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Date: 1<sup>st</sup> November 2022

Dear Sir/Madam,

**Cabinet - 9<sup>th</sup> November, 2022**

I refer to **Agenda Item 6: Expression of Interest - Bedworth Civic Hall** and attach the report that was marked to follow on the agenda.

Yours faithfully,

BRENT DAVIS

Chief Executive

To: Members of the Cabinet

Councillor K. Wilson (Leader of the Council and Business and Regeneration)

Councillor C. Golby (Deputy Leader and Housing and Communities)

Councillor S. Croft (Finance and Corporate)

Councillor S. Markham (Public Services)

Councillor R. Smith (Planning and Regulation)

Councillor J. Gutteridge (Health and Environment)

Observer

Councillor C. Watkins (Leader of the Main Opposition Party)

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## Report Summary Sheet

**Date:** 9th November 2022

**Subject:** Expressions of Interest – Bedworth Civic Hall

**Portfolio:** Public Services (Councillor S. Markham)

**From:** Director – Public Services

### **Summary:**

This report seeks Cabinet's approval for the Council to seek 'Expressions of Interest' from suitable interested parties for the potential future operation and management of the Bedworth Civic Hall.

### **Recommendations:**

1. That Cabinet approves 'Expressions of Interest' to be sought from suitable interested parties for the potential future operation and management of the Bedworth Civic Hall.

### **Options:**

- a) Approve the recommendation in full.
- b) Not proceed with the recommendation.

### **Reasons:**

1. Following the early termination of the Coventry Warwickshire Partnership Trust (CWPT) licence at the end of October 2022, to use the Bedworth Civic Hall as a vaccination site, Cabinet has had to consider the re-opening of the Civic Hall site earlier than anticipated.
2. Cabinet at its meeting on 12<sup>th</sup> October 2022 decided that the Bedworth Civic Hall should not re-open at this time, due to the resources and operational costs required to bring the facility back into operation. This is in the context of the significant strain already being placed upon Council's resources. The decision is currently subject to "call-in" by the Finance and Public Services OSP, which is to be heard on the 17<sup>th</sup> November.

3. Cabinet now needs to consider the options for the future of the Civic Hall. This report seeks to do that by recommending that the Council seek expressions of Interest from suitable interested parties who have the necessary skills, knowledge, experience and financial backing to submit a business case to operate the Civic Hall. Any suitable proposal will require no financial subsidy from the Council.

**Consultation undertaken with Members/Officers/Stakeholders**

Chief Executive, Portfolio Holder - Public Services,

**Subject to call-in:** No

**Ward relevance:** Bede

**Forward plan:** No

**Building a Better Borough Aim 1:** Live

**Priority 4:** Prioritise Community Safety & Empowerment

**Relevant statutes or policy:**

N/A

**Equalities Implications:** An equality impact screening assessment has been undertaken on not re-opening the Civic Hall site at this time, which identified no direct equality implications on this decision.

**Human resources implications:** Officer time from Legal, Finance, and Leisure would be required to assess expressions of interest applications.

**Financial implications:**

To re-open the facility as an entertainment venue and undertake necessary essential maintenance works would cost circa £100K (includes Fire Risk Assessment and ACM removal, stage & floor repairs and general maintenance throughout). A future circa £700 - £750K estimate, inclusive of all requirements needed to give the Civic Hall a resilient heating future for the next 20 as the responsible best practice route to take

to refurbish the very old / obsolete boiler house with new boilers, Control Panel and Building Energy Management System. This excludes radiators, pipe work and control valves at a further cost circa £200K.

