

**COMMITTEE:**                   **CABINET**

**DATE:**                       **18 October 2017**

**SUBJECT:**                   **Royal Hippodrome Theatre**

**REPORT OF:**               **Director of Regeneration and Planning**

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Ward(s):                       Devonshire

Purpose:                       For Members to consider granting of a long lease of the Royal Hippodrome Theatre.

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Recommendations:

1. To agree the future lease of Royal Hippodrome Theatre on the broad lease terms outlined in para 5.2 of this report.
2. To delegate authority to the Director of Regeneration and Planning to take all steps necessary to complete the lease.

## **1. Background**

- 1.1 The Royal Hippodrome Theatre (RHT) opened in 1883 as the New Theatre Royal and Opera House and was bought by the Council in the late 1950s/early 1960s. It has been managed by Eastbourne Theatres since November 2007, following the end of a lease with Matpro Productions which had run for the previous 12 years. The building is Grade II and Locally Listed.
- 1.2 The building is in poor condition and there have been a number of attempts over the last 10 years or so to put arrangements in place to secure the future of the building. The Council has recently been approached by a local family who wish to take over the management of the property. In addition, the Royal Hippodrome CIC have successfully bid for £100,000 of grant funding to fund works to the façade of the building.
- 1.3 This paper provides some history regarding previous management options for RHT and makes recommendations that will enable the Council to secure the future of the building.

## **2.0 Management of the RHT**

- 2.1 There have been a number of attempts over the last 10 years or more to put in place a firm management structure for RHT.

- In 2006 'The Royal Project', a community based project, began working towards the formation of an Independent Trust. An agreement was reached between the Council and members of the Project to facilitate the transfer of RHT to the Project/Trust by January 2011, after which it was anticipated that they would run it as a community based, independent, charitable concern to draw down funding to secure the fabric of the building. However, for various reasons, this never came to fruition.
- In 2013 a new arrangement was agreed by Cabinet for the Eastbourne Hospitality Association to occupy parts of the Theatre, via a lease for its main office, and a licence to be granted to the then newly formed Royal Hippodrome Theatre Management Committee to programme the Theatre and take forward its management. The aim being that the committee would establish a Community Interest Company which would then take on a lease for the building and run the venue.
- In April 2015 a Community Interest Company was established, Royal Hippodrome Eastbourne CIC (RHECIC), which now runs the venue on a licence from Eastbourne Borough Council. The long term aim has been to run the venue for the community under a lease.

2.2 The building was let under license to the CIC and the license was underpinned by an agreed Memorandum of Undertaking (MOU) setting out the responsibilities of the Council and RHECIC. Broadly, the Council retained structural repair and maintenance responsibility and RHECIC took on responsibility for some internal repair and maintenance, Health and Safety, programme contracts, financial management and day to day management of the Theatre. Eastbourne Theatres provides box office services and administration support as necessary, subject to royalties. The MOU included the Council's agreement to meet the fixed non-performance, management and overheads costs of the Theatre.

2.3 Ideally RHT should be run as an independent entity with no on-going obligations from the Council. This would mean that any future lease would need to remove the current obligation on the Council arising from the licence, including financial and repair and maintenance responsibilities, and in line with the principles within the Asset Management Plan, be let on a fully repairing basis.

2.4 A local family has recently expressed a desire to take over management of RHT. They would be prepared to take a lease on the property on a fully repairing basis. The proposal is that the Council would lease the property at a peppercorn rent. Although the Council would not receive a rental income, this is no different to the existing situation. The over-riding benefit would be that the Council would reduce its future risks and liabilities for the building. By retaining the freehold of the building the Council would protect its use as a Theatre for future generations.

### **3.0 Financial implications**

#### **3.1 Licence to RHCIC**

In February 2013, Cabinet agreed to support the management of the RHT for a two year period, including associated funding. However, new management arrangements have not been put in place and funding continues to be earmarked by the Council to cover some utilities and other costs with Eastbourne Theatres frequently needing to plug a funding gap.

### 3.2 Repairs and Maintenance

When the Council took back the Theatre in 2008 it invested around £150,000 into the property to renew electrics, the boiler and alarm system and ensure that the Theatre met all licensing requirements. Although works have been undertaken to make sure the fabric of the building is water tight, the building is in poor condition. A condition survey carried out in August 2016, highlighted works costing at least £1.4million to restore the building and this cannot be funded from existing resources.

One of the key reasons for the management of the Theatre becoming a CIC was so that they could then draw down much needed funding that would then be used to support improvements in the building and RHECIC has been successful with securing £100,000 of funding from the Heritage Lottery Fund (HLF) to support improvements to the façade of the building. Officers are supporting RHECIC in order to ensure that the works are carried out to the correct standards.

## 4.0 **Asset Challenge**

2.1 In July, Cabinet adopted the Corporate Asset Management Plan (AMP) which sets out the Council's property strategy 2017-2020. A key part of the AMP is the Asset Challenge process whereby officers will stress-test existing assets considering income generation, and costs of the assets to the Council. Importantly, whilst disposal and realising capital receipts is part of efficient property management, Asset Challenge is not solely a disposals programme. All elements that will help achieve a sustainable asset base are considered as part of the process, and reducing maintenance liability for the Council is one of the four principles outlined in the plan.

## 5.0 **Options**

### 5.1 Do Nothing:

This is not an option for the Council moving forward. The Council has substantial existing liability on the building in terms of structure and repairs and maintenance. Current costs are £1.4million but, with no means of addressing these within existing resources, this is only set to increase in the future. In addition, the Council would continue to need to fund its financial subsidy to the CIC.

### 5.2 Grant a long lease (recommended option)

Granting a lease presents the best opportunity for the Council to remove its existing and future liabilities for RHT, whilst being able to secure the building for future generations. RHECIC are aware of the proposals and it is intended that the CIC would continue to manage RHT. It also means that the lessee will be able to bid for additional grant funding against the security of a long lease.

It is recommended that the Director of Regeneration and Planning is given authority to:

- Negotiate terms for a lease of the RHT and
- Enter into a lease agreement together with all ancillary documentation required to give effect to the negotiated terms.

### 5.3 Close the Theatre

The Theatre was considered for closure in 2013 and only saved due to the fact that the management committee agreed to come forward and enter into a licence with the Council. If this was chosen as the recommended course of action it would remove the ongoing liabilities for the Council, but the town would also lose an important community building.

## **6.0 Legal Implications**

6.1 The Director will take legal advice in respect of the negotiations and legal documentation.

## **7.0 Finance Implications**

7.1 Financial implications have been included in the body of this report.

## **8.0 Conclusion**

8.1 It is recommended that the Council take all necessary steps to enable works to the façade of RHT to commence and grant lease of the property as outlined in 5.2.

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### **Background papers:**

To inspect or obtain copies of the background paper, please refer to the contact officer listed above.

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