

BRIEFING	TO:	Tactical
	DATE:	16 July 2020
	LEAD OFFICER:	Leanne Buchan Head of Creative Programming & Engagement, Culture, Sport & Tourism 01709 822056
	TITLE:	Rotherham Civic Theatre – Phase 1 Recovery, Options Appraisal

1. Background

1.1 Strategic Context

On Monday 10 June 2019, Cabinet endorsed the new Cultural Strategy for the borough with an overarching goal to 'get more people active, creative and outdoors, more often'.

The Cultural Strategy also sets out seven game-changing strands including: A Vibrant Heart, and Vital Neighbourhoods. 'A Vibrant Heart' works towards supporting the creation of a welcoming, creative and dynamic town centre. The strategy recognises that culture has a key role to play in transforming the town centre ensuring that it is accessible and engaging for all areas of our communities and visitors alike.

In addition, theatre has an important role to play in the revitalisation of our local communities within the 'Vital Neighbourhoods' strand of the strategy. Theatre is often one of the first experiences of arts and culture for our communities from the annual pantomime to participating in local dance groups. Since 1890 there has been a theatre presence in Rotherham providing a safe space for communities to meet and ideas to be shared.

1.2 Impact of COVID-19 on Theatres

On 16 March 2020 guidance was issued in a national government address advising the population to avoid public gatherings, specifying theatres, pubs and restaurants as examples. Following this announcement UK Theatres, the national body for theatre in UK, issued further guidance advising its membership to close with immediate effect to halt the spread of COVID-19. Based on this advice and effective from 17 March, Rotherham Civic Theatre closed to the public with a statement that all performances would be suspended or cancelled until further notice.

The team had initially planned for a period of closure up until the end of July, with August normally closed for maintenance which would take the new opening date to September 2020. The decision to close for this length of time was based upon consultation with promoters and performers who advised that it would not be possible to schedule shows until the Autumn due to the lack of access to rehearsal spaces during the national lockdown. The closure of the theatre from March to July resulted in the cancellation of 86 performances, with 6,593 tickets sold at the time of closure, holding a financial value of £107,597.

	To reduce the financial impact, our audiences were asked to continue to support the theatre by receiving credit for future performances rather than a refund, which was offered by request only. Of 6,593 tickets sold almost two thirds (62%) have opted for a credit or to transfer to rescheduled performances demonstrating huge customer loyalty and ensuring that this income is protected. This represents 4,083 tickets and £65,543 in revenue still held within the business. A further 2,510 tickets (£42,054) have requested a refund. Customers were also asked to consider donating their ticket price to support the theatre through the pandemic, of which 16 customers donated a total of £351.50. As many of these shows as possible were rescheduled for either Autumn 2020 or into 2021 to avoid cancellation fees. Many theatres have opted not to reopen this year as the opportunity for productions to rehearse and develop new programmes has been prohibited, alongside a nervousness from audiences and a changing landscape in terms of timeframes for when live performances are likely to be permitted again. Many theatres including large organisations such as Manchester's Royal Exchange Theatre and Birmingham Hippodrome have issued notices of redundancies affecting up to 65% of their staff team and hundreds of freelancers. 1.3 Rotherham Recovery Principles The team have reviewed the Council's recovery principles and feel that the unique circumstances created by the impact of COVID-19 offer an opportunity to review the theatre provision in Rotherham. Although we believe that a theatre provision is vital for Rotherham's communities, and provides opportunities for cohesion, community development, makes a valuable contribution to the economy and is a key part of town centre life, there are a number of factors with the current model that are not sustainable: • The financial model is commercially driven and as such has been at the cost of engagement, education and audience development. • While the theatre makes a financial contribution to the Council's overall budget position each year, it is unlikely to meet its associated savings contribution and therefore an alternative business model is required. • The current building is getting to the end of its useful life and limits the activities that take place in the theatre due to the nature and layout of the spaces.
2. Key Issues	
2.1	COVID-19: Latest Intelligence & Advice The latest update to COVID-19 regulations saw shops and retail outlets open on the 15th June followed by pubs, bars, restaurants and cafes reopen on the 4th July. However due to the nature of auditoriums and the content of theatre, particularly musical theatre, the government advice continues to prohibit live performance in enclosed spaces. On 9th July the government announced its five-stage plan for live performance venues outlined below: • Stage One - Rehearsal and training (no audiences) • Stage Two - Performances for broadcast and recording purposes • Stage Three - Performances outdoors with an audience and pilots for indoor performances with a limited socially distanced audience • Stage Four - Performances allowed indoors and outdoors (but with a limited socially distanced audience indoors)

