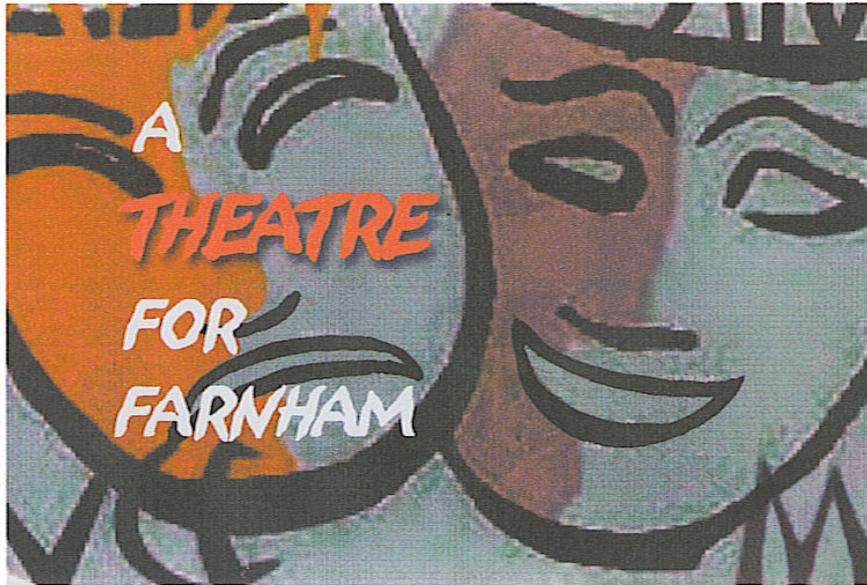


FARNHAM THEATRE REPORT

With Supporting Documentation



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of Cultural Policy and Management

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Commissioned by the
FARNHAM THEATRE ASSOCIATION



WORKING FOR A REGIONAL THEATRE IN FARNHAM

THEATRE IN FARNHAM

Executive Summary



This report sets out to establish the need for a purpose-built theatre in Farnham. The report is occasioned by the threatened loss of the existing Redgrave Theatre and is undertaken at the behest of Farnham Theatre Association.

This Executive Summary is followed by a full report. A separate volume contains the supporting evidence and information used in the preparation of the report.

The study examines the nature of the town of Farnham and its potential catchment area. It briefly reviews other facilities in the area and examines the latent demand for a purpose-built theatre to be part of the cultural, educational and economic structure of the town and the benefits that flow from such provision.

The study takes as a precept that any proposed purpose-built theatre is additive to the facilities of the town and does not undermine activities in other venues in the town and surrounding districts. It also accepts the requirement that any theatre operation proposed must be self-sustaining in the revenue account.

The study examines the potential catchment area population and shows that the area has a very significant potential theatre-using population. It shows that there is a ready audience for theatre. The study examines six theatres that are self-sustaining in the revenue account or have a history of such operation. These are used as potential models for a purpose-built theatre operation and one form is selected as being appropriate to the needs and resources of Farnham

The recommendation is for a professional/amateur theatre closely modelled on the early days of the Watermill Theatre at Bagnor and the current Maddermarket Theatre of Norwich. It has a close match with the resources and demands of the Farnham catchment and the theatre professionals and other skills that can currently be identified as being available to the Farnham community. The proposed theatre would have a core professional acting company and management supported by a strong volunteer cohort drawn from a large Friends group providing more general support of the theatre.

It is clear that Waverley Borough Council have not considered the possibility of a self-sustaining theatre. Instead it has assumed that it can only be isolated from any risk of having to provide revenue funding for a theatre by not having a purpose-built theatre in Farnham.

A scheme to prove latent demand for a purpose-built theatre and to guarantee the theatre operation is proposed. The Council have had credible offers for the freehold of the existing theatre but should it decide to retain the freehold a proposal for operation of the building under a licence rather than lease is made so as to isolate the Council from any potential failure of the theatre.

Three options are considered:

1. The case is examined for taking no action and the appalling waste of capital resource and community opportunity that result is rejected as an option.
2. The case for retention of the existing Redgrave theatre, re-imaged to give it a new profile in the community, is examined and the town planning and developmental issues are addressed. The operational advantages of a small repertory cinema conjoint with the theatre is noted. The utility of relatively low capital investment to obtain a viable theatre operation that would be beneficial to the town and surrounding area is noted.
3. The case for a new theatre on an alternative site by retention of the Cultural Capital derived from the original public investment in the Redgrave is examined. The possibility of better service provision to the community through a new design on another site, possibly including a repertory cinema, is examined. The larger capital commitment is noted together with the possibility of a larger number of stakeholders.

Finally the study illustrates the likely performance of the proposed cases of operation of a theatre. These illustrations are based on clearly stated assumptions drawn from the models. A risk assessment is made.

Conclusion

It is the conclusion of the study that:

1. There is a latent, evidenced, demand for a purpose-built theatre in Farnham.
2. That such a theatre can be self-sustaining in the revenue account and protection can be offered to Waverley Borough Council against having to fund in default.
3. That the re-opening of a theatre in Farnham will have beneficial effects on the local economy and provide a better evening economy mix in the town centre together with other social and educational gains.
4. That the most economic use of public capital resources is the retention of the Redgrave Theatre building.

The study notes however that there are development pressures and planning issues in respect of retention arising from the East Street Development. Whilst the alternative of a new theatre requires a greater capital investment there is justice in respect of previous community capital investment in the Redgrave for a transfer of a proper capital contribution (replacement cost) from the present to an alternative site.

Finally we note that demolition of the Redgrave represents a considerable waste of public resource and potential amenity. The loss of a purpose-built theatre in Farnham denies past community commitment and legitimate ambitions for the future of the town.

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1.1 General Appraisal of the town.

- 1.1.1 Farnham is an historic town, chartered in 1249. It was an important coaching stop on the London to Winchester road and a route to the southern ports. To support this role it had an important market and a castle (built 1130). The plan at the heart of the town strongly reflects this “posting station” in the pattern of old coaching yards between and behind substantial buildings, originally hotels and inns and now variously used. That for centuries it was the residence of the Bishop of Winchester led to an agglomeration of professional services raising the status of the town to almost that of the nearby County Town, Guildford.
- 1.1.2 Farnham lies on the site of Roman and of pre-Roman settlements at a crossing of ancient roads along the North Downs ridge and from Chichester to Silchester. As a posting town Farnham developed along the original main road, The Borough and West Street. This has become the “high street” shopping centre of the town with later extensions along the road into East Street. The arrival of the railway in the middle of the nineteenth century led to the creation of South Street, a new bridge and the development of a large residential area uniting villages to the south. The railway was later paralleled by the A31 by-pass of the town. Thus the High Street historic area is segregated from the main residential body of the town by the river, road and railway.
- 1.1.3 Farnham in 1900 had two-thirds the population of Guildford. Guildford has grown to 130,000 people and redeveloped much of its town centre whilst Farnham has grown only to 38,000 and retained its old road system and many of the buildings. As a result today, Farnham has many of the perquisites of an old fashioned county town – a strong historical character making it attractive to professional service provision. The town centre today has a series of small high street shops and boutiques in side alleys. It retains two principal hotels and a number of smaller inns and restaurants.
- 1.1.4 Whilst West Street retains the buildings and street plan of older Farnham, East Street is late Victorian in character. The south side of East Street still expresses the alley and yard layout but the north side was comprehensively developed as commercial premises in the 1960’s. The redevelopment is relatively unsuccessful and rentals throughout East Street are well below the level of West Street. At this time there are a number of empty shops and offices in West Street and the economic activity of the town centre seems to be in decline, whether this is cyclical or of a more permanent nature remains to be seen.
- 1.1.5 To the south of East Street, Brightwell House used to sit in its own grounds running down to the river. As East Street developed it became overshadowed and the house was bought by the Council to provide a bowling green and tennis courts in front of the house. In 1974 Brightwell House became the foyers, social and office accommodation supporting the newly built Redgrave Theatre. Brightwell House and the Redgrave are Grade II listed.
- 1.1.6 Presently a comprehensive redevelopment of the south side of East Street is proposed which may result in the demolition of the Redgrave Theatre. It is for

this reason that Farnham Theatre Association has commissioned this study into the need for a purpose-built theatre in Farnham.

- 1.1.7 The population of Farnham and its catchment area is characterised by a high achieving population with a higher than average socio-economic weighting, higher income and educational attainment than is general not only in the country but higher also than that in the South East Region. Waverley Borough is the fourth least deprived district in England whilst Hart district immediately to the north-east is the least deprived district in the whole country. Income levels in Waverley are 13% higher than the average for the South East and even life expectancy is 1% greater than the region norm.
- 1.1.8 Clearly the town has long enjoyed its status and its scale. The small country market town provides a very pleasant ambience. However there are signs that the confidence and economic vitality of the town are waning.
- 1.1.9 We have found it difficult to find the social loci which operate in the town. The Bush Hotel clearly is important to the day visitor, cafes and bars have regular users but there is little sense of a publicly accessible social milieu actively involved with its community. A theatre might well form such a focal point, certainly the old Castle Theatre Club was active (if not fully open to the public) and the Redgrave had a large active volunteer involvement and, at least in its early days, made Brightwell House a real social meeting place.
- 1.1.10 The Maltings provides a meeting place for those interested in participation in the arts. It offers a typical arts centre ambience - hard surfaces, white paint and high noise levels due to hard wall and floor surfaces. Catering is provided in three separate areas and there are problems of noise transmission between rooms. The Malting is concerned primarily with creative training, work and new business in the creative industries. It is clearly active and busy and seems to have a sympathetic relationship with the University College of the Creative Arts.
- 1.1.11 We understand that there were 75 amateur dramatic companies in a ten mile radius of Farnham but we note that the Farnham Library information file records only two such societies. This may indicate a massive reduction or a lack of information available. If this level of information exchange is general it may be difficult for newcomers to the town to make the contacts they wish easily, hence the slight sense of a "private" community.
- 1.1.12 Farnham does not appear to have created a tourism market to include overnight stays and this limits the income from tourism. Hotels report a market for meetings (day events) rather than conferences, though the Castle is a significant conference, briefing and training facility. There is little active association between potential players in the conference and tourism market to create a wider marketing image and to pool resources. A theatre might have a role to play in raising the town's profile and in making overnight stays more attractive. Significant theatres certainly can play this role.

