

# **CESHIRE EAST COUNCIL**

## **REPORT TO: CABINET**

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<b>Date of Meeting:</b>	2 April 2012
<b>Report of:</b>	John Nicholson – Strategic Director, Places and Organisational Capacity
<b>Subject/Title:</b>	Future Delivery of Lyceum Theatre, Crewe
<b>Portfolio Holder:</b>	Cllr Rod Menlove

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### **1.0 Report Summary**

- 1.1 The report provides Members with an update on the future delivery options for the Lyceum Theatre, Crewe and updates on the recent formal soft market testing via the pre-qualification question stage of the EU restricted procurement route, and seeks Member approval to move to the Invitation to Tender stage (ITT).

### **2.0 Decision Requested**

- 2.1 That the formal EU procurement process to find an operator to take over full operational responsibility for the Lyceum Theatre be continued to the invitation to tender stage (ITT).

### **3.0 Reasons for Recommendations**

- 3.1 The Council is keen to secure the long-term future of the Lyceum whilst at the same time, making the venue an attractive community and visitor destination with a varied programme that contributes to the vitality of the town and is at the heart of cultural provision in the Borough.
- 3.2 Given the current challenge around the budget and the level of subsidy required by the Theatre (circa £390k), an exercise was undertaken to seek the views from the market as to how this could be best achieved. At the same time, the Council is seeking to encourage innovation in delivery and enhance the experience of the users of the Theatre and provide a value for money offer for the residents of Cheshire East by reducing the subsidy required.
- 3.3 A detailed soft market testing exercise was carried out in July/August 2011 and this was then supplemented with the further PQQ stage which ended in February 2012.
- 3.4 The outcome of 3.3 was that the operating model most favourable to the market was to take full operational control with a degree of risk being shared by both parties around the on-going maintenance of the building due to its age.

- 3.5 The invitation to tender will clearly outline the Council's aspiration to work with any incoming operators to enhance the facility whilst given a suggested maximum subsidy of £250k p.a. with the ultimate aim of reducing this further in future years.
- 3.6 The soft market testing established that the length of contract would be in the region of 15yrs with the option to extend based on satisfactory performance.
- 3.7 As part of the review around the potential operating models, the project team sought the views and endorsement of Stephen Browning (Stephen is an independent theatre consultant who is providing specialist advice on the theatre provision in Wilmslow). Stephen confirmed that the operating model being proposed in this report would give the Council the best opportunity to achieve its desired outcome for the Lyceum Theatre.

#### **4.0 Wards Affected**

- 4.1 All

#### **5.0 Local Ward Members**

- 5.1 Crewe East Cllr Martin, Cllr Newton, Cllr Thorley
- 5.2 Crewe Central Cllr Faseyi

#### **6.0 Policy Implications including - Carbon reduction - Health**

- 6.1 None

#### **7.0 Financial Implications (Authorised by the Director of Finance and Business Services)**

- 7.1 If a successful bidder is found, this will mean an immediate reduction in the subsidy required year on year by approximately £140k with further reduction possible based on future performance.

#### **8.0 Legal Implications (Authorised by the Borough Solicitor)**

- 8.1 A formal contract will need to be entered in to with the successful bidder.
- 8.2 TUPE regulation will apply to all staff that will transfer to the successful bidder.

#### **9.0 Risk Management**

- 9.1 The Council will be left with the existing risk associated with latent defects for the building.

## **10.0 Background and Options**

- 10.1 The Theatre contributes to a number of the Council's overarching objectives, including growth, sustainability choice and life opportunities. Alongside these overarching commitments, the Theatre is an integral part of the health and wellbeing offer that Cheshire East Council provides, along with other cultural and leisure assets and services.
- 10.2 Therefore, any future partner will need to have due regard to the Council's overarching objectives in delivering a balanced programme of activities, which enhances community use and contributes to the quality of life in Cheshire East.
- 10.3 The operating model described earlier in this report provides the best opportunity to enable the Council to achieve its outcome regarding the Theatre.
- 10.4 At the PQQ, stage 4 companies expressed an interest in taking over the operational running of the Theatre. The companies concerned have a track record in running venues of a comparable size to the Lyceum and have demonstrated successful working with other Local Authorities in enhancing the venues whilst minimise the financial burden.

## **11.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

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