

**Cabinet**

**15 May 2019**

**Bishop Auckland Town Hall: Invest to Save Cultural Development**

**Ordinary Decision**



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**Report of Corporate Management Team**

**Ian Thompson, Corporate Director of Regeneration and Local Services**

**Councillor Johnson, Cabinet Portfolio Holder for Culture and Rural Affairs**

**Electoral division(s) affected:**

Bishop Auckland

**Purpose of the Report**

- 1 The purpose of this report is to seek endorsement of the approach to refurbish and fully redefine Bishop Auckland Town Hall (BATH) into a thriving Cultural hub, to grow participation in the arts and support the regeneration of Bishop Auckland and the town centre whilst returning a saving to the revenue cost for the facility.
- 2 The report outlines the intended capital works and proposes a level of borrowing in addition to the capital already available to ensure the project is truly transformational and ensures the longer term sustainability of the venue. On this basis, the project is presented as an "invest to save" project.

**Executive summary**

- 3 Bishop Auckland Town Hall is a Grade 2 listed building which has long been established as a civic building within Bishop Auckland. The building currently functions as both a library and civic venue, incorporating a small gallery, theatre space and café. The library has poor usage, arts programming is limited by the facilities available and hires have been ad-hoc.
- 4 With a 2018/19 net revenue budget of £472,426 made up from £141,953 income and £614,379 expenditure this makes the venue one of the Council's most heavily subsidised leisure buildings; mainly as a result of poor income levels resulting from poor level of facilities.

- 5 At the same time Bishop Auckland is also experiencing a significant period of change, mainly as a result of the activities of the Auckland Project; most of which (Auckland Castle, Spanish Gallery, Mining Art Gallery and Tower) are developing within the immediate vicinity of BATH.
- 6 The poor performance, financially and culturally, of the venue together with the changing context in which the venue is positioned provides a timely opportunity to consider the new opportunities and options this presents the authority in the management and operation of the venue.
- 7 The report proposes investment to refurbish the facilities, creating a more vibrant cultural offer capable of serving both the local community and growing visitor numbers.
- 8 This will be delivered through a capital scheme to refit the theatre space with new more comfortable seating, introducing quality screening facilities, moving the café to street level and repositioning and modernising the library and gallery spaces, whilst at the same time facilitating a small retail space for let. This will facilitate a change in the nature and scope of the programme and usage, driving revenue spend and allowing for more efficient operational costs. Ultimately, driving the net revenue cost down by £135,498 in year one, rising to circa £183,567 by year three.
- 9 The report sets out the business case for an investment of £1,525,950 against the above benefits and savings making the following recommendations.

## **Recommendation**

- 10 The report recommends that:
  - (a) The approach to the redevelopment of Bishop Auckland Town Hall is endorsed.
  - (b) The proposed scope of refurbishment to Bishop Auckland Town Hall and the case for delivery is agreed. The capital scheme is developed utilising the current capital budget of £1,194,359 with an additional £331,591 financed on an “invest to save” basis from the additional income generated.
  - (c) Existing and local user views are built into future programming of the facility.