1.2 The Natural Catchment Area

- 1.2.1 The area is crossed by the A31 trunk road, a major commuter road out of Guildford and London. A good northern link is provided by the A331 to the M3 and that motorway forms a natural northern catchment limit. Farnham lies to the west of Guildford (which in turn is only just to the west of the London conurbation). It is however firmly in the commuter belt. To the north of Farnham lie the populous, sprawling areas of Fleet, Aldershot and Farnborough which form a built environment through Woking all the way to London. To the west of Farnham are the smaller villages of Hart and East Hampshire districts with Alton, a rapidly enlarging town, balanced between Basingstoke and Farnham. To the south the Downs are populated by smaller towns and villages with north south roads running to Farnham and to Guildford.
- 1.2.2 In the catchment area generally the major roads run east to west and are heavily congested in the morning and evening rush hours whilst the smaller roads are fairly narrow and winding and similarly busy. This allows only quite slow travel speeds in the evenings when audiences would be assembling. The natural geographical catchment area (normally taken to be confined to about 30 minutes travel time) is thus quite small.
- 1.2.3 As always the geographical catchment area is conditioned by social assessments of the relative importance of towns and by individual familiarity with the destination developed through shopping expeditions or other visits. In this respect Guildford (10 miles east) is a more significant town with a wide range of services and facilities. Woking to the north of Guildford has developed substantially and to the west Basingstoke also offers a major shopping and employment centre. Guildford provides a strong “shadow” over the potential Farnham catchment to the point where much of east Waverley District will consider Guildford rather than Farnham as its natural centre. Woking provides a parallel draw to Guildford for Farnborough and Camberley residents. As one moves west through the catchment area Basingstoke becomes the natural draw. To the immediate north Rushmoor District and to the south through the downs to about Midhurst (Chichester district) are more likely to consider Farnham a potential centre.
- 1.2.4 We assess that the catchment area is likely to be limited to the east at Guildford; to the south at Midhurst; to the west at Alton and to the north edge of Rushmoor district. These must not be taken as absolute boundaries, many audience members would come from further away. Nor must they be seen as providing an exclusive pool of users since many of these people will also use theatres in the surrounding towns and in London. It is however a useful statistical context to examine the potential size of the audience. Where a significant theatre is created the balance of incomers from outside the catchment area would balance the losses to other venues from within. For theatres of less significance the proportion of losses to other venues increases and the number of people entering the area diminishes.
- 1.2.5 All catchment areas respond to the perceived importance and value of the destination theatre. This is of course impossible to predict in considering the

potential of a proposed theatre. A full professional producing theatre may attract audiences from far afield. For example the Watermill theatre at Bagnor near Newbury, under Jill Fraser, attracted audiences from London and much of the south east region. By contrast an amateur theatre might attract its audience only from the immediate town with only more enthusiastic members travelling from outlying villages. This effect will be considered further in the various models considered later in this report.

- 1.2.6 Broadly we believe the natural geographical catchment area to have a population of 343,000 people. The 2001 Census shows that the area is particularly rich in the proportion of highly motivated achievers, with excellent educational attainments and high personal mobility through high levels of car ownership (see Appendix I). Potentially this catchment area produces 235,000 visits to drama each year; 95,000 classical music visits; 130,000 visits to live dance performances; 220,000 visits to musicals; and 40,000 visits to pantomime. These figures are derived by application of the Office of National Statistics *Census 2001* and the Arts Council of England survey *Arts in England, attendance, participation and attitudes*, 2001. The make up of these figures is given in Appendix 1.
- 1.2.7 The total visits indicated will be shared between several venues, including London's West End theatres. Visits to musicals and pantomimes will particularly be biased towards London and the large New Victoria theatre in Woking. Drama will draw towards Guildford and London and, to a much lesser extent, towards Basingstoke. However a considerable potential audience remains to be attracted to Farnham.
- 1.2.8 A similar pattern exists for those participating in arts activities. The catchment area will generate 108,000 visits to perform or rehearse a play and as many as 400,000 visits to sing or play musical instruments in performance. The diffusion of this activity will be over a smaller area, here local churches and halls play a large part and the draw of larger towns is proportionately smaller.
- 1.2.9 The high ratio of car availability makes it easier for young people to travel across a rural area to use theatres. Travel would usually be by being driven in a family car, for young people with driving licences the availability of access to the car is more likely. With higher parental educational achievements there is more likelihood of parental encouragement of theatre use and allowance of parental time to take young people to these activities.

1.3 Other Theatres in the Area

1.3.1 The area is well served by a variety of theatres, as one would expect given the demographic, whose catchment areas overlap with that of Farnham. The main theatres and concert halls are as follows:

<i>Town/Theatre</i>	<i>Seats</i>	<i>Ownership</i>	<i>Programme</i>	<i>Funded</i>
Guildford – 10 miles away				
Yvonne Arnaud	590	Trust	Drama producing	Yes
Electric Theatre	210	Local Auth.	Receiving & youth	Yes
Woking - 17 miles away				
New Victoria	1,220	Commercial	Large scale receiving	No
Rhoda McGraw	229	Commercial	Receiving & youth	Yes
Basingstoke – 15 miles away				
Haymarket Theatre	426	Trust	Drama producing	Yes
Central Studio	130	Educational	Receiving & youth drama	Yes
Anvil	960	L.Auth. trust	Concert hall & variety	Yes
Winchester – 27 miles away				
Theatre Royal	407	Trust	Receiving	Yes
Aldershot – 4 miles away				
Princess Hall	620	Local Auth.	Mixed programme	Yes
West End Centre	98	Local Auth.	Local service	Yes
Camberley – 13 miles away				
Camberley Theatre	408	Local Auth.	Mixed receiving and youth	Yes
Farnham				
Frensham Heights	300	School	Primarily school but some public receiving	No
Farnham Maltings	116	Trust	New studio	Yes

1.4 Farnham Maltings

1.4.1 The Maltings is an Arts Centre converted from a malting house later extended to be a brewery and finally falling into disuse in the 1960s. It has a 456 seat multi-purpose hall in the stripped out malting house. It has a number of rehearsal rooms and galleries, two dance studios and is shortly to have a 116 seat studio theatre. There are 16 small workshops/offices for working artists and a dance and children's theatre company.

1.4.2 Recently The Maltings management and Trust have taken on the Farnham Potteries in Wrecclesham and the old fire station in Godalming, both as working spaces and living & working spaces for artists.

- 1.4.3 Under its present director Gavin Stride, The Maltings is concerned with creativity at all levels and all ages. Great pride is taken in encouraging and presenting the work of locally creative persons and organisations. Performance work is seen as a means of displaying this work. Other performances (including films) help to raise profile and revenue for The Maltings. The scale of work is likely to centre on the smaller capacity Studio whilst the larger hall is used for jazz and popular music based performances. The Maltings is conscious of the fact that the Great Hall is not the most effective performance space, particularly for drama.
- 1.4.4 The Maltings is assisted considerably in the capital sector by both Waverley District Council and the Arts Council of England (£335,000 in 2004/5). ACE are substantial contributors to the revenue account and Waverley make smaller contributions, largely in respect of local community work. Operating support funding was £129,160 of a turnover of £523,782 (25%) in 2004/5. The balance of income is derived from hire of rooms, performances of one-night stand type performances and visual arts, and catering from the three catering units within the building.
- 1.4.5 The physical condition and appearance of The Maltings is improving gradually through a long term programme of renovation. The final effect is spare and hard edged, appropriate to the needs of an arts centre with its rapid flows of a wide range of primarily younger users.
- 1.4.6 The Maltings are trying to extend performance work, in part to show the work of its residential theatre-in-education company and dance companies. The new studio of 116 seats will provide a purpose-designed drama space and the Maltings hope to develop programmes of performance in association with Frensham Heights School though the school has opportunities for few public performances each year. The Great Hall is suitable for modest scale popular music but is not considered to be suitable for drama or music theatre. The hall has been made into a simpler more open space to facilitate this. Conversion of the space to make it better for drama purposes would considerably change the physical nature of the Maltings building.
- 1.4.7 The Maltings sees a need for a larger purpose built performance space in the town. It is however concerned that there would be competition, not so much for audiences but for ancillary revenue generating activities. The Maltings would feel no threat from a purpose-built theatre operated under the Maltings own management since the central operating costs would be only marginally greater than present Maltings operational costs and so revenue generating activities would not be in competition. The present proposals for a cinema in the new East Street Development may impact on the Maltings' present film programme.
- 1.4.8 The Maltings is not convinced of the elasticity of theatre and music audiences. The concept that more provision will generate more audiences (theatre as a supply led market) is viewed with suspicion. However in our experience, and generally in the industry, audiences are seen as elastic. Theatre is not an essential component of a lifestyle but it is seen as desirable by consumers of theatre. The market is therefore opportunity led.

- 1.4.9 The Maltings has developed a considerable reputation in arts development. Growth in participatory activity is impressive. New audiences are being developed and may be extending their arts experiences in other theatres in the area. The University College of the Creative Arts uses the Maltings for external exhibitions, as a starter business base for its graduates and as a leisure resource for students.

1.5 Summary of the Market

- 1.5.1 The area is one that produces the highest proportion of population for audience and participation in the arts in the country. There is an abundance of people who can be expected to use facilities when provided.
- 1.5.2 The potential market is however demanding. Because of its financial and social ability it is able to select from a regional range of offerings, offsetting additional costs (such as a visit to the West End) against the perceived value of the product.
- 1.5.3 In the field of theatre there is a dichotomy between those who perceive the theatre as an art form valued for individual creativity with the concentration on cutting edge work and individual expression and those who see theatre as a craft industry where teams unite to create a work within a more conventional framework.
- 1.5.4 Whilst the art form is finding expression in The Maltings the craft form has in part been diminished by lack of opportunity to visit theatre in the area and in part been displaced to other venues since the closure of the Redgrave. This substantial market is available for recapture in Farnham.

2.0 Potential Models

- 2.1 We have been instructed that the likelihood of support funding from the Local Authority and the Arts Council England, South East Region is very remote and must be discounted. This would accord with our knowledge of the regional arts board and the general tenor of the times. We have sought therefore to seek models where there is little or no support funding to illustrate alternative strategies for a theatre in Farnham.

2.2.1 The Professional Producing Theatre

For many years the South East region had two professional producing theatre which received no support funding – The Watermill at Bagnor (178-234 seats) and The Mill at Sonning, (215 seats) –. More recently the Watermill has become a centre for producing touring work with a resident company working from that theatre. The Watermill is now heavily funded but from 1981 to 1997 (when it received an emergency payment of £42,000 to compensate for loss of income caused by the road works on the Newbury by-pass) it had a major reputation but received no ACE funding. The Mill at Sonning continues to provide professional theatre without support funding.

