stand firm on its commitment to quality whilst seeking to build an audience for offerings across the whole spectrum.

7.1 Market demographics

- Population within 45 minutes travel time of the Brewhouse : 782,000
- Potential audience within 45 minutes travel time of the Brewhouse : 350,000
- Somerset population growth is forecast to continue
- The population is mature with growth amongst those aged 60+ and a lower proportion than nationally of those aged 25-59. The proportion of 15-24 year olds in Somerset is declining.
- Somerset's population diversity is widening and the county has a small but growing black and ethnic minority population.

(Somerset County Council (ND) Somerset Economic Strategy. Pg7 {online}).

A theatre goer is not a hard sell. They have made a conscious choice about how they wish to be entertained, and are willing to take risks as well as enjoy more traditional offers. These people can be of any age, any nationality, and any gender. The challenge is to rebuild the trust of this audience and to add to it.

There is a growing demand for venues for the presentation of a variety of musical presentations across many different genres.

7.2 Market behaviours

The quality of an organisation's offer is essential to build trust in the audience allowing them to explore performances that, initially, may not have appealed. The average audience member goes to a show once a month, often less. Offering a balanced programme across different genres of entertainment means that we can appeal to the widest demographic whilst being seen to meet specific tastes and needs.

The Brewhouse will have a daytime programme designed to increase the hours of operation offering a welcoming, creative meeting place to facilitate community engagement. The

development of a café/bar serving local beers, tea and coffee as well as café style light meals and snacks is key. The café/bar will have space for club performances and local performers will help to create regular events. Our research shows that there is a market for this kind of activity.

7.3 Market needs

Consultations indicate that there is opportunity for programming involving south-west based companies as well as national ones and for re-engaging with the community-based companies on competitive terms. There is also a strong offering in terms of all genres of music related groups, solo artists and other performers. It is essential that the Brewhouse Theatre and Arts Centre recognises the breadth of choices for the multi-faceted demographic of Taunton, and ensures that it targets its marketing accordingly.

7.4 Marketing process

Our marketing plan will be multi-channel and have at its core the Brewhouse website/box office. We will exploit social media and printed media as well as regular content through our local newspaper and radio providers with whom we have developed positive relationships.

Each marketing activity will be specific and measurable in terms of target audience, and driven through channels appropriate to that audience.

7.5 Timescales & Objectives

The timescales are based on a proposed opening date of April 5th 2014:

Immediate to April 2014

Raise awareness of the aims objectives and ambitions of Taunton Theatre Association Ltd and its imperative for raising funds and generating financial support and backing from business, organisations and members of the general public

February to April 2014

Raise awareness of the building start up programme and community events, sell tickets for events and develop profile of the community spaces.

March to April 2014 then ongoing

Firm and confident push to build on awareness from above with delivery of our opening and ongoing programme of events, presentations and other activities to generate ticket sales, footfall and involvement.

8 FUNDRAISING PLAN

The funding plan is designed to support both short-term start-up needs and to build a reserve to ensure that second and subsequent years are more securely funded from the outset.

There is an immediate need to support the venture through start-up where costs will be incurred before regular income. Immediate funding needs include:

- Interim support whilst recruiting staff and volunteers
- Recruitment costs and initial salaries of staff
- Public liability and general business Insurance
- Technical equipment – lighting and sound – to meet required legal standards**

- Licences of all kinds including for PRS and Cinema
- Ticketing systems**
- Bar and Café equipment including tills*
- Bar and Café furniture*
- Computing equipment and systems**
- Office equipment, licences and furniture*
- Website, branding, marketing materials*
- Office Supplies

***subject to competitive procurement process**

****subject to survey and competitive procurement process**

8.1 Strategic approach

The strategy is to raise funds using a combination of methods all falling under the umbrella of the Taunton Theatre Association Company appeal. This is already underway in a low key way and monies are being received. This appeal will be accelerated as soon as we are formally appointed. Charitable status will increase the value of funds donated by businesses and individuals. The targets are to raise:

- £30,000- £50,000 during start-up
- £250,000-£300,000 during the first 16 months, i.e. to end of first full year of operation

8.2 Sources of funds

Taunton Deane support:

- TDBC – grant from appointment to support the theatre and arts centre. This is essential for start-up and to provide a platform on which to build the project and invite other support.