## Background

- 11 The spaces available within the building have offered a varied programme of activity over the years, some programmed and some private hire arrangements. In 2017/18 the building attracted 18,209 visitors to programmed and private functions with library visitors adding a further 41,735 visits. Current income generation is primarily from private functions and bar takings, rather than a wider cultural programme.
- 12 The 2018/19 net revenue budget was £472,426 made up from £141,953 income and £614,379 expenditure.
- 13 The building is, therefore, one of the Council's most heavily subsidised leisure buildings. It has a forecast cost per visitor against revenue budget, excluding capital and management recharges, of £7.88 per visit in 18/19; whilst it is acknowledged that neither the library or gallery attract direct income, the cost per head of our swimming facilities is between £0.90 - £1.87 per user by comparison.
- 14 Having undertaken substantial feasibility work, programming and marketing analysis, the service is proposing ways in which the Grade 2 listed building could be more sustainable and commercial, whilst delivering a valued and engaging arts programme reaching new audiences and creating a thriving community hub.
- 15 The review is timely with other key attractions developing in Bishop Auckland, notably the Auckland Project which includes the redevelopment of Auckland Castle, The Mining Art Gallery, creation of the Spanish Art Gallery and the annual Kynren event. The changing nature of the town centre as a result of the investments from the Auckland Project present the opportunity to capitalise on a number of new and growing audiences within the town.
- 16 This reports looks at the opportunities and costs associated with a re-imagining of the Town Hall in achieving the following aims:
  - (a) Reducing the revenue subsidy to the venue and the theatre portfolio overall.
  - (b) Establishing a programme of cultural activities that both:
    - (i) Complements and fills existing gaps in the visitor offer being developed by The Auckland Project;
    - (ii) Provides a strong local community and family offer within the town centre and wider service offer.
- 17 The following sections of this report outline the relevant and material considerations; the implications and costs of the scheme

## Consideration

- 18 In contemplating any changes and/or investments to the Town Hall, there are a number of relevant and material considerations which should be taken into account, namely:
- (a) Current use and performance of the venue
  - (b) Potential audiences and markets
  - (c) The cultural renaissance resulting from the Auckland Project
  - (d) Wider Service based issues associated with Locality Based Services/One Public Estate, Council Artefacts and Library Transformation initiatives.
  - (e) Wider place based issues, regeneration master planning and the Towns and Villages Strategy.

*Current use and performance of the venue:*

- 19 The spaces available within the building have offered a varied programme of activity over the years, some programmed and some private hire arrangements. In 2017/18 the building attracted 18,209 visitors to programmed and private functions with library visitors adding a further 41,735 visits. Current income generation is primarily from private functions and bar takings, rather than a wider cultural programme.
- 20 The 2018/19 net revenue position was £472,426 made up from £141,953 income and £614,379 expenditure.
- 21 As previously stated, the building is one of the most heavily subsidised buildings within the Council's portfolio.
- 22 Performance trends of individual activities within the venue also show a low take-up. Cinema and hires are not performing well.
- 23 Current performance is felt to be hampered by:
- a) *Lack of technical facility*: inability to provide a production quality for anything beyond the most basic shows. Cinema currently uses DVD technology.
  - b) *Building layout*: Building layout issues including
    - i. Street frontage areas being occupied by office and vacant spaces resulting in low kerb-appeal
    - ii. Café being located deep within the building with no natural light
    - iii. Core activities (café and library) being located on separate floors increasing staffing requirements.
    - iv. Poor quality theatre/cinema experience with bleacher seating

c) *Operational Issues*

- i. Staffing model and management arrangements:
- ii. Unambitious programming and audience development:

24 The above issues are not mutually exclusive and the compounding effect makes the venue both ineffective and inefficient. For example, the current building layout results in a complex operating arrangement that demands additional staffing costs, which in turn affects show/programming plans and costings.

*Potential audiences and markets:*

25 Analysis of current users (Appendix 2) shows that the current product offer at the venue attracts a very local audience with a drive time of no more than 10 minutes. Although these audiences will still be expected to use the venue, the data suggests there is significant potential to further develop audiences both from within and beyond the existing catchment.

26 Initial research suggests significant audience growth is possible within the 60,000 households of a 30 minute drive time of BATH. Behaviour profiling gives insight into preferred activities (see table at Appendix 3) enabling target marketing to take place within key segment groups specifically for activities that may be offered through the venue. The data suggests significant growth potential within a number of audience groups for the activities to be provided.

27 In terms of potential audience growth, customer analysis to date provides a confidence that audiences for the following activities could be grown, subject to the appropriate offer being available, to the levels set out below. Table 1 provides a forecast of potential audience development over three years.