- 2.2.2 **The Mill at Sonning** undertakes eight in-house, fully professional, productions that are presented for six-week runs throughout the year. The work is centred on plays that will attract a consistent audience so that there is a pattern of largely modern comedy and thrillers, including new writing. The theatre presents its plays on a thrust stage with a wide arc of steeply tiered seating. The theatre is operated as a dinner theatre but the restaurant is separate from the auditorium so that the presentation is dinner-plus-theatre rather than the overlap that is usually associated with the term “dinner theatre”. The ticket price includes a meal, the performance, parking and one programme between two. On Sundays it presents music (largely jazz) and occasional music-hall.
- 2.2.3 The theatre is a private limited company and does not report full accounts. The theatre was formed by a member of a large family owned restaurant and catering company, R.D. Richards & Co. (Maidenhead) Ltd. The family has provided all the capital for The Mill, which sits beside the river in a picturesque village. A fire in 2004 occasioned a short break in performances and the opportunity to refurbish some of the public areas.
- 2.2.4 The theatre is stable in operation but is thought to make no contribution to the original capital cost and little if any profit. Ticket prices (inclusive of meal) range from £31.50 for matinees through £37.50 for weekday evening to £42.50 for Saturday evenings. Sunday concerts are generally a little below matinee prices. All tickets incur the full rate of VAT.
- 2.2.5 **The Watermill at Bagnor** near Newbury began in a similar fashion in 1967 as a theatre created by a designer David Gollins in a barn at his farmhouse home. It achieved considerable success in presenting occasional classics in an attractive timber “courtyard” style theatre. Productions were mounted by professional actors and friends supported by volunteer enthusiasts. In 1981 the house and theatre were bought by Jill Fraser & James Sargant (both from the Royal Shakespeare Company’s London operations) and the work of presenting plays throughout the year developed. The theatre was supported by an increasing catering operation. In 1997 the roadworks on the Newbury by-pass made operation difficult and a small grant for Southern Arts was provided to keep the theatre open.
- 2.2.6 In recent years the theatre became a home for Edward Hall and later his Propeller Company. The theatre grew into a producing home for touring theatre and began promoting musicals and other productions for transfer or for touring attracting Arts Council and other grant subsidy. It is now a regional producing house despite its tiny size. It carries huge prestige and in 2004/5 attracted £442,074 in grant-in-aid (2003/4 £281,291) and £59,000 in sponsorship (2003/4 £50,000). Turnover was £2.2 million. The programme is mixed classical, new writing, new musicals, and an annual community play. Productions are presented for 5 to 8 weeks. There is a considerable education programme.
- 2.2.7 Ticket prices vary through the week £10.50 for all seats on matinees and Monday and Tuesday evenings; £17.50, £15.50, £10.50 on Wednesday & Thursday; £20.00, £17.50 and £12.50 on Fridays and Saturdays. A £2.50 discount applies

for under 16's, Equity Members, O.A.Ps, Job Seekers and school children but not on Saturdays. A school rate of £6 per seat for matinees is available. VAT is not charged on ticket sales. Tickets can be bought at Tourist Information Centres in Newbury and Basingstoke.

- 2.2.8 The success of the theatre has attracted considerable donation in addition to the grants and sponsorship (£72,000 in 2004/5) but, perhaps more importantly has generated a Friends of the Watermill group that contributed £47,132 in 2004/5 to which Corporate Friends of the Watermill added £6,250. With grants and sponsorship The Watermill received £643,000 in support funding in 2004/5 representing 29% of gross turnover.
- 2.2.9 Successes at the Watermill play to very high percentages of occupation as one would expect given its small scale. Overall the theatre is certainly achieving considerably more than the national average figures. The theatre is trading at a surplus after grant aid and is stable in operation.
- 2.2.10 Whilst their current work is very different in character and in its support funding both theatres spring from a dedication of individuals to create and operate a theatre. Both are housed in accommodation owned by the prime mover of the theatre. Both reside in small villages drawing their audience to them rather than depending on an immediate locality. Whilst it is common for larger scale theatres (typically 1,100 to 1,300 seats and above) to operate without grant aid funding it is unusual for such small theatres to be able both to be self-sustaining and producing venues. The Mill at Sonning is remarkable for continuing this pattern today without revenue support funding

2.3 **The Professional Receiving House**

- 2.3.1 We have looked at two models: The Theatre Royal Margate (who have been most helpful in providing very full information) and the Redbridge Theatre Company which is a local authority owned Trust operating the Kenneth More Theatre. It is supported by the London Borough of Redbridge Council. We have also recorded the Theatre Royal Winchester, which, though rather heavily funded, has a geographical relationship to Farnham, which makes it an interesting parallel.
- 2.3.2 The Theatre Royal Margate was brought back into theatre use in 1988 and operated thereafter largely by the efforts of one man, Michael Wheatley-Ward. The Theatre Royal Winchester has been re-opened as the result of long-term pressure and activity by a group of supporters. Over the years it opened and then ran into difficulties, recovering when a Lottery grant allowed the building to be brought up to a high standard. In the refurbished form it achieved the substantial support of local authorities and has been stable ever since. There are plans to replace the Kenneth More Theatre in a new town centre redevelopment. There is considerable pressure from local citizens to ensure that the replacement theatre is built before demolition of the existing theatre.

- 2.3.3 **The Theatre Royal Margate** is a Grade II* historic theatre of some charm seating 360. It is located in the poorest audience generating part of the South East Region. This is an area that no longer has significant tourism (other than day visitors who do not stay for evening entertainment except in clubs and discos). There is a 60 seat private theatre in the town and a 1,420 seat public hall.
- 2.3.4 The Theatre runs a mixed programme of one-night stands over the whole gamut of professional work from small scale touring opera through popular music to drama. It produces its own pantomime each year, which runs throughout December. In addition to the professional work it is an important home for amateur theatre companies in the area. It suffered a severe flood in April 2003 that closed it for four months. Afterwards it received a Lottery grant to repair the roof and has received some capital and revenue funding support since then though it is understood that the Arts Council revenue grant has now ceased.
- 2.3.5 The theatre offers about 230 performances each year, the vast majority of which are one night stands. This means that audience generation is difficult because there can be no continuity of offering and programme to the public. The theatre's own produced pantomime serves as the financial driver giving 30% of the income from product presented and about 20% of the annual audience of 30,000 customers.
- 2.3.6 The theatre makes a small surplus in presenting performances (26%) but losses overall on trading operations before grants of 25% of turnover. In the last two years it has not been able to recover all the money spent on repair and refurbishment. The net box ticket return achieved in the calendar year 2005 was £8.38 (inclusive of hires of the hall where price per seat is low) - this is very low for the South East Region reflecting the particular catchment area. It achieved 35% of seating capacity, which is also very low for the region and nationally.
- 2.3.7 The theatre obtained catering sales of £1.58 per member of the audience and made about 45% gross on turnover.
- 2.3.8 The **Kenneth More Theatre** is operated by a Trust that is linked to Redbridge Council, which is freeholder and sole support funder and also provides some central services for which it charges. The theatre is in a mixed area of London with some parts of the catchment high potential users of theatre and some not. Whilst the theatre is funded some of the costs are rather higher than other theatres due to the salary and insurance linkages to the local authority structure. It has the potential to be financially self-supporting in other circumstances.
- 2.3.9 In 2003/4 the Kenneth More theatre presented about 263 performances of 89 productions plus about 70 performances of their own pantomime. The theatre seats 365. The theatre presents many short runs of local amateur work and has a support fund for assisting these companies, financed by the Council. There is less professional work than at Margate but some of the same shows can be seen on both programmes.

- 2.3.10 Turnover (Box office plus hires) for 2003/4 is reported as £376,462 less production costs of £162,747 (surplus 57%) plus catering receipts of £73,558 less costs of £39,070 (surplus 47%). Overall operations lost £106,435 funded by grants from the Council of £90,423 (21% of net turnover) and donations from the supporters club of £4,600 plus a reduction in balances.
- 2.3.11 The **Theatre Royal, Winchester** is a 407 seat theatre operated by a Trust and having considerable support funding. It presents a high proportion of professional work at very low ticket prices, a curiosity given the relative wealth of the population. Ancillary catering is reported in 2004/5 as being unsustainable through full day, which means it, may be impacting little on the daytime society of Winchester. The programme includes a very high level of one-night stands making audience building difficult.
- 2.3.12 In 2004/5 it reports 65,433 attendees at 266 performances (60% of capacity) and box office sales of £427,058, an achieved ticket price of £6.53. Venue hire added £75,764 to this income. Bar and front of house sales valued at £100,215 were made at a rate of £1.53 per attendee. Cost of sales was £63,484 giving a surplus on ancillary sales of £36,731 (37%). Total operating income (exclusive of grants) was £579,006.
- 2.3.13 The cost of production was £361,296 giving a surplus on productions of £65,762 (15% surplus). Rental of the theatre was £30,803. Total operating costs were £904,274 a loss of £325,268 funded by grants from Winchester City Council of £200,000, Hampshire County Council of £100,000 and Arts Council of £30,750. The small overall surplus reduced the trading deficit, which stood at £15,853 at the year-end.
- 2.3.14 Marketing costs were high at £94,705 (22% of box office achieved). Education costs were £40,436 and education income was £46,616.

2.4 Amateur Theatres

- 2.4.1. We have reviewed two theatres: the Maddermarket in Norwich and the Crescent Theatre in Birmingham.
- 2.4.2. **The Maddermarket** was created in the 1920's by W. Nugent Monck as an experiment in Elizabethan staging (the full canon of Shakespeare's plays were performed by mixed amateur and professional companies). The present trust was gifted the theatre which is run with a professional management and a considerable number of professional performances in one night stands and short runs. The theatre is however primarily operated to continue the work of the amateur company but often with guest professional actors. The theatre seats 310 and has a stage shape having some similarities with the Redgrave. The theatre is fully open to the public and enjoys an important place in the town's leisure mix.

- 2.4.3. Turnover is reported as inclusive of box office, hire of the theatre, front of house and bar sales etc at £432,590 against this the cost of sales and own production costs are given as £243,304 giving a trading surplus of £189,286 (44%).
- 2.4.4. Overall operations show a surplus of £42,233 (9% of turnover) which adds to existing balance to give as total fund of £403,609 at the year-end. Turnover includes a small restricted fund of £3,500 from the local council whose purpose is unclear.
- 2.4.5. This is a remarkable operation performing the role of a public theatre yet presenting a wide mix of amateur and professional work under the aegis of a primarily amateur theatre. The audience in the Norwich catchment is a very able one with good educational achievement and income level. The City also has a major touring theatre and studio and a smaller drama theatre all operated by the Theatre Royal Trust, a subsidised operation.
- 2.4.6. The **Crescent Theatre** in Birmingham is a well-established amateur theatre with a purpose built theatre in the heart of the City. The theatre has a conventional main house seating 306 and a studio seating 100. It has become a home for a number of amateur companies (though it is primarily a home for its own membership) and it has a thriving youth theatre company. The company also tours to other venues.
- 2.4.7. Like most amateur theatres the number of performances are few and the stage is used as rehearsal space and set-building space for long periods between performances. In the year 2004/5 the main house presented 60 performances and the Studio 73 offering a total of 25,660 seats and filled 11,490 (43%). This produced a box office income of £82,935 (average seat price achieved £7.22). The cost of productions was £49,005 giving a surplus from productions of £33,930 (41% of turnover). Ancillary sales totalled £79,260 at a cost of sales of £33,016 giving a margin of £46,244 (58%). This can not be equated to the sales per attendee at performances as much of the expenditure is made on rehearsal and club nights. Other income is derived from hiring the theatre to other companies and the hire of wardrobe and properties.
- 2.4.8. Total turnover is £285,178 and total costs of operation are £273,199 giving an operating surplus of £11,979 (4.2% of turnover) but £58,980 is drawn down from a restricted fund for leasehold improvements and equipment reducing balances from £189,285 to £142,284 at the year-end. This money appears to be largely applied to depreciation.

3.0 The Case for a viable unsubsidised theatre

3.1 The problem of identity and leadership.

- 3.1.1 Of the six theatres identified as models (the Theatre Royal Winchester is detailed only for its geographical proximity, not as a model) three operate entirely without

support from the public purse and are able to sustain their operations and their buildings. These are the two amateur theatres and one of the full producing theatres. The two receiving houses both receive a small operational support from the public purse but not one so large as to make the operation impossible were it to be withdrawn. Only one full time producing theatre is very substantially supported though its genesis was such that for very many years it too operated without public funding. It is clear therefore that it is possible under the right conditions to operate a small-scale theatre without public subsidy.