**Health Inequalities Implications:** N/A

**Section 17 Crime & Disorder Implications:** N/A

**Risk management implications:**

**Environmental implications:** N/A

**Legal implications:**

N/A

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## **AGENDA ITEM NO: 18**

### **NUNEATON AND BEDWORTH BOROUGH COUNCIL**

**Report to:** 9<sup>th</sup> November 2022

**From:** Director – Public Services

**Subject:** Expressions of Interest – Bedworth Civic Hall

**Portfolio:** Public Services (Councillor S. Markham)

#### **Building a Better Borough Aim 1: Live**

#### **Priority 4 : Prioritise Community Safety & Empowerment**

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##### 1. Purpose of Report

This report seeks Cabinet’s approval for the Council to seek ‘Expressions of Interest’ from suitable interested parties for the potential future operation and management of the Bedworth Civic Hall.

##### 2. Recommendation

That Cabinet approves ‘Expression of Interests’ to be sought from suitable interested parties for the potential future operation and management of the Bedworth Civic Hall.

##### 3. Background

- 3.1 Following the early termination of the Coventry Warwickshire Partnership Trust (CWPT) licence at the end of October 2022, to use the Bedworth Civic Hall as a vaccination site, Cabinet has had to consider the re-opening of the Civic Hall site earlier than anticipated.
- 3.2 Cabinet at its meeting on 12th October 2022 decided that the Bedworth Civic Hall should not re-open at this time, due to the resources and operational costs required to bring the facility back into operation. This is in the context of the significant strain already being placed upon Council’s resources. The decision is currently subject to “call-in” by the Finance and Public Services OSP, which is to be heard on the 17th November 2022.
- 3.3 At the Council meeting on 19th October 2022 Members also approved a question on this issue be discussed at a future OSP meeting. This will be dealt with at the meeting arranged for 17th November 2022.

- 3.4 Cabinet now needs to consider the options for the future of the Civic Hall. This report seeks to do that by recommending that the Council seek expressions of Interest from suitable interested parties who have the necessary skills, knowledge, experience and financial backing to submit a business case to operate the Civic Hall. Any suitable proposal will require no financial subsidy from the Council.
- 3.5 In November 2021 the Council commissioned a report from Strategic Leisure to consider the future options available for operating the Civic Hall, following the pandemic and future investment requirements. The report is attached as Appendix A to this report.
- 3.6 Appendix A sets out several options, many of which require financial investment by the Council. Due to a lack of resources and the financial strain caused by operational costs, it had been determined that bringing the facility back into operation was not possible. There may, however, be options outside of the Council which should be considered.
4. Current position
- 4.1 The Bedworth Civic Hall will cease operations on Monday 31<sup>st</sup> October 2022.
- 4.2 Before any final decision is taken on the future of the existing building, there is an opportunity to seek expressions of interest on alternative service delivery options from suitable interested parties. Those parties will need to show that they have the necessary skills, knowledge, experience and financial backing to operate and manage a site of this size and with the current immediate maintenance and future capital investment required.
5. Financial Implications
- 5.1 The Council finds itself in a very challenging financial position. The in-year financial monitoring indicates that there is a budget overspend of £873,860 (at the end of September 2022) on the General Fund.
- 5.2 The budget for 2022/23 predicted a savings target of £1.56m, with the draft budget for 2023/24 to be presented to Cabinet in December 2022.
- 5.3 With this as a financial back-drop, the Council needs to review its expenditure on all services, especially discretionary services, such as the Civic Hall.
- 5.4 The future operation of the Civic Hall by the Council cannot now be sustained and so the only option now considered viable is to secure an external operator. The Council has no funds to support any such expression of interest to operate the Civic Hall and applicants will have to clearly demonstrate they have a sustainable business model.

Kevin Hollis  
Director – Public Services

Review of Bedworth Civic Hall

# Nuneaton and Bedworth Council

A report by Strategic Leisure Limited

November 2021



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## 1. Introduction and background