28 Visitor Numbers and Performance Review

<b>Product Area</b>	<b>18/19 forecast</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Library	41,735	41,735	41,735	41,735
Gallery	Included in above	10,000	12,500	15,000
Programmed sessions (Incl theatre, film, comedy and community programmes)	12,455	25,444	34,419	55,241
Meetings	5,754	5,754	5,754	5,754
Functions (Private hire)	Included above	150	150	150
<b>Total annual visits</b>	<b>59,944</b>	<b>83,083</b>	<b>94,058</b>	<b>117,880</b>

- 29 Whilst this initial market analysis suggests the potential for developing new audiences, a development plan outlining specific target audiences, growth levels and supporting marketing will need to be developed in relation to any individual options, as per the following model: Audience Potential + Marketing = Income Generation.

*The cultural renaissance resulting from the Auckland Project:*

- 30 Investment by the Auckland Project has seen a significant programme of development within Bishop Auckland over the last 5 years. This has included the redevelopment of Auckland Castle, including a new Faith Gallery, the opening of a Mining Art Gallery, Auckland Tower and the pending Spanish Art Gallery and Walled Gardens.
- 31 BATH sits at the heart of these developments providing lecture theatre facilities, education and workshop spaces, for the anticipated 750,000 visitors per annum to the town. The venue has the opportunity to capitalise on these visitors whilst contributing a base of locally appealing activities and events.

*Wider place based issues:*

- 32 Bishop Auckland Master Planning: Bishop Auckland masterplan and the use of the Market Place. The emerging masterplan for Bishop Auckland has been through two extensive consultation and engagement exercises with the local community. The need to encourage more activity in the Market Place has consistently been ranked high in the community response. As a result, the Masterplan encourages activities that may provide more footfall in the area supporting other leisure and retail activity. Development of the Town Hall and an increased events programme within the Town Hall could help facilitate increased footfall in the Market Place as would the street level cafe.
- 33 Towns and Villages: The Council recognises that town centres need to adapt to meet changes in retail habits, and ensure social and economic sustainability in the future. This includes offering a wider range of leisure, cultural, civic and community functions to provide vitality and bring income back into town centres.
- 34 Leisure is already an essential part of a town centre's role but many towns have a limited offer along with a negligible evening economy — even food and beverage. Other leisure activities, such as cinema, also need to be encouraged in town centre locations to reinforce their leisure focus and broaden the range of attractions encouraging people to spend time there.
- 35 Such uses complement a food and beverage offer and encourage visits and increase dwell time. Complementing the Auckland Project day-time offer, BATH will offer additional night-time cultural activities such as cinema, theatre and gallery activities to contribute to the night-time economy.

**Proposed scheme**

- 36 In considering the future function and use of Bishop Auckland Town Hall a number of options were considered prior to the proposed current approach. Namely::
- (a) Do nothing and continue to operate the venue as present;
  - (b) Identify an alternative use for the building
  - (c) *Refurbish the venue on an invest-to-save basis:*
- 37 The option to do nothing is not attractive given the significant costs of providing the facility in its current format. Not only does this present a significant revenue implication for the service but without any noteworthy impact in either arts or library terms. Equally, the facility would continue to make little or no contribution to the Council's wider regeneration aims for the town.
- 38 Equally, whilst some small changes and efficiencies could be achieved without physical changes to the building the ability to implement significant changes to income or alter operational costs are limited. Any savings to the revenue cost of the venue therefore being marginal without significant reductions in service.
- 39 Similarly, closing the venue and seeking an alternative use does not appear an attractive option either. As a Grade 2\* listed building alternative uses are limited. The building has functioned as a library and civic building and represented a central point to the town centre for many years. The selling-off of the building is likely to generate public concern and there has been no interest expressed in the building from third parties, including the Auckland Project. The building has not however been subject to the market. The sale and rental income that could be anticipated from the building should this option be explored further would be anticipated to be circa £400k for sale and £75k per annum lease.
- 40 On this basis a refurbishment scheme was explored. The capital works of which, primarily focus on transforming the customer journey, ensuring that the necessary accommodation and facilities are available with the correct adjacencies of the necessary quality to sustain a proposed use and income to the venue. The works essentially contain the following improvements to the building:
- a) Main entrance and foyer improvements, removing complex door/access arrangements, and improving the flow of the customer journey.