Grants for specific stages/initiatives:

- Grant making trusts focussing on new business
- Public funds to support new and small business
- Grant making trusts with general interest in arts/education/community/local area
- Arts Council England for appropriate projects
- Education bodies to support art/education partnerships

Appeals

- Taunton Theatre Association's own direct appeal for funds
- Funds raised through local charitable organisations – Rotary, Round Table, Inner Wheel, Lions, etc.

Sponsors and gifts

- Major corporate sponsors, focussing on their CRS and community agendas
- Philanthropists with interest in Taunton and/or in the Arts
- Individual donors
- Paid memberships offered to organisations and individuals (Friends)

Events

- Big name 'benefit' type shows organised specifically to raise funds
- Dinners and other social events to raise funds – with help of local organisations
- Social events organised by local clubs, societies, schools and colleges to raise funds
- Events organised by the amateur theatre organisations for shared funds
- Festivals and competitions to raise awareness and funds

Merchandise

- Small branded items to raise awareness and funds

The fund-raising campaign will also assist in raising awareness and promote a sense of community and civic pride in having re-opened a thriving theatre and arts centre, thus helping to complete a virtuous circle working, giving and enjoying theatre and the arts in Taunton.

8.3 Funding caveat

The best possibility for raising funds is when a firm decision is announced with regard to the award of the Licence to Operate, announcing the forward plan and the opening date. Delays in reaching a Council Decision on the Licence will, therefore, have an impact on start-up not just of fundraising but of the operation, and therefore the opening itself.

9 RELATIONSHIPS IN TAUNTON DEANE AND BEYOND

The Brewhouse Theatre and Arts Centre will seek to work in an inclusive way with stakeholders, organisations and individuals in the cultural landscape of Taunton Deane and beyond through collaboration or direct partnership.

9.1 Consultations

We have consulted organisations from all the key sectors outlined below. Without exception everyone consulted has been welcoming and supportive, many offering practical assistance, often at no or low fee.

Education and Community Organisations

- Primary and Secondary Schools via the Taunton Learning Partnership) All want to engage with us. Some offer service provision, some for a fee and others in partnership.
- Further and Higher Education providers)
- Leisure provider)
- Community organisations)

Theatres and the Arts

- Theatres in Somerset and in the wider region
 - Provided detailed guidance about the 'arts' business and how they make their own offer work and willing to involve Brewhouse in their future thinking
 - Arts support organisations e.g. Take Art and Creative Somerset
- Local performing companies
 - Wish to return to the Brewhouse
 - We have developed a funding model they find attractive.
 - Long lead time for bookings mean the return may be protracted.
 - Care needed so as not to jeopardise other venues whilst re-building Brewhouse.
- Performance
 - Individual performers) Numerous offers, many on generous basis, as theatre comes back on stream
 - Production companies)
 - Agents and impresarios)
- Technical support
 - Attractive outline offer of support.

Community Engagement

- Meetings and events, e.g. Taunton Civic Society, Rotary, Somerfest) Provided feedback on our plans, also volunteering specific skills/experience.
- Website)
- Social Media) Some have sent donations.
- Creative Somerset
- Creative Innovation Centre meeting place
- Media interviews – radio, TV, newspapers
- Talks with Councillors and Council Officers

Business

- Professional advisers
 - Pro bono advice and work at minimal or no fee
- Individual suppliers
 - Provided goods and services at no or minimal cost
- Trade and professional organisations
 - Providing assistance and support, e.g. for Christmas production

In general, the willingness to ‘get behind’ the re-opened Theatre and to support Taunton Theatre Association Ltd in particular is a good indicator of the different sections of the community coming together to ensure a successful outcome.

10 RELATIONSHIP WITH TAUNTON DEANE BOROUGH COUNCIL

Taunton Theatre Association would value open, frank and regular communications with Taunton Deane Borough Council and will work closely with TDBC to achieve this.