- 3.1.2 It has been established by the two major commercial operators of regional theatres that larger theatres can be operated without public support though support is sometimes provided for particular programming and activities that are considered desirable by the local community. Recognition of the ability to operate small theatres without subsidy is less well known.
- 3.1.3 It is important however to note that smaller theatres and arts centres tend to be successful as the reflection of the drive and energy of single individuals. Often these will be the progenitors of their theatre. Thus Jill Fraser at the Watermill; Sally Rolston at the Mill; Nugent Monck at the Maddermarket; Michael Wheatley Ward at the Theatre Royal Margate. The Kenneth More theatre is a local authority creation but no doubt had its champion too whilst the Crescent stems from a long established amateur company whose beginnings are unknown to us. Farnham Maltings has grown very much as an expression of Gavin Stride's leadership.
- 3.1.4 A champion is therefore a major benefit to a potential theatre. The champion is likely to have strong ambitions for the project, a clear vision as to its purpose and the managerial and administrative ability to realise the dream. In short an entrepreneur. This person is not usually the artistic director though they are very much the guiding hand. At this time, whilst there is a determined group of very able people concerned to see the return of a purpose built theatre to Farnham, an entrepreneurial leader is not yet apparent. When a more positive commitment to a theatre in Farnham is apparent, this person will no doubt be drawn to the project.

3.2 **Relationship with the community.**

- 3.2.1 A survey of people's perceptions of what goes to make "A City" as opposed to a lesser town showed that the first criteria people used after the presence of a cathedral was a Theatre. Clearly a theatre is an important signifier of "place". Farnham is a town whose image needs a theatre to sustain the past importance of the town and to image its future.
- 3.2.2 The nature of the community's relationship with a theatre is different to that of its relationship with an arts centre. The latter are about participation and individual creativity, less critical of ultimate individual achievement than encouraging of the commitment. They are places where accessibility, particularly to the young, is the most important element – there should be few barriers to going in and finding

out what is available and how one can join in. It is a place primarily for individual experience and development.

- 3.2.3 By contrast a theatre places its audience in a social group for the performance and demands of it a corporate reaction. Whilst there is intellectual and emotional participation in the activity of the theatre there is little opportunity for physical involvement. The nature of the activity is such that it seeks to form and bond a community, firstly for a performance and then in a wider sense.
- 3.2.4 In our brief study of the town we noted the lack of a sense of the town being a place that centred the population. We note that the same point is made by Waverley Borough Council in their Development Brief for East Street. The old town architecture shows the nature of the past centre with its professional offices, trading places, its hotels and inns, the town hall and religious buildings. The geographical separation of so much of the population to the south makes it important that the old town area retains its central attraction. In the evenings in the town centre drinking and dining are the only two obvious activities. Now, as the buildings lose their original purpose, a theatre would be an important symbol and great help in balancing the evening population.
- 3.2.5 A theatre is not the only need. Multi-screen cinemas also provide a degree of social bonding through their associated foyer activities with bars and cafes often giving a social milieu. This is particularly attractive to young people (cinema attendance falls with increasing age) and the student population of the town is unsatisfied. There are 2,500 students at the University College of the Creative Arts alone. A cinema would be an important contribution to the town and forms part of the redevelopment opportunity currently being considered. However the nature of the cinema experience is importantly different from that of theatre. In the cinema the audience is dominated by the scale of the image on the screen (and the sound levels!) and is encouraged by large comfortable chairs to relax and be a silent, dormant, individual observer rather than a partner in the performance. The community building nature of the experience is thus substantially different to that of theatre.
- 3.2.6 Other needs that are apparent for the younger population are clearly discos or suitable clubs where groups can participate in activity and explore individual relationships. Again these add to the evening activity of a town centre and are conspicuously lacking in Farnham.
- 3.2.7 For the older population a theatre makes an excellent social meeting place (theatre attendance increases with age). Regional theatres place great emphasis on daytime activity with catering, exhibitions, meetings and discussions important both to the theatres trading and to the social building of the community. It is not fashionable these days to consider the needs of the middle aged and middle class but in bringing the town centre of Farnham back to a vibrant existence it will be important to serve this group too.
- 3.2.8 The theatre audience is very much driven by social opportunity. We believe that there is a strong association between educational achievement and theatre attendance. Those whose education extends beyond eighteen years of age (or

will do so) are more likely to attend theatres. There will be a period in their lives in the late teens to mid twenties when they are active members of an audience. This pattern drops away in their late twenties and much of the thirties as the pressures of parenthood, career and establishing a major home take their toll of time and energy, not to mention money. By forty people are returning to the theatre and will continue to be involved until, with age, the physical effort of going out begins to reduce attendance. The theatre audience tends therefore to have substantial components at widely different age groups. An exciting theatre with a strong style or a wide ranging programme will successfully attract both age groups to the immense benefit of the community as a whole.

3.3 Volunteer Input

- 3.3.1 The importance of the volunteer is noted in the commentaries in the annual accounts of the models we have illustrated and their importance is multi-faceted. One of their roles is that of marketing the product of the theatre – an ambassador in every street – ready to hand out a leaflet or tell friends and neighbours of performances to come at the theatre. They are also informed critics of the work of the theatre, stimulating others to see for themselves. As volunteer staff they are the best “meeters and greeters” for they have a personal stake in the theatre and a sense of ownership that makes them take responsibility for the care and comfort of the theatre patron. Well managed and given specific roles to play by the management they are an enormous strength to a theatre.
- 3.3.2 The volunteer supporter’s club adds a strong group bond within the theatre going public and so a further set of linkages within the community. A successful Friends organisation will have its own activities and generate its own funds, making financial contributions to the theatre through subscription and fundraising. This input can be substantial - at the Royal Opera House, one production every two years is funded by the Friends at a cost of well over £250,000 – the Friends of the Globe regularly make six-figure contributions to the productions or facilities. In the models financial contributions from the Friends organisations are noted.
- 3.3.3 In amateur theatres and in a few professional theatres, volunteers spend many hours making sets, costumes and properties to support performances, moving scenery and providing technical assistance and managerial support.

3.4 Maximising Income Streams

- 3.4.1 The income streams for a theatre can be derived from a wide variety of activities and subtle variations within these activities. The nature of building an audience for a programme of performances is complex and has many variables. An essential element however is “consistency of offer” and this in turn falls into two parts – performances being available regularly (ideally everyday) and consistence of quality (without limiting variety).

- 3.4.2 An audience takes time to hear about a production, the one night stand therefore misses much of its potential audience. Word-of-mouth is substantially the major information distribution system. Part of this word-of-mouth is through opinion formers and the role of editorial coverage in newspapers (rather than advertising which has little benefit for theatre) is critical to success. The nature of the opinion is less important (whether good or bad) if public awareness is extended.
- 3.4.3 As an audience builds by word of mouth later performances may be at higher ticket prices. The natural pattern of audience attendance (indeed all activity outside the home) is that it builds from a low on Monday to a high on Saturday with Sunday activity about that of a Wednesday or Thursday. It follows that a production that is full on Saturday is likely to play to about 60% of capacity. It is difficult to encourage a shift in this pattern, a very successful or popular show can force greater early week attendance, theatres often try discounting early week performances. This allows cheaper access to those who are prepared to change their pattern of activity – often younger people have less settled patterns and so early week discounts particularly benefit them.
- 3.4.4 Hiring the theatre and the ancillary spaces is important both as a finance generator and as a service to the community. Meetings of societies, business meetings and conferences can help the economic activity of the town through ancillary hotel, restaurant and shopping sales. The theatre needs to form part of a network of such providers in the town as this is an economic area where activity begets activity. The choice of a particular town for a meeting is a very subjective one and meeting organisers tend to choose places which have developed a reputation and where there is a perception of a pleasant overall experience. To achieve this many organisations in a community have to work together to make the total offer attractive. We have noted earlier that this does not seem to be happening at present in Farnham and the theatre should have an important role in making a more prosperous visitor market.
- 3.4.5 Catering is the most important lubricant to social gathering. The theatre must make a suitable and attractive catering offer throughout the day to stimulate an audience. It does so by drawing people past the posters and box office and by familiarising them with the mysteries of local traffic patterns and parking so that they feel able to visit the theatre for a performance. Catering is however a difficult business to operate. It requires a very professional approach for reasons of environmental health, minimising waste and balancing staffing levels through long days with highly variable demand. In the alcohol sales side there is risk of petty theft and even organised systems of theft. Whilst margins are high on alcoholic beverages and premium coffees, food itself can be a very difficult business on which to make a profit. A successful catering operation can make a very substantial contribution to the theatre operation.
- 3.4.6 As theatres are places where people congregate with perhaps a heightened sense of cultural involvement they make excellent places for the display and sale of works of art. A successful management will be aware of this and will wish to offer exhibition space and sales opportunities to local artists and organisations. This activity can be seen also as an important part of the theatre's linkage with and linkage of the community it serves.

3.5 Potential Programme

- 3.5.1 The programme for the particular Farnham catchment area must suit the potential audience and fit in the pattern of local provision. Whilst there is elasticity in theatre audiences because the market is supply led and there is advantage in being in a recognised theatre area, the particular circumstances of sub-regional provision suggest that it is unwise to overlap programming. Were the theatres to be cheek-by-jowl as in the West End there would be little concern about competitive programming as a greater audience is drawn to the location. However where theatres are spread over a greater distance there is a danger of clouding the identity of one theatre by too closely paralleling another's programming.
- 3.5.2 There is little doubt that those with memories of the Redgrave and its proceeding Castle Theatre will have expectations of a regional producing theatre and many would idealise this further as an ensemble repertory company. That company would produce drama and musical work to high standards. This programme is consistent with the social needs of Farnham town centre and meets the unsatisfied latent demand of the catchment area. It would fit well with the Farnham Maltings' programme. It is however the most difficult theatre undertaking to operate without subsidy support.
- 3.5.3 The simpler provision of a drama-receiving house is difficult to sustain except at the largest theatre size with pre and post West End tours. This large-scale work is increasingly becoming important to major London producers who often earn from tours profits that have eluded them in the West End. A new theatre in this market would need to prove itself by speedily establishing an audience but it would find it difficult even then to find product if it had less than 600 seats. It would have greater flexibility in programming (more musical work and even medium scale opera) at nearer 1,000 seats. Such a theatre requires a larger conurbation than that at Farnham. A 350-450 seat theatre would more naturally address the Farnham catchment. At this small to medium scale there is a difficulty in balancing the quality of production sought for this demanding audience with the productions available in the market.
- 3.5.4 Theatre managements do rather like convoluted deals with first calls on receipts on one side or another and varying proportions of split of sums over different minima. These deals are a reflection of the division of the risk between the incoming company and the theatre management. However simpler contracts are easier to police and interpret and most theatres now presume a straightforward share of risk and return with a simple percentage of net box office split. The level of this split will vary according to the cost and perceived value of the incoming company. Generally it will lie in the range 65% to 80% of net box office receipts to the visiting company.
- 3.5.5 As an example of scale a regional touring company such as Northern BroadSides touring the repertoire of Shakespeare's *Wars of the Roses* will need to obtain about £33,000 a week to make a visit to a theatre economic. If a theatre can command an achieved ticket sale of £10.60 (the South East Region average

achieved ticket price) and there is, say, an 80% return to the visiting company then the theatre must sell 3,115 tickets to meet the company's needs. If again the regional average occupancy is 60% the theatre must offer 5,200 seats over say seven shows (allowing one day for getting the show into the theatre) so the theatre must have 742 seats to be able to sustain the incoming show costs. Of course a well run theatre with an established audience may well run at higher levels of achievement either in ticket price or in the number of seats filled but the above example is worked without the VAT and some irrecoverable VAT will occur even for an exempt trust. The impact of VAT charged in full would add 17.5% to the number of seats making the theatre 870 seats to have an excellent expectation of covering the costs of product.