- b) Creation of a contemporary café/bistro/bar and ticket sales area at the front of the building on the ground floor.
- c) New ground floor gallery space – offering a family and contemporary offer.
- d) A dedicated gallery for the Norman Cornish, Gala mural and associated interpretation.
- e) Reshaping of the library to provide a more specialist and digitally driven offer.
- f) Improved auditorium seating and installation of digital projection.
- g) Conversion of current gallery into a multi-function/education space.
- h) Option to convert existing office space into retail area with storage.

- 41 A proposed layout is shown in Appendix 4.
- 42 Such a refurbishment would facilitate a programme and activities capable of supporting audiences and income levels outlined in future sections including:
- 43 Cinema & Live Screenings: A fully digitised offer, providing options for popular blockbusters alongside alternative live content including musicals, museum tours and associated live screenings. These screenings will provide an accessible and affordable means of introducing good quality drama to audiences in Bishop Auckland, helping to promote a future live programme of cultural events to a developing audience.
- 44 The cinema offer will operate Sunday to Tuesday, to provide a consistency of programme whilst maximising demand across the range of products within the shared auditorium space.
- 45 Performing Arts: By virtue of its size, location and technical facilities, BATH suits an eclectic ‘arts centre’ style programme of performances. The scale of the venue and enhanced quality should be an attractive option for touring artists as a stop-off point in the northern region.
- 46 The programme will include six broad categories: Drama; Children & Young People; Pantomime; Music; Comedy; Other Performances (Spoken Word, lectures etc.).
- 47 Given the wish to develop cinema from Sunday -Tuesday most weeks, it is proposed that a cultural live programme is developed from Thursday - Saturday most weeks, excluding the quiet summer months when a vacation programme with an alternative format would be delivered to support an evening offer to visitors to surrounding day-time attractions.

- 48 Bar & Catering: In order to develop a thriving building a ground floor café/bistro/bar is proposed. This would be a modern café provision offering hot drinks, and a range of cakes, and snacks like Paninis, salads and fresh sandwiches; minimising food preparation and focusing on fast turnover.
- 49 The new café will extend, where weather permits, into outdoor areas in line with an existing pavement licence already in place during summer months.
- 50 The new ground floor café would therefore negate the need for the regular use of the current Laurel café space on the first floor, outside of offering a bar/confectionary service for performances or screenings; or for one off function use.
- 51 Consideration was given to the café provision being either sub-contracted or delivered in-house. Following benchmarking, the latter was felt to be a better starting point, to establish confidence in the revenue to be attracted and the opportunity to offer combined products simply through a single organisational structure, which maximises the use of multi skilled front of house staff.
- 52 The revenue forecasts covered in later sections show reasonable returns from such an approach, although it is recognised that the right commercial leadership and catering knowledge is essential.
- 53 Smaller meetings and occasional bookings around the main cultural programme will remain possible, and the catering offer to support these will be facilitated from the new café menu, reducing the requirement for regular use of the main function kitchen.
- 54 Visual Arts: Relocating the art gallery at BATH will offer substantial opportunity to redefine the identity of the programme and extend the range of audiences reached. Creating two separate spaces for both temporary exhibitions and a permanent gallery space for the Normal Cornish Gala Mural and interpretation both, but particularly the latter will drive footfall and secondary spend to the venue.
- 55 *Temporary Exhibition Gallery*: The new space will afford an exhibition programme which will be broadly popular in nature reaching both art lovers and those who have limited experience of art. The artwork will be both accessible and, on occasions, interactive or multi-sensory. It will feature artwork specially commissioned for the venue alongside existing collections and touring exhibitions hired for the space.
- 56 It is intended that the annual programme will consist of four main exhibitions, approximately 8-12 weeks in duration, interspersed with 4 shorter length exhibitions of 2-3 weeks, featuring work by local artists/art groups. There is also the opportunity to offer the space to both the Mining Art Gallery and Spanish Art Gallery for their larger scale exhibitions, which they are unable to accommodate fully. Extensive discussions with both galleries have already taken place.