10.1 General relationship

We wish and intend, as the Licence Operator, to work harmoniously and collaboratively with Taunton Deane Borough Council. Without the Council’s positive action to secure the theatre for the community, there would not be a theatre in the town. TDBC own the freehold of the Brewhouse site and, we understand, will continue to support the theatre and arts centre through an annual grant, currently £152,000. TDBC will therefore have a role as Landlord and Stakeholder in the theatre. Both roles have an impact on the relationship with the theatre operator but these should be considered separately.

10.2 Landlord

We recognise the pressures on TDBC to balance competing demands on reduced funding. We must though look to the Council, as Landlord, to invest in the site with regard to essential repairs and any required work on the structure before a licence to operate or lease can be agreed. The terms of such agreements are a matter for negotiation. We also look to the Council to further support the theatre by setting the rent at a low level, ideally peppercorn. TTA has no funds to take on a full repairing lease and would expect to negotiate conditions whereby it was responsible for decoration, maintenance and minor repairs whilst the Landlord maintains responsibility for structural work. Where such work is to create improvements to the working of the theatre itself, the Landlord would need to give approval and might contribute to agreed costs where this proved a cost effective approach for both parties.

10.3 Stakeholder

As Stakeholder, TDBC has indicated it would wish to agree a Service Level agreement. It would be investing, through the annual grant, in a venture that contributes to the health and well-being of the community in way similar to that for sports and leisure activities. TDBC would be investing and encouraging the growth of a venture to the point where it can build a wide platform of income from its ticket sales, the exploitation of commercial opportunities and a broader range of sponsorship. It is hoped that TDBC might also use its discretion with regard to payment of rates beyond the allowance afforded to a charitable organisation.

10.4 Community responsibility

TDBC has responsibility for ensuring that its investment, both in maintaining the fabric of the theatre and in supporting the cultural provision, is properly managed for the benefit of the community who, ultimately, supply the funds.

We would like TDBC to be fully aware of and supportive of the programme that is planned for the Theatre and Arts Centre. The aim is to bring back the previous audience and to stimulate the involvement of first time theatre-goers. Although every activity cannot start at once, it is TTA's intention to be fully involved with and committed to widening participation and to working with the education sector at all level. In time, TTA hopes to exceed the previous audience levels and to ensure that all sectors of the community are included.

10.5 Working relationship

We suggest that an arrangement is made to formalise working links between the Theatre and the Economic Development Department of the Council. TTA proposes that TDBC observers (Member and Officer) should attend Trustee Meetings and there should be quarterly meetings between the Officers and Chair/Chief Executive/Finance Manager of the Theatre to allow for an open exchange of views. Minutes of Board/Trustee Meetings should be sent to a designated Officer of the Council.

10.6 Financial Caveat

In the spirit of openness, we should emphasise that the Financial Plan as presented includes four months funding from the grant for the year 2013-4. This money is essential to help fund an early appointment of a Chief Executive and/or interim assistance in order to build the programme and start generating income. Although fundraising plans are underway, TTA has no start-up finance and cannot pursue a borrowing route because there is no asset that can be offered as security. If these funds are not available, TTA will be unable to take responsibility for the Brewhouse until the next grant comes on stream and opening will be delayed until three months after that date.

From recent inspection visits to the theatre, we have learned that all computers have been marked as 'cleaned' and/or had hard drives removed. All records, including instruction manuals and procedures appear to have been removed by the Administrators. This has serious implications in terms of cost and time in terms of re-building an audience and mailing database and will result in additional costs.

11 FINANCIAL PROBITY

TTA will develop sound financial procedures and ensure that reports are produced regularly for the Chief Executive/Trustee Board to allow proper financial oversight of the operation. There will be separate reports from the trading subsidiary and consolidated reports for the operation of the theatre and arts centre as a whole.

Given the numbers of employed staff, functions such as payroll will be small and will be handled in-house or on external contract if this proves more effective.