- 3.5.6 Many smaller theatres offer very short runs and one night stands where the cost of product is much lower, particularly in the Home Counties where performers can reasonably expect to return to their own homes each night. Small musical acts, celebrity appearances, light comedy, represent much of this market. Small company drama touring is rarer as can be seen from the programmes of the theatres modelled. A programme in this range would be similar to the programme offered in the Aldershot theatres, in the potential catchment area, and the Theatre Royal, Winchester that has an overlapping catchment to the west. To some extent the programme might also conflict with revenue earning light entertainment at Farnham Maltings and is clearly an unsatisfactory programme for a purpose-built theatre as a result.
- 3.5.7 High quality amateur or professional/amateur mixed company work would reduce the cost of product without limiting the range of productions that can be presented. This is akin to the early period of the Watermill at Bagnor and the current Maddermarket in Norwich, which has established a venue where the mixed company can work and where it can be of satisfying quality. In some respects this represents some of the work of the New Farnham Repertory Actors Company and there might be a symbiosis if an amateur theatre core building were available for the groups to coalesce as at the Maddermarket. Professional programming could then reflect demand and artistic drivers rather than economic necessity.
- 3.5.8 For all patterns of theatre some elements of the mix of the programme will be similar. Children's and family shows and pantomime will provide 25% of the revenue with modern plays affording nearly 20%. Classical plays give about 15%. Musicals provide a popular and broad appeal (they are attractive for the celebration of birthdays, wedding anniversaries etc) and are the next most popular at a little less than 15% of all performances.
- 3.5.9 All theatres present one-night stand type events to vary the programme offered, to fill in spaces and to earn additional revenue. In view of the potential conflict with existing programming at Farnham Maltings and other local venues consideration might be given to creating a close liaison with small classical music groups to present the majority of the interpolated performances. This would reflect well in this catchment area and there is every expectation that the acoustic for small music groups would be very satisfactory. Such a programme

would allow the theatre to avoid conflict and add value to the theatre activity.

- 3.5.10 All programmes represent a juxtaposition of opportunity and artistic drive and any programme for the purposes of a business study and outline plan can only be indicative. It is important however to shape expectations about a considered programme core if a theatre is to be formed and some concept conveyed as to the resultant benefits.

4.0 The Case for a purpose-built theatre in Farnham

4.1 Educational benefits to the Community.

- 4.1.1 Recognition of the generality of the benefits of drama lead schools to create plays in classrooms, halls and even to build purpose built theatres to support the work. Few schools can create major theatre spaces such as Frensham Heights or Bedales have. The community can buttress less complete provision in individual schools by the opportunity for school visits and school use of a theatre built for the wider community.
- 4.1.2 The service to young people that stem from a theatre can be very wide. There is the access to the performances of play texts that form part of the curriculum, seeing the words they study come alive in the mouths of actors. There is too the inspiration of seeing a performance as a guide to how the play might form in their own performance. There is a potential for delight in words in motion in a theatre. A trained voice can inspire the better use of words in the student's own work both written and oral.
- 4.1.3 A performance can inspire the student to free the imagination, to explore and resolve problems in the safe containment of a play. Placing themselves in empathetic relationship with others by watching and identifying with a character is a powerful tool to understanding and resolving social and individual conflict. The "safe containment of the play" is greatly strengthened in a theatre as a purpose built place for such expression and clearly separate to everyday reality.
- 4.1.4 Conventional theatre, by which we mean a playhouse for the exploration of texts rather than a particular theatre form of building, encompasses many skills and disciplines. Designers in settings, both real and projected images, costume, make-up and lighting; arrangers of fights, fights and music; actors and directors all ply their arts here. This breadth of activity responds to the wide range of interests and imaginations to be found in any group. Such a range of activity offers more opportunities for the individual to find an area that suits their particular interest. It offers means by which their developing individual skill can be returned to the group as their contribution to the group effort. A purpose built theatre can be a wonderful teaching tool for schools, colleges and continuing education.

- 4.1.5 Education in its proper sense is a continuum through life and the theatre can be a place to test intellectual as well as imaginative arguments. The craft skills of developing an interpretation of a text, itself a considered thesis, are important to theatre. These skills are basic elements of our ability to communicate using all our senses. We live in a world where the exchange of words is daily undertaken through more and more remote means and in more codified forms. To see crafted expression, body language and movement in support (or in denial) of words is to experience again the full range of communication we have at our command. To experience them in the context of an intellectual or philosophical discussion or in the extremes of emotional stress presented in a play is to increase our knowledge and understanding in the fullest sense.
- 4.1.6 It is an old saw that theatre needs only “two boards and a passion”. But throughout history society has created specific places for the action of the play. These have been in many forms to serve different communities and purposes. The theatre signifies community involvement in the process of engagement between the performer and the audience and provides the safe place for intense involvement. We need buildings to express this constant in our intellectual and emotional development as we learn through life.

4.2 Economic Benefits to the Community

- 4.2.1 The Arts Council England and Department of Culture Media & Sport have published collections of anecdotal information relating new arts development to the regeneration of towns. There has never been a definitive quantitative assessment of the arts as a leading influence in the regeneration process. In part this is because both arts projects and regeneration take so long that the memory of which came first blurs and as plans develop it is difficult to say which was primogenitor.
- 4.2.2 Examples quoted range from the German town of Gelsinkirchen which, flattened in the Second World War, decided first to build an opera house so as to attract new industries and to make the town once again a desirable place in which to live. Certainly that town grew faster and earlier than the others in the Ruhr. Most recently the development of the Sage Centre and the Baltic Mills has done amazing things to raise the profile and encourage development of brown land on both banks of the Tyne. This energetic and vital development is taking place at a considerable rate as a result of popular and well known iconic arts buildings. A similar case is made for the huge rise in property values in north Southwark as a result of the Globe.
- 4.2.3 The tourism study of Cities discussed above identified theatre as a principle signifier of “place”. Whether the value was seen as culturally appropriate, as an appropriate part of the built environment status of the town or as an additional visitor activity is not clear. Whichever was the underlying motivation, there is little doubt that provision of a theatre has the capacity to raise the profile of the town in which it is located. Of course the more important the theatre the higher the profile, few people think of Stratford-on-Avon without first thinking of its theatre, but that is an exceptional circumstance. By contrast the tiny hamlet of

Bagnor is known, if at all, for a tiny theatre The Watermill.

- 4.2.4 It is certain that a theatre will raise the economic profile of Farnham. The theatre, particularly if it presents work of suitable standard, will crucially help to increase tourism revenues by encouraging overnight stays and extending the tourism day bringing much higher spend levels. As a larger plenary session conference space it can encourage larger scale conference work without impacting on the hotels' core business of providing the bedrooms, catering and smaller meeting room. This helps to make the town a tourism destination.
- 4.2.5 Farnham, as has been commented earlier, may be experiencing a loss of commercial vitality at this time, certainly some traders felt that the High Street was suffering from more than the present generally difficult trading. There is a desire for new activities and a refreshment of the town to bring back a freshness and buoyancy to the old town area. The pressure for the East Street development is a recognition by developers of the latent pressure for new facilities and greater retail mass. A purpose-built theatre adds an additional "specialist retail" outlet drawing a different public past shop windows.
- 4.2.6 The town needs many things, cinema and clubs have been strongly advanced to serve the large student population in the town centre and the wider population of young people. Theatre is less obviously in people's minds because it tends to be a planned visit and this able and mobile population is able to travel to theatre elsewhere though it will also have reduced its level of theatre going because of the lack of local provision. In contrast demand for cinema is more evident publicly as it is a less planned visit, a more "local convenience" related product as most cinemas show the same films at any time. Movement to other towns for theatre takes with it ancillary spends on food and refreshments, on associated shopping and even on car parking. It follows that a town has a direct economic opportunity in the provision of theatre and that this is not analogous to cinema provision.

4.3 Social Benefits to the Community

- 4.3.1 Much of our social engineering is directed to the disadvantaged elements in our communities. This is a matter of equity but it assumes that particularly the better-off and more advantaged are automatically functional as a community and that their needs can be self-met. In many ways this is a fair assumption because these elements of society possess the means and ability. However we live in increasingly smaller family units, increasingly isolated from older relatives, places of origin with their school links and intimate knowledge of a community achieved through growing within it. Family life today tends to be more isolated, centred on a home where entertainment can be piped in from outside and communication exchanged electronically.
- 4.3.2 The opportunities for building community through interaction at public activities and meeting places have shrunk in recent decades – pubs are less centres of male communities, churches play lesser roles on our lives and their social events reach fewer people. Schools continue to be important interchange points but the use of

the car door to door has reduced the opportunities and the time available for personal exchange. As stated earlier multiplex cinemas have increased audiences and can be places of meeting but they fall a long way short of theatre in providing places for social interchange.

- 4.3.3 More people use theatres each year than use football grounds and many times more than they use other sports facilities (with the recent exception of keep-fit centres). The people who use all these facilities are the same, more able and more motivated, people in our communities. This is foreign to our mistaken perception that sport is universally accessible. In contrast the inaccessibility of theatre as a middle aged, middle class perquisite is daily shown to be inaccurate as new young people experience the theatre at places like the Globe, at the many children's theatres and in schools. There are increasing numbers of performances for children all over the country.
- 4.3.4 A theatre can be a social meeting space, it can be a place to find an entry point to a society. A successful theatre, with a full range of ancillary activities (not least, attractive food and drink) provides a sense of place and confidence of community purpose even for those who do not visit the theatre for performances. At the Lyric Theatre Hammersmith hundreds of people visit the theatre foyers each day who never visit the theatre auditorium. The "City" effect is important to towns like Farnham where much of the local geographical importance of the town has been undermined by the car with its ease of movement over relatively long distances.

5.0 The Redgrave or Another?

5.1 The "Do Nothing" option

- 5.1.1 The client for this study, Farnham Theatre Association, has been born out of the imminent threat to the Redgrave Theatre, which lies at the heart of the East Street development site as presently envisaged. The theatre has been closed for nine years and had a halting existence for at least two years before that. The Waverley Borough Council association with the Redgrave has been expensive in the past and there is a strong case in the Council's mind for not re-opening a theatre that they saw as a huge financial drain. It is clear however that no attempt has been made to evaluate the demand or potential for a purpose built theatre in the Farnham area, on the presumption that it can not be financed. The assumption of a need for funding (rather than being self sustaining) has not been explored or tested.
- 5.1.2 The construction of the Redgrave was originally financed by donation from the public and the old Farnham Urban District Council authority (though by the time the theatre opened credit for this had been taken over by Waverley Borough Council). Thus some 30 years ago the local community of Farnham invested heavily in a theatre to serve its needs. Presently the replacement value of that theatre is about £4 million and that investment may be lost to the community.