- **Stage Five** - Performances allowed indoors / outdoors (with a fuller audience indoors)

Currently the guidance is at Stage Three and the current plan sets out that performance venues will still be subject to social distancing measures for some time. Theatres, by their design, make social distancing difficult, for example:

- managing the spacing of audiences to enable a 1m+ radius for social distancing will dramatically reduce capacity and alter audience experience within the main auditorium
- managing the flow of audiences in public areas such as the entrance, box office collection, bars and toilets will create bottle necks and reduce the numbers of people we can serve through intervals
- managing back-stage areas such as dressing rooms which would reduce capacity from 70 people to 10
- managing the proximity of staff operating back-stage equipment such as scenery, lighting and sound which are all interdependent
- managing on stage performances involving multiple cast members on a stage that would have capacity for 12 static performers within the social distancing guidelines and no clear space for passing and movement
- the frequency and practicality of increased cleaning and hygiene programmes

In addition to social distancing measures we are also anticipating that public behaviours and attitudes will change with many being more cautious as measures are lifted which could impact on the number of visitors per show. 'After the Interval', a recent industry survey by arts researchers Indigo, spoke to 86,000 regular theatre goers (three times a year or more) and revealed that nationally only 17% are currently booking for events in the six months ahead, of which 50% are from November onwards. Locally 33% are currently booking for events, of which 48% are from November onwards.

We know from colleagues in other theatres that forthcoming tours are being cancelled and venues are finding the prospect of opening with social distancing financially impossible. Whilst we believe that we have an opportunity to rethink our approach to theatre in Rotherham, there is an immediate need to communicate with the producers who have shows booked with us from September and the audiences for these shows.

2.2

Options Appraisal: Phase 1 Recovery

Given that there is uncertainty regarding when live performances will be permitted it is difficult to provide a timeframe for recovery and as such there are four options available to Rotherham Civic Theatre at this time:

- Plan for a September re-opening with social distancing measures in place
- Plan for a September re-opening with a temporary cancellation policy making weekly decisions on which shows to cancel and which to promote.
- Close until the end of the calendar year
- Close for the remainder of the financial year
- Close for the full financial year of 2020/21 with all staff redeployed from September

It is important to stress that this paper is focused on short-term options in response to COVID-19 only, rather than permanent decisions relating to the theatre. Each of these options carry their own implications for staff, budgets and the wider the cultural sector in Rotherham. A full financial appendix outlining the budget implications for each option is attached at Appendix 1 with an overview below:

Predicted outturn for each option is a loss, but with the Theatre budgeted to make a surplus of £164,995, the total adverse impact on the theatre budget is greater so for example for Option 1 the total loss would be predicted to amount to £398,821.

Option	Predicted 2020/21 Outturn	Predicted Variance Against £165k Budget
Option 1: Re-open in September with 2m social distancing in place until the end of the calendar year	(£233,826)	(£398,821)
Option 2: Re-open in September with 1m social distancing in place until the end of the calendar year	(£231,042)	(£396,037)
Option 3a: Rolling cancellations from September in place until the end of the calendar year (best-case scenario – everything runs as normal)	(£69,443)	(£234,438)
Option 3b: Rolling cancellations from September in place until the end of the calendar year (worst-case scenario – everything is cancelled up to January)	(£270,572*)	(£435,567)
Option 4: Close until the end of the calendar year	(£270,572*)	(£435,567)
Option 5: Close for the full financial year of 2020/21 with all staff redeployed from September	(£236,635* **)	(£401,630)

*These options include a £30,000 allocation towards a digital delivery of the annual pantomime performance

** This amount includes the total pressure and allocation to retain two members of the team to develop future options

Option 1 & 2: Plan for a September re-opening with social distancing measures in place
At its worst extreme this option would reduce the capacity of the theatre to less than 6%, at best it represents a 16% capacity, based on a mix of 'bubbles' and group tickets allowing for a 1m+ to 2m radius around each group. This option has been developed based on the auditorium only, should consideration be given to toilets, the reception and box office area and the bar area this could reduce further.