TTA will introduce measures to ensure due diligence:

11.1 Management

- Finance Manager will produce monthly management accounts, balance sheet and projections (performance and seats) for Management Team and Trustee Board. S/he will develop policies and procedures and organise appropriate training and direct responsibility for the bookkeeper.
- Operations Manager has overall responsibility for the building, systems and commercial offer and has day-to-day people management responsibilities
- Senior paid staff have responsibility for auditable controls in high risk areas and the maintenance of an accurate asset register.

11.2 Approvals for making payments and agreeing contracts

- TTA will define clear levels of authority in terms of who may sign, the number of signatures required and the value of the cheque/contract for each signing combination.

11.3 Fund-raising income

- All grant income will be recorded and accounted for in line as agreed with the funder
- General sponsorship and donations will be recorded and shown in the accounts as Donations. Sponsors and donors will be listed with a separate summary for 'anonymous'.
- Any donations received for a specific project will be recorded and kept separate from general funds so that it can be allocated and accounted for appropriately.
- Gift Aid records will be kept and Gift Aid returns made as required by Inland Revenue.

11.4 Employment

- Trustees will appoint the Chief Executive and be involved in the appointment of senior managers
- Board approval is required for composition of employed core team
- Board authorisation required for changes to senior pay and all employment terms

11.5 Handling Cash and Banking

- TTA will ensure that references are obtained and suitable measures put in place in respect of all staff and volunteers with responsibility for handling money.
- Cash control systems and methodology will be the responsibility of the Finance Manager to create and implement in conjunction with Chief Executive/Operations Manager.
- There will be robust handling procedures with regard to all cash on the premises and regular security checks made.

11.6 Budgetary Controls

- The budget will allow expenditure to be monitored against plan and income month by month. Variations will be quickly identified and remedial action taken.
- Data will be collected to show forecasts and where these fall behind or exceed the plan, action will be taken to ensure all aspects of the operation succeed.

- Key Performance Indicators (KPIs) will be developed and presented graphically to high-light the significant performance measures to aid rapid understanding of the situation.
- Reports will be prepared monthly and shared with Trustees
- The Chair of Trustees will work closely with the Management Team, meeting weekly in the start-up period.

12 BUDGET AND FORECASTS

The information feeding into the financial plans is based on professional advice from regional theatre managers, from the consultants and from research into the demographics and projections of audience participation. The data is supported by information provided by BDO which offers a valuable back-story to the activities of the previous operators of the Brewhouse Theatre.

The summary accounts included in the Appendix are based on detailed projections of income and expenditure in running the theatre and arts centre with associated facilities.

The proposal is for a commercially sustainable business that requires support and fundraising in the formative period but develops a surplus as the theatre becomes fully operational. This surplus is essential to invest in future development of the theatre and arts centre.

14.1 Financial model

Financial performance is modelled and results shown over four periods. Outcomes are reported in charity terminology and refer to surplus rather than profit.

- Year 0 December 2013 – March 2014 pre start-up to opening
- Year 1 April 2014 – March 2015 1st year's trading with 'soft' start up
- Year 2 April 2015 – March 2016 2nd year's trading
- Year 3 April 2016 – March 2016 3rd year's trading.

The figures included in the summary have been completed with the extensive assistance of Lentells Chartered Accountants. Mary Nightingale, an Associate of David Pratley Associates, provided theatre explicit assistance with regard to preparation of the café/bar costs and income that feed through into the accounts.

13 SCHEDULE OF RISKS AND OBSTACLES TO BE OVERCOME

A conventional approach to risk management has been used to produce the schedule of risks which is derived from a longer list of assessed risks. Although not ranked in terms of likelihood and impact, the risks are those which, in the opinion of Taunton Theatre Association Ltd, need to be managed and monitored closely. The Chief Executive will be tasked with ensuring these risks are managed and monitored and that regular reports are made to the Board.