- 5.1.3 We value our buildings by commercial return on investment or residual land value of alternative uses. Our cultural buildings can not be measured in the same way since they can never make a return on the original investment. Be those buildings theatres, libraries, museum, art galleries the community invested hugely in their construction and their loss is a real loss to the community capital. It would be better to value these building by replacement value. This would increase each year, as any other real investment, and would justify additional investment in improvements, repairs and maintenance by increasing or maintaining value. Were the building to be lost for reasons of alternative development the building replacement cost would reflect the community investment in realistic terms rather than as non-revenue producing cheap land. The community would hold the released replacement value for re-investment in future cultural buildings.
- 5.1.4 This concept of Cultural Capital is already enshrined to some degree in market distorting devices such as a listed building status and Section 106 agreements. The moral case for strengthening the local authority's resolve to realise proper returns to the community is clear. The Redgrave is an excellent case in point, particularly as so much of the original cultural capital came from local and individual donations. Experience at Farnham Maltings and many other places shows how difficult it is to find replacement capital once it is lost.
- 5.1.5 There is a clear statement in the refusal of the Council to require retention of the theatre in both the Development and Planning Briefs for East Street that it is intended that the theatre should be removed. The do nothing option therefore is likely to result in the loss of the only purpose-built theatre in Farnham.
- 5.1.6 The Redgrave was built in 1974 against and behind Brightwell House. The theatre was a very low cost building, though extremely strong and durable in construction, and presents a somewhat utilitarian face to the world. The theatre roof is almost level with the eaves of Brightwell House and as the theatre extends either side of the house it forms a complete background to the house. Brightwell House (and the theatre) is Listed Grade II. The house is an example of a middle class villa near a professional services based town. The original land holding swept down to the river and the house must originally have been set in a surrounding garden. The land to the river still has green public uses in a lawn and a bowling-green. Removal of the theatre might make an opportunity to reinstate the green frame and background to the house. However the development proposes an urban square as a background. It is difficult to see how the exchange of one background of brick construction for another, slightly further away, will set the house off to any greater advantage.
- 5.1.7 The Redgrave Theatre is an interesting theatre space. It was designed as a result of influences from the Royal Shakespeare Company's experiments on the future of theatre. The shape of the stage and its relationship with the audience were born directly out of the thinking of John Bury and Christopher Morahan who were then leading design explorations which resulted in Warwick Art Centre Theatre and then in larger scale The Barbican Theatre. An open-end stage theatre with a degree of thrust before an amphitheatre of seats, it provides a very flexible space for the setting of plays and an intimate relationship between

performer and audience. Its concept informed the later Wolsey Theatre in Ipswich. It is an interesting building in the overall development of post war theatre in Britain and still has much to offer the modern theatre artist and audience. It was designed too to have a more or less permanent set, much as the RSC was operating at the time. It's potential for low production costs if this discipline is retained makes for a very economic theatre.

- 5.1.8 Access to the theatre has been denied us but the structure is clearly sound, the seats are still in place and mains services are still connected and operational. The cost of refitting the theatre certainly represents the best value for money in terms of theatre provision.
- 5.1.9 Farnham Maltings has expressed a need for a larger purpose-built theatre (in addition to its new small drama studio). Its director has expressed a desire, in principle, to operate such a theatre, which the Maltings could do without a major increase in management costs of the kind necessary were a separate theatre operation to be created. Other cultural advisers to the Arts Council have also expressed a concern that there is no satisfactory purpose built drama theatre in the area. Certainly if a purpose built theatre is to be retained in Farnham then the Redgrave represents the lowest capital investment solution.
- 5.1.10 That there is latent demand for a purpose-built theatre is evidenced by the very existence of a public pressure group Farnham Theatre Association and the desire of Farnham Maltings to see a purpose-built theatre become available to the town. Statistically there is a significant catchment area of theatregoers much of whose theatregoing potential has been lost since the closure of the Redgrave as opportunity to go to theatre diminished and what activity remained was increasingly displaced to other towns.
- 5.1.11 The case for doing nothing fails on the grounds of:
- Community loss of cultural investment
 - Loss of an interesting historical step in the development of theatre
 - Evidenced latent demand for a purpose built theatre
 - Doubtful planning gain in the context of the present redevelopment

5.2 The Case for Retention of the Redgrave

- 5.2.1 As has been described above the Redgrave was an opportunity of its time and may not make the best visual contribution to this part of the town. Were it to be retained it would require only a little imagination in the surrounding development to give it meaningful context and to improve the setting of Brightwell House. Retention maintains the community's investment and provides the lowest cost purpose built theatre possible to satisfy latent demand.
- 5.2.2 The form of the theatre has a useful contribution to make to current theatre practice. The form of the theatre could offer a facility of the University College to explore the interaction of the newer media in which it is expert and the dramatic arts through such devices such as projected scenery and effects. Visual

art work might also be stimulated by theatre design opportunities of this unconventional theatre space.

- 5.2.3 Retention and operation under the management of Farnham Maltings certainly releases the cultural investment to serve the community at a margin cost. However this might bifurcate the thrust of the Farnham Maltings creative ethos potentially weakening the Maltings as a centre for creativity and leaving the theatre without a driving policy born out of its own energies and opportunities.
- 5.2.4 There is a strong case too for providing a demonstration to Waverley Borough Council of the financial independence of the theatre operation and this would be difficult to arrange if the theatre were operated by an organisation which is the principal beneficiary of much of Waverley's cultural support funding. The theatre, were it to succeed or fail, should do so on its own recognizances without any recourse to the public purse. Rather the capital resource should be available to new groups to take-on on the same terms.
- 5.2.5 There is considerable and perhaps rosy coloured memory of the heyday of the Redgrave and the slightly cosy club like atmosphere brought to it by its previous incarnation in the Castle Theatre club. It would be unwise and inappropriate to reconstruct this. However a viable policy and programme must be created if the theatre is to have valid purpose. There is a need for an entrepreneur driver for the theatre, which has generally been the foundation of successful self-sustaining theatres.
- 5.2.6 In the case for retention then a way must be found to construct a self-sustaining enterprise from the resources that are available. This will attract the necessary driving personality to the enterprise. The most appropriate model for this, and the one with least risk, is to construct a professional/amateur company along the lines of the early Watermill and the Maddermarket. The latter theatre has some physical similarities with the Redgrave and too had its theatre gifted to it. The catchment area populations are not greatly dissimilar and the availability of professional actors living in the area who could be participants in the enterprise is much greater than at the Norwich theatre.
- 5.2.7 The operation is not dissimilar in some ways to the present activities of the New Farnham Repertory Actors Company and some of the requisite skills and contacts are well represented in its presently part-time management. On the other hand the company itself carries with it some of the preconceptions for the original Redgrave operation and this should be guarded against as a straight transfer as it would be likely to lead to the same reasons for financial collapse over time.
- 5.2.8 There is a good case for an entirely new company to be formed as a charitable trust taking the advantage of exemption from VAT. It would be re-imaged to prevent preconceptions obscuring clear forward sight, perhaps as the Cobbett Theatre after Farnham's best known son. It might present a continuous programme of say 8 productions a year (like the Mill at Sonning) growing to 10 like the Maddermarket in a mix typical of most regional theatres. As previously mentioned single performance events would need to co-ordinate with other venues and might lean towards small-scale classical music to add to the area's

cultural wealth rather than compete with Farnham Maltings.

- 5.2.9 A demonstration to Waverley Borough Council and the rate-payers that the latent demand is real and the theatre has the power to be self-sustaining has already been mentioned as a requirement to allow the Council to proceed with confidence. This might take the form of an advanced subscription from a large number of the potential audience as an earnest of desire for a theatre and a considerable guarantee of its success as a self-funding enterprise. This scheme represents a contract of mutual interest between the public and the theatre and would offer considerable comfort to the Council. It is consistent with the latest trends in theatre and arts donation reported by Arts & Business generally where individual commitment is increasingly important in the overall pattern of support for the arts. A future commitment by individuals to support the theatre which is redeemed in tickets is entirely consistent with this thrust and has long been the basis of much cultural provision in the USA.
- 5.2.10 As a basis of the advanced subscription the following scheme might be appropriate. A subscription contract to run for five years with potential annual extension as agreed between the parties. The subscription to pre-purchase 20 tickets a year at a cost of £250 at current ticket rates. It would be payable at the beginning of each production year. The scheme to come into effect when a minimum 1,000 such subscriptions have been contracted. This provides the theatre with a guaranteed resource of £1.25 million at a level that is sustainable by renewal. It is released at the rate of £250,000 a year, sufficient to provide working finance for the theatre operations. The theatre commits a minimum of 20,000 seats a year equivalent to 20% of capacity. The theatre can expect to add at least 40% to this take-up leaving plenty of headroom for normal trading. The scheme has the advantage of proving the demand for a theatre and giving confidence of sustainability. The scheme, whilst difficult to maintain with renewals and new members to replace those who drop out, has the potential to give a secure basis for operation in the long term.
- 5.2.11 Whilst the subscription scheme gives confidence in the fiscal strength of the theatre operation of the theatre it lacks the ultimate security for the Council in the event of collapse of the operation whilst the Council is the freeholder of the theatre. The Council has received several credible offers for purchase of the freehold and might well sell the theatre to avoid potential future commitment. Alternatively the concern could be addressed by the tenure of the theatre being offered under licence "to operate as theatre" rather than as a lease. The licence would terminate automatically in the event of the theatre being unable to continue operations. In this event therefore the theatre has no right of tenure and therefore no ability to continue to exist and fulfil its contract with subscribers leading to immediate winding-up of the company. Under these circumstances there would be no company to put pressure on the Council for support funding and the licence can be immediately offered to other parties.
- 5.2.12 The case for a small cinema to be operated as part of an enlarged theatre complex adds considerable to the financial stability of the theatre and may allow softening of the existing building exterior.