- 57 *Norman Cornish Gala Gallery:* Norman Cornish is a Durham painter with a growing national and international reputation. We understand that the Gala mural is the largest painting completed by the artist and it is suggested of significant cultural value to the County. The painting currently hangs in reception directly opposite the reception desk at County Hall.



- 58 Discussions with the Cornish family and estate have identified that their preferred location of the painting is Bishop Auckland. The project therefore provides the opportunity to meet this request through the provision of gallery space which is free to access to house both the mural and interpretation. It is believed that the painting would be a significant draw, driving footfall and secondary spend and complement the neighbouring Mining Art Gallery which is not able to accommodate a painting of this scale.
- 59 Library: The new designs present a real opportunity with the library spaces adjacent to a social café space, encouraging visitors to stay and relax; the library space, including use of technology and café space will blend, to reflect the changing trends in use of internet style cafe and reading spaces.
- 60 The space(s) will offer improved customer experience through enhanced technology and a programme of weekly sessions both within the dedicated space and using the wider participation spaces and gallery, using specialist skills from the library and wider artists.
- 61 In addition to the core offer of a range of written and audio books, and computer based opportunities, a more specialist focus of art and gallery books will be included, providing a local study space for those following the arts.
- 62 Workshop and Hires: An additional strand at BATH will be to satisfy the growing demand for a good quality lecture venue within Bishop Auckland. The developing cultural programme led by Auckland Project has already indicated a need for such a space, and their own visual arts programme may well create a similar need; their aspirations will be considered within the overall programming approach, without disrupting the venue's own social and commercial direction. Joint meetings are now in place with the Auckland project to ensure connected programming.
- 63 Retail Unit/Selling Gallery: The proposed design as shown at Appendix 4 proposes a small retail space of 44m<sup>2</sup>. The proposal is to let the space as a selling gallery with an anticipated rental of circa £4,400 per annum. A retailer offering art and associated merchandise will be sought with the potential for a

link to the main gallery spaces to generate further income through selling exhibition commission.

- 64 Cultural Engagement & Education: The nature of the building and its catchment area lends itself particularly well to a classic arts centre style programme offering a menu of arts and library engagement activity including family activities, workshops, taster sessions and educational activity alongside the core library, live theatre, cinema and visual arts programmes. This is an important part of the offer, connecting elements and converting new audiences across the programme.
- 65 The programme will be delivered largely in termly blocks, and will be aimed at age groups from toddlers to older adults. Commercially, this part of the programme will increase footfall into the building underpinning the catering business plan.
- 66 Locality Based Services: We will continue to work with service partners to establish where BATH can support the delivery of wider services, such as the CAP, and where the venue can play a role in delivery of priorities, such as the Towns and Villages Strategy.
- 67 In addition, an assessment of need will be undertaken in respect of the library offer, which may align to support wider partner services, such as enhanced digital literacy courses available to job centre clients, for example.
- 68 The proposed programme incorporating all the above elements will be supported by an appropriately focused marketing plan.

### *Revenue Implications*

- 69 It is proposed that the project will provide a service revenue saving of £135,498 in year one, rising to £183,567 by year three. This is essentially achieved through a reduction in the core operating costs and an increasing income from enhanced usage and trading.
- 70 In summary, the generation of a £183,567 saving comprises :
- (a) Costs increase by £220,674 per annum mainly resulting from an increase in supplies and services costs and the cost to finance the required borrowing. These additional costs being offset by;
  - (b) Increased annual income of £404,241 mainly generated via a more extensive theatre programme, the enhanced cinema offer and from the improved food and beverage offer.