- 1.1. Nuneaton and Bedworth Borough Council (NBBC) owns and operates the Civic Hall, High Street, Bedworth. The Civic Hall is a multi-purpose performance venue which comprises a 745 seat auditorium, a small hall, meeting and conference rooms, a bar and a cafeteria which is open to the public. It also includes an Arts Centre which is leased to a local Arts Charity group.
- 1.2. The Civic Hall has been closed as an entertainment venue since 19 March 2020 in response to the Covid-19 pandemic. The building is currently used by the Coventry and Warwickshire Partnership Health Trust as a Covid-19 Vaccination Centre. This arrangement is due to terminate on 31<sup>st</sup> March 2022.
- 1.3. The closure of the venue for a significant period during part of which it is understood that competitor venues in the vicinity have re-opened, coupled with any possible Covid-19 related reluctance on the part of audiences to return to the Civic Hall on its eventual re-opening has led to NBBC seeking advice and guidance on a number of issues; including
  - **The general market position of the arts/theatre sector as it relates to the Civic Hall, Covid recovery and similar;**
  - **The Civic Hall's current positioning in the Borough in social value terms and what it could provide in the current and future market place;**
  - **An appreciation of the competitors in the area and how that may impact on any future positioning of the Civic Hall;**
  - **Required actions to reduce the future financial support required by the venue;**
  - **Opportunities for external management to significantly reduce NBBC's financial exposure and support required; and**
  - **An objective consideration of the Civic Hall and recommendations for the short/medium to long term.**

## 2. General market position of the arts/theatre sector

- 2.1. The arts, together with other areas of the recreational/cultural sector (sports, green spaces, heritage etc) can make a significant contribution to the Covid-19 recovery process; with the arts making a particular contribution to mental, emotional and psychological health.
- 2.2. Having said that, the willingness of individuals to engage in arts, including theatre, activities has been, and remains, heavily influenced by concerns over the risk of Covid-19 infection; especially from attendance at indoor venues. The longer indoor venues are closed and the longer it takes for audiences to return following their re-opening, the greater will be the loss of income, and the need for financial support for venues.
- 2.3. The Cultural Participation Monitor (CPM) national research programme into the effects of Covid-19 on the cultural sector is a longitudinal study undertaken across a representative sample of the wider population and all cultural sectors to assist in understanding and tracking change over time in the public's cultural participation through and beyond the Covid-19 pandemic.
- 2.4. The CPM's September 2021 iteration concentrated on Covid-19 related concerns, the effect of working from home in response to Covid-19 on cultural engagement and the potential challenges that shows will face later this year and into 2022. The key findings are:-
- **While people's sense of wellbeing is slowly improving, their concern over falling ill with Covid-19 is growing and most expect further lockdowns this year and next;**
  - **Willingness to attend has not improved since June '21 and people remain worried about others' behaviour, though they do not appear to think there is much more that organisations and venues themselves should be doing to make them feel safe;**
  - **Most people who have worked from home for some or all of the pandemic expect to continue to do so for the foreseeable future. As these tend to be high cultural engagers they may drive increased local engagement in the future; and**
  - **People expect to engage less with arts, culture and heritage in the future; with a particular decline in interest in festive shows.**
- 2.5. More detailed findings from the September '21 CPM iteration, together with those from the June '21 iteration where appropriate are given below:-

**Worried about falling ill with Covid-19**

2.6. Respondents indicating Strongly Agree or Agree:-

**Table 1: Worried about falling ill with Covid-19**

|                       |     |
|-----------------------|-----|
| <b>September 2021</b> | 57% |
| <b>June 2021</b>      | 52% |

**Expecting additional lockdowns**

2.7. Respondents indicating very Likely and Likely:-

**Table 2: Expecting additional lockdowns**

|                          |     |
|--------------------------|-----|
| <b>By Christmas 2021</b> | 67% |
| <b>In 2022</b>           | 65% |
| <b>In 2023</b>           | 42% |

**Willingness to attend arts/cultural events and activities**

2.8. % of respondents indicating:-

**Table 3: Willingness to attend arts/cultural events and activities**

|  | <b>Sept '21</b> | <b>June '21</b> |
|--|-----------------|-----------------|
| <b>Happy to attend</b>                                       | 28%             | 29%             |
| <b>Would consider but with reservations</b>                  | 29%             | 30%             |
| <b>Not comfortable until considerable reductions in risk</b> | 16%             | 21%             |
| <b>Not comfortable until the virus is eradicated</b>         | 7%              | 9%              |
| <b>Not interested</b>  | 20%             | 11%             |