Based on operating a 2m social distancing policy to the end of the calendar year, and an assumptions that: all shows from September-December would sell out the reduced capacity; no amateur performances would take place as the hire fee would not be covered by the shows; shows from January-March would sell at their normal 60% capacity, the likely outturn for the year is estimated at (£233,826).

Based on operating a 1m+ social distancing policy to the end of the calendar year, and an assumptions that: all shows from September-December would sell out the reduced capacity; no amateur performances would take place as the hire fee would not be covered by the shows; shows from January-March would sell at their normal 60% capacity, the likely outturn for the year is estimated at (£231,042).

Both these options represent significant losses incurred for every show from September-December and discussion with producers and shows has already revealed that many

would choose not to operate under these circumstances. As such operating the theatre with any kind of social distancing policy in place is not financially viable.

Option 3a & 3b: Plan for a September re-opening with a temporary cancellation policy making weekly delegated decisions on which shows to cancel and which to promote.

This option assumes that when live performances are permitted there will be no restrictions placed on numbers for audiences or cast members.

From consultation with shows and producers we know that they will require 6-8-week notice period to be able to take place. If we were to plan for a September opening, we would need to have received updated guidance from government that live performance can take place by 24th July at the latest. As the landscape changes a rolling programme of cancellations or promotions could be adopted allowing:

- The cancellation of shows if live performance remains prohibited under COVID-19 regulations
- The cancellation of shows if social distancing measures remain in place for theatres
- The proactive promotion of shows if all restrictions are lifted.

At it's best this option assumes that: all shows that were previously programmed to take place between September and January go ahead; that they all reach the usual 60% capacity; that the annual pantomime goes ahead in its usual form with similar capacity to last year (90%). This would provide a projected 20/21 outturn of £69,443. However, we know already that government guidance is not expected to allow shows from as early as September and that many producers are already pulling their programme for the Autumn season due to concerns around social distancing measures.

At its worst this option could see all shows up until the end of the calendar year cancelled, including the annual pantomime which accounts for 30% of the theatre's annual income. Assuming this is the case but shows go head from January-March achieving a 60% capacity the projected 20/21 outturn would be (£270,572).

Option 4: Close until the end of the calendar year

Given that to open under such uncertain times will undoubtedly have an impact on patronage and therefore income, many theatres are choosing to cancel their programmes for the remainder of the year, at least saving on staffing and overheads.

If the Civic Theatre just operated a programme from January to March based on the assumption of 60% occupancy the likely outturn for 20/21 is projected at (£270,572).

Clearly there would also be staffing implications with this option, without shows, the need for casual staff, but also potentially support staff such as box office and technical, would be reduced. Throughout this period there would be opportunities for temporary redeployment which could accommodate some members of the team to mitigate the impact of this option.

This option would also allow work to begin on developing a programme of engagement in line with the principles of the Creative Recovery Plan, such as investigating the gaps in the current programme and the appetite for alternatives.

Option 5: Close for the full financial year

Whilst the theatre is unable to operate and with confidence expected to be low among audiences for some time there is no possibility of the theatre contributing the £30,000 to

£40,000 profit it usually generates in this financial year. Along with the need to rethink our theatre provision to create a more sustainable business model and engaging offer, this option explores the potential to close for the full financial year, taking the time to reformat the budget, staffing structure and model as a whole and restarting with a new offer and budget in the next financial year.