- 5.2.13 The case for retention of the Redgrave Theatre building is made quite simply because it is the cheapest way of providing a much needed purpose-built theatre in Farnham. The proposal has a number of advantages as follows:
- i. There is a management scheme proposed which allows a considerable degree of confidence of sustainability based on both a clear and successful model and a demonstration of financial strength.
 - ii. There is protection against the Council's freehold interest in the building leading to an automatic obligation to fund the theatre.
 - iii. There is a return to the original utility in the theatre design to provide for very low production costs
 - iv. The theatre's ability to support of the community both socially and economically and to the support of educational interests.
- 5.3 **The case for retention of Cultural Capital established in the Redgrave and its application on another site in Farnham.**
- 5.3.1 The East Street Development has been in preparation for some time and the general benefit of the people of Farnham may well be served by adopting the more capital commitment heavy alternative of replacement of the theatre on another site. This is a significantly more onerous decision and in its own right impacts on the East Street redevelopment which would have to provide the necessary additional capital.
- 5.3.2 The alternative site proposal has the benefit of allowing a new theatre design to be used reflecting much of what has been learnt over recent years about the relationship of actor and audience and particularly in a more emotionally active audience participation in the performance.
- 5.3.3 An alternative site too could provide for a stronger bond between the historic heart of the old town with its courtyards and alleys and the theatre. Certainly a theatre here would be better placed to assist in tourism regeneration and add more directly to the perceived image of the town as a destination.
- 5.3.4 The East Street development includes a multiplex cinema and the developers appear confident that they have a realistic interest from appropriate cinema operators. However the cinema industry is undergoing major reorganisation in the face of growing concern that there is over provision. The new larger players are assembling land banks and planning permissions in pre-emptive bids to ensure that they can satisfy their final needs without being displaced by competitors. Whether the multiplex will be taken-up must be less than certain. It is difficult to see why a cinema operator would wish to site a new multiplex in the centre of a small town when larger conurbations are available nearby where they already hold sites. Moreover the centre of Farnham is not well served by public transport from other centres of population, much of the potential young audience for cinema is placed at a disadvantage for this reason.
- 5.3.5 In our estimation there may be a more realistic case for a smaller cinema with a smaller programmer such as the Screen or City groups. Their operation and

product range is more likely to match the Farnham catchment and be more responsive to the particular community. Were this to be the case then it would be conceivable that the theatre and cinema could form an integrated development. Certainly the ability to form common foyers, box office, House Management teams and technical support of cinema and theatre would be helpful to the economic operation of both cinema and theatre. This also applies to the retention of the theatre in a greatly modified East Street development.

- 5.3.6 The theatre operation could be advanced on the same basis as that proposed for case 5.2. However an alternative theatre design could allow a larger capacity theatre to be built with discrimination between the desirability of some seats/places to that of others such that a high differential in ticket prices can be offered. This would allow some ticket sales at cinema prices whilst sustaining the higher price ticket value for the patron seeking more comfort. Such arrangements are impossible in the single tier plan of the Redgrave. There is utility for young people in the provision of very affordable seats and the opportunity for great energy to be generated in the auditorium to support the performer by the larger number of younger members of the audience. This again would particularly well reflect the leisure needs of students. Much has been learnt from the rediscovery of the Elizabethan theatre form and its has been further explored in the Kingston Rose Theatre, soon to be the home of the Sir Peter Hall Company. This might form a basis for a new design as it accommodates the latest projected scenic image techniques too.
- 5.3.7 Clearly the opportunity for a wider group of stakeholders in the provision of a purpose built theatre is one which will take time to consider with interested parties. These discussions of principle could be progressed quite quickly to clarify the demands on the East Street redevelopment in time for that development to progress on the desired timetable, even at the possible raised cost of capital commitment. Failure to commit to a replacement theatre in the case of loss of the Redgrave would result in the “do nothing” option which has been rejected. The Kenneth More theatre is a current example of the cynicism of voters today who believe that a Council’s failure to make a real and actual commitment is often a means of doing nothing.
- 5.3.8 The case for an alternative theatre site is made as follows:
- i. There is a practical expectation that the theatre operation scheme proposed in case 5.2 can be implemented on an alternative site.
 - ii. The opportunity for a new theatre design allows later theatrical knowledge to be incorporated and a wider seat price range (and thus accessibility) to be achieved.
 - iii. A capital development with more stakeholders is possible to the benefit of the town as a destination for tourism in all its forms.
 - iv. The opportunity for ready integration of a repertory cinema with consequent economies in operation is perhaps more easily possible.
 - v. The alternative site proposal has the advantage of reducing the pressures on the East Street site development without detrimental impact on the timetable of that development.

There are however reservations:

- a. There are increased capital costs over the case for retention of the existing theatre and these costs have to be met.
- b. There would be public doubt as to the commitment of the Council to a replacement theatre.

6.0 Business Study and Outline Plan

6.1 The business case that follows is in three parts. The first part (Case 2) explores the theatre as a stand alone operation based on the retention of the Redgrave Theatre as a professional/amateur theatre drawing closely on the Maddermarket as a proven model. Case two (A) adds a small repertory cinema to the theatre. Case 3 explores a similar theatre operation with a larger theatre capacity and of a form allowing differential seating pricing. A repertory cinema is included in this case. The work is based on clearly stated assumptions that are then worked through as annual budgets in a typical year of operation. Inflation is ignored as a balanced item of increased income against increased cost.

6.2 Income Streams for Case Two – Retention of the Redgrave

6.2.1 The box office target is taken at the average of 200 to 450 seats in South East England, based on data in recent. We have taken a ticket offer price of £13.38 and an achieved price of £10.60 but increased by 5% to £11.10 in line with general rises over the last year. Over the last three years regional theatre ticket prices have increased at well over 4% per annum. VAT is taken as exempt. This achieved price level is applied across 350 seats at an average occupancy of 67%. The Maddermarket achieved 67% capacity at an average achieved ticket price of £6.90 in 2003/4. Ticket prices are lower in East England than they are in the South East. As a season subscription is proposed as a necessary financial support for the company's licence there is likely to be a high take-up of seats since much of the capacity is pre-sold. There will also be some non-redemption of subscribed tickets. The Society of London Theatre ticket voucher scheme has a redemption level of a little over 90%. We have therefore assumed own productions will achieve the 67% of the Maddermarket (inclusive of non-redeemed tickets). The subscription scheme approach is similar to long established USA patterns of operation and to that of successful theatres in the UK. The Globe sells 50% of its tickets to the Friends and other mailing lists 4 months before performances commence. The Queens Theatre at Hornchurch has recently introduced a successful subscription system where the applications are in advance of full information on the season.

6.2.2 The box office take is applied over 239 own performances a year (Maddermarket 218 performances in 2004). In practice seat prices may be varied through the week in the case of retention of the Redgrave in order to allow the offer of cheaper seats each week (significant variation in ticket prices between seats at any show in the single tier Redgrave auditorium is impractical). In the case of an

alternative theatre site the design would allow a varied price offer at all times and early week discounting would be introduced only if necessary to spread demand. The Outline programme and monthly cash flows show a 10 production scheme which is more expensive than the 8 production scheme of The Mill at Sonning and thus represents the most expensive and highest work-load possible. In practice the theatre would start with an 8 production scheme and build to 10 productions over time.

- 6.2.3 Hire and lettings are taken at £2 per seat place per day. This rate equates to the theatre operation at the above ticket prices and occupancy with 20% share of box office retained by the theatre. It allows hiring at the average daily operating return rate for the theatre thus freeing management of any financial restraints in operation. A rate of £2 per seat per day is a reasonable conference hire rate per session - morning/afternoon/evening sessions are usual. Local hotels have an asking price of between £5 and £7.50 per seat per day but discount heavily on this where there are bedroom bookings and catering sales. An achieved rate in excess of £2 per seat place per day is thought to be achieved at most local venues.
- 6.2.4 The conference and meetings market is active over short periods of the year in the spring and autumn and much quieter at other times. Catering events and weddings form the majority of hotel bookings of meeting rooms. Only limited numbers of days might be taken up by hiring of the theatre for conference and meetings. A further small number of days of hire for local dance and drama schools can be anticipated and more hires to local amateur opera and drama companies, small music groups and occasionally for school performances.
- 6.2.5 Catering is assessed on a "full day operation" providing light meals and snacks throughout the day. As such an operation needs to be professional it is simpler at this stage to treat it as a concession contributing a net receipt to the theatre operation. Certainly the catering operation will need to be isolated from other elements of the theatre operation to maintain VAT exempt status. There are different accounting practices in the theatre models illustrated, which variously isolate or combine bars, café, ice cream sales etc. We assume combination of these items at this stage in the outline business plan and an overall net income from a catering section or franchisee. Four theatres report bar and catering in a clear form with net returns to the theatre operation of between £32,626 to £43,600. We have assumed the average return of £36,850 for the theatre only operation, increased slightly where a cinema operation is added.
- 6.2.6 Educational activity in house (visits by schools to performances and to explore the technical workings of the theatre, talk by actors and directors etc.) is assumed within the normal range of discounts and free provisions allowed in the ticket income. Outreach work (visits to schools) is taken as being self-funding having no net effect on trading. Whilst education work will form a significant part of the operation, the nil net cost/return allows us to omit spreadsheet entries for the education work at this stage.

6.3 Operating Costs for Case Two Retention of the Redgrave

- 6.3.1 We propose the professional/amateur company should be constructed with provision for a consistent professional strength of actors and one stage manager for 48 weeks a year at an average salary equivalent of £400 per week based on a rehearsal day and per show fee. It is not assumed that there will be repertory casting as actors will need to be free for television and other more lucrative work between appearances. The opportunity will be taken to cast each show appropriately. Each production carries top-up fees for direction and for design though fee levels are in part based in part on actor/directors in the company and student design inputs. It is taken that the company will be supported by a number of volunteer actors and assistant stage managers as required by individual productions. In particular volunteers will provide the technical, set, and costume support required. This is an unusual method of operation. It works on a lesser scale at the Maddermarket and in the seasonal work of the New Farnham Repertory Actors Company. The latter calls on a very full amateur support team and the professionals involved have built a good working team with the unpaid members of the team. The principal has been tried and tested over some years and is a practical basis in this particular circumstance.
- 6.3.2 One production a year is assumed to be musical and require 4 professional musicians and the pantomime is assumed to need three musicians. All productions have a very modest set and costume cost, though the theatre might well move towards projected scenery and effects with the co-operation of the University College of the Creative Arts. The theatre would need a substantially permanent set for this purpose and this is consistent with the Redgrave's original design form. Production cost levels are evidenced in the two amateur producing theatres illustrated. Ten productions are envisaged each year in the programme and monthly cash flows but the theatre would commence with an 8 production year and build to 10 only as opportunity allows.
- 6.3.3 Royalties are taken at 4.75% over the season as many plays will be out of copyright (Maddermarket 4.73%)
- 6.3.4 Cost of received product is addressed as in the model receiving theatres on the basis of a percentage split of net box office or by guarantee where this is within the split percentage expected. Occasionally shows can be attracted only when a guarantee or first call on receipts is offered though the transfer of sole risk to the theatre is avoided wherever possible. Both the Theatre Royal Margate and the Kenneth More Theatre show overall net margins from performances of 15%. In the proposed business plan most productions will be self-produced so the relationship is different for most performances. There are a number of visiting productions and single performances planned however where the cost of production must be allowed. We have taken the net margin to be 20% (after deduction of non-recoverable VAT).
- 6.3.5 All the low or zero subsidy theatres depend considerably on the participation of volunteers. As has been previously commented the Friends organisation is critical to both the operation and the marketing of theatres. A theatre in Farnham

can be no different. The model theatres have between 10 and 16 paid full time equivalent staff posts filled by volunteers. The highly subsidised operations illustrated spend much of the increased income on the number of staff but not particularly on the level of salaries and wages. We make the assumption that there will be 14 full time equivalent staff required to operate the retained theatre and rather more to operate a theatre with a repertory cinema. At least 10 volunteers will be needed at all times which means a pool of perhaps 150 regular volunteers on which to draw. These in turn might approximate to a supporting Friends organisation of say 1,500. This number is well within the capacity of the Farnham catchment.

6.3.6 Salaries and wages are generally low, which is typical of the regional theatre industry. The highest average salary is paid by the Theatre Royal Margate at £17,000 (the lowest in the amateur theatres is only £9,000). We have taken the upper figure to accord with generally higher wages in the Farnham area. The average of £17,000 allows a salary range of £11,000 to £29,000, this range is consistent with present salaries in the regional theatre. National Insurance is added at a rounded figure of 11% and pension contribution take-up at 3%.