APPENDICES

1. Consolidated Financial Overview 2013-17
2. Schedule of Risks
3. Facilities

APPENDIX 1

TAUNTON THEATRE ASSOCIATION LTD BREWHOUSE THEATRE CONSOLIDATED FINANCIAL OVERVIEW 2013-17

	Pre Open Dec 13 - Mar 14	Year 1 Apr 14 - Mar 15	Year 2 Apr 15 - Mar 16	Year 3 Apr 16 - Mar 17
INCOMING RESOURCES				
Activities for generating funds	£	£	£	£
Theatre Performance	-	425,487.00	627,712.00	674,967.00
Grants including TDBC	80,668.00	157,000.00	152,000.00	152,000.00
Donations/sponsors/Friends/Giftaid	21,003.00	14,500.00	22,000.00	22,000.00
Trading (café/bar, lettings, etc.)	-	123,712.00	197,307.00	206,596.00
Total Income	101,671.00	720,699.00	999,019.00	1,055,563.00
RESOURCES EXPENDED				
Direct Costs/cost of sales				
Performance costs	-	299,914.00	432,586.00	466,918.00
Trading (café/bar/purchasing)	-	39,469.00	62,125.00	64,960.00
Total Direct Costs	-	339,383.00	494,711.00	531,878.00
Gross Surplus	-	381,316.00	504,308.00	523,685.00
Overheads	9,145.00	84,099.00	86,819.00	88,714.00
Operating Costs	12,682.00	69,656.00	69,657.00	71,178.00
Staff Costs	24,766.00	193,546.00	231,804.00	236,277.00
Start-up costs	35,060.00	2,000.00	-	-
Other costs, depreciation	750.00	3,375.00	3,375.00	3,375.00
Total All Costs	82,403.00	692,059.00	886,366.00	931,422.00
Operating Surplus	19,268.00	28,640.00	112,653.00	124,141.00
Net Surplus	19,268.00	28,640.00	112,653.00	124,141.00

APPENDIX 2

SCHEDULE OF RISKS AND OBSTACLES TO BE OVERCOME

	Risk	Potential consequences	Mitigating Actions
1	Finance		
1.1	Delay in Council decision	Adverse impact on major funding	Ensure Council aware Start funding discussions Seek individual donations
1.2	Failure to raise funds for start-up	Delayed opening and loss of income	Controlled expenditure Max pro-bono Agree Council grant phasing Active fund raising
1.3	Expenses arise before funds	Negative balance and bank charges	Processes in place to ensure no commitments made without a plan; that all payments are post performance after costs deducted and income received
1.4	Failure to raise sufficient funds for projects	Project/s delayed which could impact on income potential	Time projects to match income and ensue alternative income streams make up difference
1.5	Council grant removed	Severe risk to business	Business model must be commercially scalable to account for funding deficit. Quality may suffer in need to offer 'entertainment' rather than a varied culturally diverse programme.
2	People		
2.1	Failure to recruit senior people	No clear creative and management direction	Current team of Directors and advisors act in locum
2.2	Failure to recruit & train enough volunteers	Impact on costs (have to hire free-lance) and efficiency	Recruit volunteers before opening to build team spirit, train & practice Identify sources of F/L and contract people to assist where necessary
3	Programme		
3.1	Pressure to open before programme is planned	Ad hoc programming leading to loss of trust in community	Resist temptation to open until ready, even if this is later than planned.
3.2	Programme not suited to demographic	Poor audience numbers leading to lower income & loss of confidence	Research potential audience & programme to meet known groups & target others with wide-spread programme Quality first approach
3.3	Difficult to attract performers & artists due to history, size, etc.	Failure to establish a programme with quality performers	Cast net wide to rebuild trust, promote as intimate theatre, small & friendly + professional
4	Building		
4.1	Major work impacts on use	Effect on income & image	Assess and ensure any work can be built into a plan
4.2	Plans to re-configure some areas meets opposition	Dissatisfied customers	Consult & be open about plans, process & timeline. Involve as much as possible.