Whilst this is the most radical and potentially the most financially challenging option it would create the valuable time required to look at the theatre provision in more detail and allow time to not only consider options for the future but to begin research and development into theatre audiences not currently being engaged, allowing the theatre to increase its current audience numbers and participation numbers. It would aim to work towards a diverse and inclusive offer that is accessible to all sectors of the Rotherham community and develop talent through participatory projects. A new business plan would be created along with a new financial model that is not purely based on commercial outcomes. It would aim to provide for the theatre's loyal customer base as well as allowing the theatre to reach more people by performing a gap analysis study.

This option would have the following implications:

- As the theatre would not be in operation the team would no longer be operational and therefore staff would need to be temporarily redeployed to other work from September.
- As some costs have already been incurred for this financial year, with no shows going ahead to recover any of these costs, and a current budget that provides cash flow rather than investment there would still be a financial implication to this option. The best-case scenario (all current staff are redeployed) would present a projected outturn of (£155,436),
- It would allow time for the service to develop a model that is fit for purpose in line with recovery principles. This activity would require a reduced staffing budget.
- It would allow time to fundraise and/or recruit to support the development of this model.
- The building is still owned and managed by RMBC and therefore this option would have implications for asset management in securing the venue while it is not in use.

To take forward this option would require the two most senior members of staff to remain in post at a cost of £51,199. A further £30,000 allocation would be required for the digital delivery of pantomime.

This would take the total best-case scenario of this option (all other staff redeployed) to (£236,635), rising to (£401,630) when added to the £164,995 budget.

2.3

Human Impact

From the options outlined above, the closure of the theatre until the end of the financial year is likely to offer the most opportunity for considering future options in-line with the Council's recovery principles, and the least financial impact for 2020/21. However, this option does have staffing implications as it would require the temporary redeployment of 10.84 FTE staff, some of whom have been with the theatre for over 20 years. There are an additional 2.25 FTE posts that are currently vacant.

In addition to the FTE staff the theatre supports 23 casual employees, of which 17 receive regular hours and six are emergency support and cover.

	The proposal retains two FTE staff during this period to undertake the review and develop future options including: • Audience research and analysis, including consultation with members and senior leadership team • Financial review of the current operating model • Researching other models of delivery • Development of future options for theatre in Rotherham • Progressing the development of a feasibility study for a venue-based offer • Developing plans for a digital delivery of the annual pantomime 2.4 Legal Impact: Contracted Agreements All performances have been confirmed but contracting has not yet taken place for most of these performances so there are no liabilities associated with any of these options with regards to performers and touring shows. A contract is in place with Carlsberg as the bar provider which is a joint contract with the bar and café at Waleswood Caravan and Campsite. The contract is predicated on a certain volume of sales from across the two sites to achieve price reductions and the impact of any changes to these volumes through the above options would need to be considered. A contract for the ticketing software is also in place currently on a 12-month renewable cycle. Given the notice periods required and the time required to refund any money it would be necessary to continue with this contract into 2021/22. 2.5 Reputational Impact The companies and customers have been very loyal so far and shown an incredible amount of goodwill. Companies have agreed to reschedule dates and customers have been very understanding, with many keeping their bookings for rescheduled performances. A clear and timely public message is required in order to keep the goodwill of both customers and companies, both professional and community based.
3. Key Actions and Timelines	
	This report recommends that the proposal to close the theatre for the remainder of this financial year is taken forward as the first phase of recovery for theatre in Rotherham. Given that many other theatres are already choosing to cancel shows up until the end of the calendar year and panto is unlikely to be delivered in its usual form, it is unlikely that the theatre would be able to open this calendar year due to a lack of product being available and continued restrictions from government guidance. Closing until the end of the Calendar would see a projected budget pressure of £435,567, including digital pantomime. The option of closing for the full financial year offers the best mitigation to financial losses from COVID-19 with a projected budget pressure of (£401,630) (based on (£155,436) if all staff were to be successfully redeployed plus an allowance of £51,199 to retain two members of staff and a further allocation of £30,000 for the digital delivery of the annual pantomime). Given the requirements from the community hub and the transferable skills within the team it is likely that redeployment would be possible.

