

PART 1 - PUBLIC

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Decision Maker: **LOCAL ECONOMY PORTFOLIO HOLDER**

Date: **1 DECEMBER 2008**

Decision Type: Non-Urgent Non-Executive Non-Key

**TITLE: RE-TENDERING CHURCHILL THEATRE CONTRACT**

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Chief Officer: Marc Hume, Director of Renewal and Recreation

Ward: All

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**1. REASON FOR REPORT**

1.1 This report provides an overview of the current lease arrangements for management of the Churchill Theatre which are due to expire on the 3 April 2010, and describes the process and timetable whereby the lease shall be re-tendered in line with the Councils Financial Regulations.

**2. RECOMMENDATION(S)**

That the Portfolio Holder:

- 2.1 Notes and provides comment on the contents of the report;
- 2.2 Approves the proposed tender process and timescales outlined within the document, and agrees for Officers to undertake the tendering process.
- 2.3 Notes that a further report be brought to Local Economy Portfolio Holder providing an update on the tendering process following the short-listing of suitable tenderers.
- 2.4 Notes that Officers need to identify alternative savings for 2009/10 and 2010/11.

## Corporate Policy

<please select>

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## Financial

1. Estimated cost £508k
  2. Recurring cost
  3. Budget head Churchill Theatre Management Fee within the Leisure Trust Client Budget
  4. Total budget for this head £508,090
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## Staff

1. Number of staff (current and additional) -
  2. If from existing staff resources, number of staff hours -
- 

## Legal

1. No statutory requirement or Government guidance
  2. Call-in is applicable Yes
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## Customer Impact

Estimated number of users/beneficiaries (current and projected) - 200000

### 3. COMMENTARY

3.1 At the September 1999 meeting of the Leisure and Community Services Committee Members approved the tender process for the management contract for the Churchill Theatre. The Theatre at that time was being operated by the Theatre of Comedy.

3.2 Three tenders were returned and at the Leisure and Community Services Committee in January 2000 the contract was awarded to the Ambassador Theatre Group Ltd (ATG) for a period of 10 years with a break clause after five years.

3.3 The tenders were evaluated in respect to the management fees submitted by each tenderer and through analysis using the following criteria:

- Qualitative: An analysis of the indicative programme, proposals for audience development, and evidence of experience of managing other venues.
- Technical: The Council is the landlord for the Theatre however the day to day maintenance lies with the operator, therefore their competence to and ability to undertake both planned and day to day maintenance required evaluation.
- Financial: An assessment of the financial standing and status of each company.

3.4 The deficits before the management fee (costs) given by each tenderer were as follows:

Ambassador Theatre Group (ATG)	£400k
Mossback	£714k
Theatre of comedy	£1,116k

3.5 The actual savings to the Council from the contract award in April 2000 to the ATG for the ten year life of the contract was over £1.8 million.

3.6 The tenderers were also invited to specify additional programme options that could be included in the contract at additional costs, for example the development of educational programmes, festivals, and for education and outreach work. The figures above exclude these additional costed options. These additional options were included to address some of the shortfalls regarding the management of the Theatre that existed and were of concern at the time of tendering.

3.7 In March 2000 the then Leisure and Community Services Committee approved a slightly revised financial package negotiated with the ATG to incorporate shortfalls not highlighted within tender process and to include a development and educational programme within the core agreement. This resulted in the following fees being agreed and contained within The Fourth Schedule of the lease between the Council and the ATG:

3.8 The tendering exercise undertaken in 2000 which resulted in the selection of the ATG to manage the Theatre was regarded as successful, resulting in a competitive bid that not only represented value for money but also an attractive programme and comprehensive audience development programme, as well as providing detailed proposed annual expenditure on maintenance for the Theatre.

3.9 In re-tendering the Theatre contract it is proposed that a similar process be adopted as to the successful model delivered in 2000, and that the following elements would be included in the Management Agreement and Agreement for Lease for the Theatre:

- Tenderers shall supply figures for a 5 year and or a 10 year agreement, with a break clause at the end of year five within any the 10 year agreement.
- Tenders shall provide details and costs for the programming and management of the Theatre as an operational Theatre, and shall provide an indicative programming for the Theatre for the first year of operation.
- Tenders shall provide details and costs for a programme of education and outreach work including an indicative programme of activities for the first year of operation.
- Tenderers shall provide a set of costed proposals as to how they will continue to develop audiences at the Theatre and provide an indicative programme of initiatives for the first year of operation.
- Tenderers shall provide separate costed options for additional services the Council may wish the successful tenderer to deliver, This would include options for such things as delivering events within Churchouse Gardens, delivering festivals or events within the Town Centre, and delivering targeted activities for young people.
- Tenderers will be requested to provide a description of the artistic policy that would be pursued at the Theatre and indicate how their programming and development works seeks to support this policy.
- Tenderers will supply detailed costed examples of their proposed Planned and Routine Maintenance schedules for the building. They will also supply their capital investment proposals with costs and timescales for the duration of the contract.

3.10 Tenders will be evaluated in respect to the cost of delivering the service, the quality of the services proposed, the technical competence and the financial robustness of the tenderer, to determine overall value for money and ensure the Councils priorities are being met.

3.11 The proposed timetable for the tender process is as below:

Compiling all contract documentation and undertaking condition survey and inventories	January 2009
Advertisement to tender	2 February 2009
Expressions of interest received	23 February 2009
Approval of short list of tenderers	9 March 2009
Briefing of potential tenderers	23 March 2009
Tender documents issued	6 April 2009
Tenders returned	5 June 2009
Tender evaluation	6 July 2009
Report to Portfolio Holder	August 2009
Award Contract	August 2009

3.12 It should be noted that on previous occasions when the Theatre has been tendered, one of the most problematic aspects of the process has been to terminate the old lease and start a new one without there being a loss of continuity of service. It is for this reason that the timetable above proposes the contract be ready for award by August 2009.

#### **4. LEGAL IMPLICATIONS**

4.1 All contract documentation will be approved by Legal Services.

4.2 There are provisions within the existing agreement which relate to the arrangements when the current lease arrangements expire at the end of term in April 2010. Under these arrangements should there not be continuity of service between the outgoing and incoming contractors the Council has a responsibility to take over employees and liability for stock and assets and for the production costs of continuing a programme.

#### **5. FINANCIAL IMPLICATIONS**

5.1 The current budget for the lease and management of the Churchill Theatre is £508k. It is anticipated that by undertaking the tender process further savings will be delivered to the Council.

5.2 It should be noted that the 2009/10 budget includes the provision for a part year saving of £30k for the theatre and a full year saving of £60k for 2010/11. Officers will have to find alternative savings to ensure a balanced budget for both these years.

#### **6. PERSONNEL IMPLICATIONS**

6.1 There are no London Borough of Bromley staffing implications directly attributable to this report, however staff currently engaged by the ATG at the Churchill Theatre may be subject to TUPE regulations.

Non-Applicable Sections:	Policy Implications
Background Documents: (Access via Contact Officer)	Current ATG lease and management agreement