5	Equipment		
5.1	Special equipment for theatre & services is missing or broken	Immediate cost impact	Check assets against Register and needs Broker maintenance & replacement deals
6	Regulatory		
6.1	Lack of proper licences & legal requirements	Risk of immediate closure or requirement to act	Appropriate assessment of what is required, followed by action & checks to put it in place
7	Audience		
7.1	Failure to reach & engage with all potential users for theatre, arts and ancillary activities	Unable to achieve capacity, therefore low income. Reduced impact	Use all available media to communicate; bring media on side. Build Friends offering & use to attract more Widen programme to attract new audiences
8	Commercial		
8.1	Failure to take full advantage of retail & letting potential	Empty space and loss of income putting more pressure on performance	Develop comprehensive & appropriate retail plan, fully costed & implement in cost-effective way – ensuring maximum return to theatre & arts centre rather than to suppliers & contractors
9	Reputation		
9.1	Failure or poor quality leads to loss of confidence	Lower audience numbers, loss of fragile trust by some performers, loss of income	Quality first approach in everything – theatre, arts, commercial – demands careful training of staff/ volunteers, managers constantly coaching & communicating

APPENDIX 3 FACILITIES

REHEARSAL SPACE AND MEETING ROOMS

The Brewhouse Theatre and Arts Centre has a range of meeting rooms and a smaller fully equipped studio space. A summary of the space is:

STUDIO THEATRE

60m² space (6m x 10m) with flexible seating able to accommodate up to 80 people (no seating), up to 30 in boardroom style, 40 cabaret style or 60 in theatre style. This room has a sprung dance floor and has full blackout for daytime projection, performance or rehearsal use.

'CULTIVATE HUB'

61.2m² space (7.2m x 8.5m) offering a flexible air conditioned space suitable for a variety of activities from exercise and dance classes, craft and educational uses (the room has large sinks and water resistant flooring), as well as meeting space. It can accommodate up to 40 people (no seating), up to 16 boardroom style, 20 cabaret style or 25 theatre style. It has an open aspect and good natural light, as well as wall space for projection or presentation.

THEATRE HIRE FOR PERFORMANCE

The theatre is a well-equipped modern facility with a well-provisioned array of professional sound and lighting equipment designed to support most demanding groups or local community groups.

The theatre has a 10.1m proscenium arch falling back by 9.95m with a 3.0m projecting apron (with covers opening to an orchestra pit that can accommodate 12 musicians). The auditorium is equipped with comfortable theatre seats x 352 (with removable areas to accommodate wheelchairs). The theatre has a full hearing loop system for people with hearing impairments. There is a fixed full screen projection system for in-production use.

THEATRE HIRE FOR CONFERENCES

The theatre, as described, is available for conference or meeting use.

BREWHOUSE BUILDING

The theatre is annexed to a grade II listed late 18th Century building. As such there are significant restrictions with regards to the work that can be carried out to change any aspect of the spaces it offers. The Brewers House is also a major element of the image of the Theatre and Arts Centre and give it an intrinsic link to Taunton's history as an industrial centre, supported with malt houses and breweries, mills and textile manufacturing.

Taunton Theatre Association Ltd feels that the inclusion of the building in the fabric of the offer is essential and, subject to appropriate permissions, would seek to make best use of the building. It is possible that this space would be well suited to a gallery exhibition space and encourage local, regional and national visit artist practitioners to show their works as well as developing links to other creative arts specialists working in Somerset to collaborate with linked projects.

David Pratley Associates



Brewhouse Theatre - Phase 2 Report

1. The intention of the original brief was that, in Phase 1, DPA would appraise the bids to run The Brewhouse and put forward a recommendation as to which would be most suitable to take over the management of the theatre. Phase 2 was to be working alongside the preferred bidder to achieve an agreement and procedure with a timeline to reopening. In the event only one bid was received, that from Taunton Theatre Association, and so the task was to establish whether the bid had sufficient credibility for it to be taken forward to Phase 2. Based on our advice that this test could be passed, the Steering Group, on 28 August 2013, agreed that we should work with TTA in order to develop the business plan sufficiently for the bid to be approved (or otherwise) by Scrutiny Committee on 21 November 2013 and the TDBC Executive on 4th December 2013.

2. During September DPA raised the detailed issues which we considered to be critical to success. These related to:
 - a. Clarity of TTA's vision for the theatre and culture in Taunton
 - b. The governance of the Trust
 - c. The options for the formal relationship with TDBC: governance, reporting, lease etc.
 - d. The balance and nature of the programme to be presented
 - e. The opportunities for trading and in particular bars and catering
 - f. Marketing.