This option, whilst needing careful management and communication, also offers the time to work through the Council's recovery principles in detail and ensure a sustainable future for theatre in Rotherham

3.1 Key Actions

If the recommended option is approved the following actions will be required:

- Communication with staff teams with support from HR to agree the best route to redeployment and support staff through this period of change
- Communication of cancellation for all shows and producers who were previously arranged to be hosted by the theatre
- Public communication across the theatre's website and social media channels alongside an embargoed press statement for local media
- Refunds for all ticket money currently held
- Communication with suppliers and contractors to notify them of the changes to this year's operations
- Commission feasibility study for Theatre provision in Rotherham with support from CPP Flux Capacitor programme

These are the immediate actions that would be required to implement this option. Beyond these operational actions the next step would be to develop clear proposals for the future of theatre in Rotherham for consultation with the Leader, Cabinet Member and SLT.

3.2 Timescales

Given that some shows are already scheduled to take place in September, but it is important that staff who are affected are communicated with first, we will need to act swiftly. Should the proposal be approved actions will take place as follows:

July /August 2020

- Communication with staff teams with support from HR to agree the best route to redeployment and support staff through this period of change
- Communication of cancellation for all shows and producers who were previously arranged to be hosted by the theatre
- Refunds for all ticket money currently held
- Communication with suppliers and contractors to notify them of the changes to this year's operations
- Public communication across the theatre's website and social media channels alongside an embargoed press statement for local media

August/September 2020

- Undertake initial review of theatre in Rotherham
- Prepare an outline budget proposal for 2021/22 in time for Council budget setting
- Bid for funding from Creative People & Places- Flux Capacitor programme to accelerate a feasibility study exploring options for a performing arts venue in Rotherham

September/October 2020

- Confirm budget allocation for 2021/22

October 2020 – December 2020

- Develop full proposals for theatre in Rotherham for approval by SLT.

	January-March 2021 • Prepare for delivery of the model including any fundraising, recruitment, and communications ready for a re-launch in the new financial year.														
4. Recommendations															
4.1	This report recommends that Tactical • approve the proposal to close the theatre for the remainder of this financial year is taken forward as the first phase of recovery for theatre in Rotherham. • approve the key actions and agree the timeline associated with this proposal														
5.	Cabinet Member and Leader Comments														
5.1	Cllr Allen, Cabinet member for Cleaner, Greener Communities The provision of theatre in Rotherham is extremely important, as is the safety of residents. Therefore, this report reflects the safety of residents as a primary concern whilst balancing the need to review the nature of the theatre service when it is safe to reintroduce it. Significant work has been carried out with colleagues in Finance. Bringing these three aspects together I am happy to support the recommendations of the report.														
5.2	Cllr Read, Leader: I am reluctantly content with the principle of the theatre continuing to be suspended for the remainder of the financial year if there is no other realistic prospect of being able to run a reliable programme of events. I would want the council to be clear that this is a temporary arrangement, with a programme for the next financial year being developed and advertised, and a planned reopening next April.														
6.	Briefing consultation / sign off														
	<table><tr><td>Legal</td><td>Officer: Lesley Tattersall</td><td>Date: 13/7/20</td><td>Comments: Save as set out in the body of the report, there are no significant legal implications arising from the content of the report.</td></tr><tr><td>HR</td><td>Officer: Kathryn Roberts</td><td>Date: 14/07/20</td><td>Comments: Implications detailed in the report</td></tr><tr><td>Finance</td><td>Officer: Richard Young</td><td>Date: 13/07/20</td><td>Comments: Report sets out comprehensive financial consequences for each options open to the Theatre as circumstances change in response to the Pandemic.</td></tr></table>			Legal	Officer: Lesley Tattersall	Date: 13/7/20	Comments: Save as set out in the body of the report, there are no significant legal implications arising from the content of the report.	HR	Officer: Kathryn Roberts	Date: 14/07/20	Comments: Implications detailed in the report	Finance	Officer: Richard Young	Date: 13/07/20	Comments: Report sets out comprehensive financial consequences for each options open to the Theatre as circumstances change in response to the Pandemic.
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