6.3.7 Administrative costs are taken from the higher of the Theatre Royal Margate and the Maddermarket plus 5% as their reported figures are a year earlier than this study:

Telephones	£ 5,000
Printing, post & stationery	21,500
Cleaning & materials	4,500
Auditors and professional fees	6,000
Advertising & Marketing	35,000
Irrecoverable VAT	9,000
Staff training	2,000
Bank charges	3,000
Sundries	<u>4,500</u>
Total of Administration	90,500

6.3.8 Premises costs are taken from the Maddermarket as a theatre open all day long and producing in house, similar to that proposed for Farnham. As their last reporting year is to November 2004 we have added 5% to the figures. Lighting and heating costs have been increased by 15% in the light of recent energy cost increases. Assumptions are therefore as follows:

Rates (20% of UBR)	£ 7,500
Lighting and heating	10,250
Insurances	15,500
Repairs and maintenance	9,000
Licences and Performing Rights	1,600
Depreciation (10% on equipment)	<u>10,000</u>
Total of premises	£52,850

6.3.9 Annual turnover for the more expensive 10 production scheme is indicated at £834,383 with an operating margin to contingency or to contribute to reserves of

£37,585 (a 4.72% contingency).

- 6.3.10 No provision is made for building depreciation on the assumption that (as discussed under the protection for Waverley Borough Council) the building would be occupied under licence.

6.4 **Income and Expenditure impact of Case Two (A) – with a repertory cinema**

- 6.4.1 The addition of a repertory cinema conveys many advantages of scale to the enterprise and the variety of audience that can be attracted to the building. We have used figures derived from The Phoenix a single screen 245 seat repertory cinema in London which operates without support funding.
- 6.4.2 For the cinema we have assumed a 200 seat, a 125 seat and a 75 seat auditoria. The experience of “cinema”, as opposed to increasingly sophisticated home entertainment, is the size of the screen which gives a completely different relationship between audience and image. Thus large rooms can provide a better experience of cinema, hence the need to keep capacities quite high. Three spaces are proposed as there is a need to provide a range of titles to attract the cinema-goer on any evening. It is a truism in the industry that more screens create a better return per seat. As a rule of thumb it is assumed that each screen will attract 50,000 attendances per year. The Phoenix attracted 65,601 in 2004/5.
- 6.4.3 The cinema industry film distribution process is operated as a virtual cartel with major chains of cinemas vying for freshly released product. These are the internationally advertised films and have a considerable premium in terms of audience attraction. Access to second showings of films that have played the main chains is not always possible. An allocation can be arranged where it is possible to prove a particular audience coverage. It is important for the operation of a successful repertory cinema to form links with smaller cinema operators such as the City or Screen Groups. They have call on the less popular films but which carry critical acclaim and a better chance of securing second showing releases. By uniting several screens together they are able to secure a better range of titles and to offer a more attractive deal to film renters. The industry is in a state of flux as more titles are released quickly to DVD and as films are increasingly provided in digital form, reducing the cost of multiple prints of films. This place greater emphasis on simultaneous release in major venues.
- 6.4.4 The Phoenix cinema has achieved rental costs as low as 35% of box office receipts in their last published accounts but this is exceptionally low. As they have only one screen (though programmed by a larger management) that cinema depends on its reputation to attract titles and few are in the high priced bracket. Top selling first run films will be rented at 75% of ticket sales and even then only to the larger chains. The impact of digital transmission and projection of film is beginning to be felt in the industry and there may be a consequential increase in available titles and better opportunities for second and third runs.

- 6.4.5 We assume a percentage fee for the programming of the cinema rather than a flat rate as a way of ensuring continuing involvement from the external team. We envisage the fee to be about 3% have rolled this into the film rental percentage which is taken at 55%, in the higher range to allow the highest popularity programming mix.
- 6.4.6 The effect on the cinema will be to raise catering returns but largely in different products. Sales of confectionery, soft drinks and pop-corn tend to be different to those of theatre. We have used figures derived from the reference model repertory cinema.
- 6.4.7 Staffing impacts are not great in terms of skills, the front of house management, ushering, box office functions are all very similar to theatre but the working week is much extended by day time showing of films and by later nights. More staff are required to cover the longer periods, and more volunteers. The additional technical post is a projectionist with a part-time cover assistant or a well trained volunteer. There are a surprising number of trained projectionists and increasing digitisation will reduce the technical problems of projection. There are several small screen cinemas where it is the daily duty of the cinema manager “to turn the film on” each day!
- 6.4.8 Advertising is increased as cinemas depend on the public ease of checking programmes and prices. The recent trend however is to use the internet both for information and electronic purchase of tickets. Print, post and stationery are increased to allow increased mailings to regular customers. Other costs tend to change pro-rata.
- 6.4.9 As the repertory cinema would need a new build component some allowance is made for depreciation on the increased capital input. Alternatively this could be a contribution towards capital funding through a loan or mortgage.
- 6.4.10 The turnover (again in a 10 theatre production scheme) is indicated as £1,596,532 and the operating margin at £80,597 (after allowing for a building cost contribution on an investment of £1,400,000).

6.5 Case Three – A replacement theatre and cinema on an alternative site

- 6.5.1 The number of theatre seats is increased to 450 as a newer design is likely to allow more seating in a similar scale theatre space. The percentage occupancy is lowered to a national average because of the enlarged capacity. The wider range of seat prices, which can be offered where there is greater physical discrimination between seats, will improve the audience mix and it should be possible to attend the theatre at the same ticket price as going to the cinema. For this reason average ticket prices have been reduced to the average typically achieved by regional theatres nationally over recent years.
- 6.5.2 The provision of a repertory cinema is assumed as desirable in a new build on a different site. The assumptions are as for Case Two A. For this reason a

depreciation allowance for the building is also made with a potential for contribution to capital funding

- 6.5.3 Total turnover (under the more expensive 10 production scheme in the theatre) is indicated at £1,707,369 and the operating margin at £92,921 (after allowing for a building cost contribution on an investment of £2 million).

6.6 Risk Assessment

- 6.6.1 Theatre and cinema operations, as with other businesses, suffer cyclical variations in trading pattern as a result of factors outside their control. Even within their control some elements of trading will be more successful than had been anticipated and some less so. A good management (and business plan) responds to these changes. Constant monitoring of performance and management of change are necessary to respond to opportunity and reduce exposure where losses are being incurred within the operation. It is the duty of the Board of the organisation to ensure this is carried out as effectively as possible.
- 6.6.2 The nature of theatre and cinema is that they are fairly balanced cash flow businesses. In theatre some investment is made before the performance is offered but similarly tickets are typically sold in advance. The cinema is even better placed with rentals being settled only after income has been achieved, though advance selling of tickets is negligible. The move towards paying for tickets by credit card has tended to reduce the actual speed of cash flow but the fact that the credit is transferred immediately retains a good trading position for the industry.
- 6.6.3 As a result variations in core trading become quite linear. A 5% reduction in ticket sales results in a direct bottom line loss of the same sum. An increase in operating costs similarly moves directly to the bottom line. In both theatre and cinema the highest risk is a change of sales returns in a programme which has been booked some time in advance and is thus difficult to change in rapid response. However different performances are offered regularly and the failure of one element may be balance by other elements in the programme. Unfortunately only hindsight makes for certain knowledge of what will be successful and what will not. Within a trading year substantial changes can be made to the core product to meet problems. The contingency fund represents the ability to absorb the differences in core trading success.
- 6.6.4 Ancillary sales have much less impact and are buttressed by being operated by other or subsidiary managements, isolating the core business for fluctuations to a degree. In all our cases the ancillary trading net returns lie within the contingency fund so that their success is not critical to the overall enterprise.
- 6.6.5 There remains the primary risk of public take-up of the theatre at the levels indicated in the business plan. In this proposal this risk is substantially minimised by the proposal to require contracted subscriptions from lead potential audience members before committing to the formation of the company. Annual

renewal of these subscriptions will provide a key security in underwriting each season.

- 6.6.6 The business plan outlined is unusual in its complete mix of paid and un-paid staffing. This is the biggest management risk as the maintenance of a smooth and inter-supportive relationship is critical, not just for a particular project but for a series of such projects year after year. This continuity is commonly found in amateur theatres and, of course, in the professional. The task for management here is to find intrinsic reward for the volunteers in the support of the whole enterprise, which must be identified with their contribution. There will be difficulties too for the professional members of the company who will not find quite the same immediacy of support at all times as they expect in a fully professional theatre. This must not dissolve into an us-and-them relationship. A great deal of senior staff time will be spent on this crucial relationship. The Board will need to reflect the range of stakeholders in the enterprise and the Board must ensure that the executive is fully supporting and maintaining the mixture of paid and unpaid inputs. Care must be taken to ensure that the public image of the theatre respects this intrinsically community enterprise.
- 6.6.7 The risk level of the theatre operation is significantly reduced by the subscription system. Constant monitoring of performance will avoid significant trading difficulties. A combined theatre and cinema has the advantage of the much more frequent programme changes to help to average out quickly differences in individual popularity of films and plays offered. The increase in scale provided by joint theatre and cinema operation make the business more buoyant and resistant to trading variations.

7.0 Conclusion

- 7.1 It is clear that there is a latent demand for a purpose-built theatre in Farnham. The public support of the Farnham Theatre Association is general evidence and the need has been voiced both by the Farnham Maltings and by leading arts consultants in the South East Region. Because of the population structure of the south east with its large number of small towns there are fewer local theatres in the region than in other parts of the country where industrialisation formed larger towns. Where theatre buildings have been born out of their communities they are therefore very precious and the loss of such a building can only be justified by its replacement.
- 7.2 The conclusion of this study must be that there is a case for a theatre in Farnham.
- 7.3 Statistical analysis shows that the re-opening/replacement of the existing theatre will have about a 10% impact on the potential market. Given the nature of theatre as a non-essential element in our lives it is a supply led market. Lack of provision over the last 10 years means that the market has at least this elasticity caused by an overall reduction in theatre-going on the closure of the Redgrave. As a result reopening or replacement will have no discernible effect on other venues in the area if direct programming confrontation is avoided. Indeed there

may be benefits to other venues by increasing the market in the area and visitor numbers.

- 7.4 There are significant, if only anecdotally evidenced, benefits to the town as a community in raising a sense of living in “a place of significance” and providing a social focus to assist the community to inter-relate. These benefits extend economically to encourage visitors and greater expenditure in the town, including a potential much needed boost to the meetings and conference market.
- 7.5 We must conclude that the most capially effective way of meeting the demand and realising the benefits is the retention and reopening of the existing theatre.
- 7.6 There are however potential benefits in addressing the matter more radically by replacement of the theatre on another site within the town. This incurs considerable additional capital cost, some of which should be offset by the proper valuation of the existing cultural capital invested by the community in the present theatre. It is also true that there may be the opportunity for more capital stakeholders in a new provision.
- 7.7 In the case or retention or replacement of the purpose-built theatre there is a strong case for providing a linked repertory cinema operation for reasons of economic scale and service to the public. Such a linkage is to be recommended.