3. DPA held detailed meetings with TTA during October. David Pratley advised upon governance, Stephen Browning on marketing and Mary Nightingale carried out a detailed appraisal of the trading opportunities and provided estimates which have been adapted by TTA. Michael Launchbury has been in constant touch with both TTA and TDBC and has examined options regarding the various dimensions of the relationship between the two parties.
4. As a result of this work TTA was able to make a new presentation of their developed Business Plan to the Steering Group on 29th October. The efforts of the TTA representatives were acknowledged and support was expressed for what they are attempting to achieve. Nevertheless concerns were raised about the details of the Association's financial plans.
5. Reopening a theatre which has been placed in receivership will always be a challenging process, particularly where the proposed new operator is a newly formed organisation based upon grass roots support but lacking start-up financial resources and a clear track record in theatre management. We note, however, that the leading members of TTA do have extensive and successful business experience. As advisors to the Council, we must be clear that there are risks involved in any theatre venture of this kind and success is not guaranteed. If the Council were indifferent as to whether Taunton has a theatre and an attractive cultural offer, then perhaps the judgement would be to avoid these risks. On the other hand if the Council regards cultural provision as important, then the question is one of finding a credible operator for the theatre, of identifying the risks and having monitoring systems in place so that a repeat of the failure earlier in 2013 is avoided.
6. It is important to note that what has been presented is a Business Plan with outline budgets for the first three years. However the exercise before the Council is not one of budget approval but of whether TTA is a credible bidder to take a lease on The Brewhouse. The distinction is important because the budgets which have been presented will

inevitably change as circumstances develop and when professional staff are in place. Nevertheless what is absolutely critical is that adequate budgetary controls are put in place so that a repeat of the events earlier this year can be avoided. This is a function of the governance arrangements and the monitoring regime which will be in place between the operator and TDBC. Thus there will be an annual budget approval and monitoring process in which the Council will have a key role.

7. Our comments upon the issues listed in paragraph 2 are as follows.

8. Vision

We wanted to ensure that TTA adopted a vision statement that was inclusive and inspiring so that they can build upon the creditable level of support that has already been manifested in the town. TDBC officers and DPA felt that this was lacking in the first iteration of the Business Plan. This has been addressed by TTA and we now feel that the statement is appropriate for the town, the Council and the audiences of the future.

9. Governance

We had two concerns here. Firstly the original memorandum and articles were quite restrictive as to what the future charity would be empowered to do. This is important because charities may not engage in activities which are ultra vires. Thus if the purpose of the charity were, for example, to be described as simply to present arts and drama at The Brewhouse, this would preclude them from doing anything outside the building. We have proposed changes which will allow a more flexible role for the charity so that they can adapt to future opportunities. TTA have adopted this proposal.

Secondly we were concerned that should not be any inappropriate mechanisms for electing members of the future Board. There is a fundamental requirement for stable and responsible management and it is essential that only Board members who have the requisite skills are elected. TTA have amended their proposed constitution in accordance

with our advice.

10. The Relationship with Taunton Deane Borough Council

We have held detailed discussions with both parties on this issue and the proposals included within the paper submitted to Scrutiny Committee reflect this advice. Following comments at the Scrutiny Committee, there may be a case for reviewing the proposed term of the initial lease. A period of 5 years with a mid-term break could cause difficulties in programming, fundraising and in entering into any finance agreement, for example over the purchase of the cinema equipment. The Lombard loan to the previous management was for a 3 year term, so a break at 2.5 years would create problems. In any event, given TTA's limited resources longer terms may be demanded in the future. Similarly charitable foundations maybe unwilling to assist TTA with only 2.5 year's security of tenure. DPA have advised TTA to retain the services of a commercial property surveyor to advise them in any future negotiations with the Council.