### *Capital implications*

- 71 The total forecast cost for the capital investment is £1,525,950. There is already a budget in the REAL capital programme of £1,194,359 with a further £331,591 of capital investment agreed to be funded on an “invest to save” basis. This would require a budget transfer of £36,331 to the capital

financing budget to pay for total borrowing costs. This annual cost is built into the revenue cost forecasts.

## Conclusion

- 72 An extended refurbishment would appear to present the best option to the Council. Whilst it requires an investment of £1,525,950 it has the following benefits providing:
- a) A revenue saving of £135,498 rising to £183,567 by year three.
  - b) Provides a wide and engaging cultural offer for local residents, families and visitors.
  - c) Support to the ambitions of both the Bishop Auckland masterplan and Towns and Villages Strategy through an increased footfall to the town centre through a quality day-time and evening offer.
  - d) A complementary cultural offer to the emerging visitor attraction of the Auckland Project.
  - e) A range of facilities not within the wider emerging offer in particular workshop and lecture facilities.
  - f) A long term solution to ensure the Norman Cornish Gala mural is on public display with free access meeting the wishes of the Cornish family post County Hall.
  - g) A sustainable civic presence within Bishop Auckland town centre allowing for the wider consideration of other public services such as Customer Access Point, Health, youth and community functions.
- 73 This is an invest-to-save project combining capital and programme improvements to deliver significant revenue savings. For a capital investment of £1,525,950, the revenue position is forecast to be improved by at least £183,567 from year three and beyond. The revenue saving has been calculated after deducting an annual budget transfer of £36,331 to cover the cost of borrowing associated with the £534,591 capital investment, made up of £203,000 already in the capital programme and a further £331,591 agreed, on an “invest to save” basis.

## Background papers

## Other useful documents

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<b>Contact:</b>	Su Lewis	Tel: 03000 262776
	Steve Howell	Tel: 03000 264550

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## Appendices

1. Implications
2. Current User Data
3. Audience Development Plan
4. Proposed Layout
5. Equalities Impact Assessment

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## **Appendix 1: Implications**

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### **Legal Implications**

The Council has the power under Section 145 of the Local Government Act 1972 to do anything necessary for provision of entertainment. Section 19 of the Local Government Miscellaneous Provisions Act 1976 grants the power to provide recreational facilities which can include the provision of food and drink. Listed Building, Planning and Building Regulations Applications are all due to be submitted in March 2019.

### **Finance**

The report identifies that a capital budget of £1,194,359 is presently available in the REAL capital programme to finance the scheme. This includes an allocation of £203,000 to be financed on an “invest to save” basis. Additional capital of £331,591 is required to complete the preferred scheme. The total self-financing capital budget requirement of £534,591 will be financed on an “invest to save” basis requiring the transfer of a £36,331 revenue budget from REAL to the corporate capital financing budget to fund the prudential borrowing.

After funding the £36,331 capital financing cost it is forecast that net revenue will reduce on an ongoing annual basis by £183,567

### **Consultation**

Views of existing and local users will be built into future facility programming.

### **Equality and Diversity / Public Sector Equality Duty**

An Equalities Impact Assessment (Appendix 5) has been undertaken and no negative issues have been identified.

### **Human Rights**

n/a

### **Crime and Disorder**

n/a

### **Staffing**

The newly formatted venue and spaces will provide an opportunity to move to a more versatile and flexible workforce, which will ensure resilience and sustainability. A range of sessional support artist and library workers, who bring with them

specialist creative skills, where specialist programming is required, can support the substantive front of house roles.

A proposed core structure has been developed for this project and at this stage no compulsory redundancies are envisaged.

The Council's change management toolkit would be applied in consulting and engaging current staff and trade unions through this restructure.

## **Accommodation**

n/a

## **Risk**

A construction risk management plan will be developed as the construction programme is confirmed.

Risk to financial performance has been taken into consideration during the business and financial planning of this project. Hence, the budget build based around a core operating model, with the additional programming budget built separately.

## **Procurement**

No issues identified.