11. Programming

DPA have provided both the Steering Committee and TTA with an analysis of the audience figures achieved by The Brewhouse between 2006 and 2011 and on this basis advised what we judged to be the potential audience for a future operation. After a poor year in 2006/7, The Brewhouse was achieving capacity figures of between 60% and 65% with the best year being 2007/8. There had been a slight decline since then but of no particular significance. An average figure of around 65% would be considered a satisfactory overall result for a theatre of this type in a non-metropolitan location. We also noted that the average ticket yield in 2006/7, at £9.56, was low and that this would require significant improvement in the future.

We advised TTA to consider very carefully the balance of the programme between the various genres, taking account not only of what had been successful in the past but also looking at audiences which might have been neglected. It is interesting to note, for example, that the highest

percentage attendances in the past were for classical music (74%) but this audience has not been developed in recent years.

The net Box Office target income in 2015-16 in the TTA budget is £578712. The actual figure achieved 2010/11, the last year for which audited accounts exist, was £521,961 and there is an unaudited £558,632 for 2011/12. Thus the TTA figure is not unrealistic.

On the basis of our analysis and advice, TTA have now devised a balanced programme which will have a different flavour to that of the previous management. There will be more opportunities for locally devised shows from colleges and other groups and there will be more attention paid to family audiences.

12. Bars & Catering

This is a vital but difficult area of trading which has not always been successful in the past at The Brewhouse. In view of its importance to the Business Plan we brought in specialist consultants Mary Nightingale Associates to assess the building and model an appropriate business. Mary Nightingale's firm advice was to avoid any attempt to run a restaurant but to concentrate upon the profitable areas of drinks and simple snacks in a bar and café operation. It would have to be much more sophisticated in its offer so that an appropriate service is available matched to the varying audiences. We have provided to TDBC officers the advice given to TTA together with the business forecasts calculated by MNA. Following this advice, TTA have made their own projections and calculations as set out in the Business Plan.

13. Marketing

Our advice here has stressed the importance of, in the first place, re-engaging with the audience which The Brewhouse had already secured. We are unclear as to whether the audience records from the previous operation can be recovered from the liquidator since they have been removed from the building. Whether they exist or not there is a very time consuming but invaluable exercise to be gone through rebuilding

the data base. With sufficient volunteer effort this can be done and will form the foundation for the future. TTA should embark upon the exercise from the moment the Borough indicates its intentions regarding their bid.

We have raised one concern with TTA about the current Business Plan and this is about the resources to be devoted to marketing. At present the marketing budget is lower than that allocated by the previous management and we have drawn this to the attention of TTA suggesting that this should be reviewed at the earliest opportunity. The problem will not arise immediately but may occur when the first flush of enthusiasm and free publicity surrounding the reopening has died down.

14. Conclusion

Our advice to Taunton Deane Borough Council is that the proposal from Taunton Theatre Association is a credible basis upon which TDBC can offer a lease to operate the theatre. It is also the only offer on the table at the present time. The proposed programme of events, the outline budgets of income and expenditure and the governance arrangements are appropriate for a theatre of this type. The particular needs and aspirations of the community of Taunton have been addressed. DPA have been particularly impressed by the commitment of time and effort put into this bid by the voluntary team at TTA. There was a willingness to act promptly upon suggestions from the consultants and from TDBC officers which was very welcome. This will ensure a good working relationship between the Council and the theatre in the future.

Having set out this conclusion, DPA also note that there are a number of risks inevitably associated with a venture of this kind, the principal of which are:

- The new Brewhouse Theatre will commence operations with minimal financial resources and will need to proceed with great caution until some level of reserves has been built up to meet unforeseen eventualities.

- The success of the theatre will depend greatly upon the successful appointment of the small professional team and in particular the Chief Executive.
- A long term solution is required for the backlog of maintenance work which will be beyond the resources of TTA in the immediate future.
- In addition to these headline issues there is a range of challenges and risks facing Taunton Theatre Association. These have been realistically assessed by TTA and they are set out in the Schedule of Risks which forms part of the Business Plan which was submitted to the Scrutiny Committee.

Managing and mitigating these risks will require vigilance from both parties, if the proposal is approved, and when the project moves forward.