### Safety concerns

2.9. Measures most frequently described by September '21 respondents as Very Important to making people feel comfortable attending indoor events:-

**Table 4: Safety concerns**

|   |     |
|---|-----|
| <b>Crowd management</b>                                 | 46% |
| <b>Hand sanitiser</b>                                   | 45% |
| <b>Only fully vaccinated or with -ve test to attend</b> | 41% |
| <b>Use of face masks required</b>                       | 40% |
| <b>Social distancing of &gt; 1m maintained</b>          | 37% |

2.10. % of September respondents who Strongly Agree with substantial concerns over the behaviour of others in terms of return to attendance:-

**Table 5: Substantial concerns over the behaviour of others**

|  |     |
|--|-----|
| <b>Only fully vaccinated or with -ve test allowed to attend INDOORS</b>    | 35% |
| <b>Unsafe behaviour of others puts me off attending</b>                    | 32% |
| <b>Only fully vaccinated or with -ve test allowed to attend OUTDOORS</b>   | 26% |
| <b>Boosters would make me feel much more comfortable</b>                   | 28% |
| <b>Cultural organisations could do more to make visiting 'Covid safe'.</b> | 19% |

### Changing habits and localness

2.11. Individuals who have worked from home during the pandemic differ from the wider population in that they are more likely to have:-

- **Attended arts and culture pre-Covid;**
- **Attended in person during Covid;**
- **Participated in creative activities during Covid;**

- **A keen interest in returning; and**
- **Already booked for future attendances.**

- 2.12. They are also likely to continue to work from home in future. 90% of individuals who worked from home during the pandemic expect to continue to do so 'all the time' or 'mostly' in the next 3 months; with 81% indicating they would feel the same with no threat of Covid.
- 2.13. This has implications for where these highly engaged audiences are likely to attend in the future, with more attendances where they live and work, rather than where they used to work. In addition, audiences in general intend to engage in all activities more locally.
- 2.14. A number of venues adopted streamed and/or hybrid performances as a means of generating income during periods of limitations on attendance and/or closure. Whilst there is evidence from survey work to suggest that in the post Covid-19 environment there will be an increase in subscriptions for streamed performances it is also the case that per capita income will be reduced in comparison to live performances.

**Future engagement with the performing arts set to decline**

- 2.15. Respondents' expected change in engagement by art form following Covid-19:-

**Table 6: Respondents' expected change**

| Art form   | Change |
|--|--------|
| <b>Outdoor Historic Parks, Gardens and Heritage Places</b>         | +12%   |
| <b>Indoor Galleries Museums and Heritage Places</b>                | +1%    |
| <b>Live performance; including Music, Theatre and other places</b> | -3%    |
| <b>Film at Cinemas and other places</b>                            | -8%    |

- 2.16. September '21 CPM respondents continued to express concerns over risks to their health and safety arising from returning to theatres; leading to a 3% reduction in the post Covid-19 future.
- 2.17. However, a total of 43% of survey respondents indicated reluctance of varying degrees to return to indoor performances in the shorter term, disaggregated as follows:
- **Not interested: 20%;**

- **Not comfortable until the virus is eradicated: 7%; and**
- **Not comfortable until significant reductions in risk: 16%.**

- 2.18. Audiences' return will be influenced by further factors, including the strength of established audiences' attachment/support for venues, the relative attraction of available performances, ticket prices and decreasing rates of new Covid-19 cases. These latter factors are likely to result in greater preparedness of audiences to return than indicated by the CPM survey returns.
- 2.19. Conversely, a continuation (currently in excess of 30,000 per day) or increase in the level of the new Covid-19 cases, hospitalisations and/or deaths is likely to reinforce the reluctance of audiences to return to indoor entertainments. Audience confidence will be further eroded by media reports of a possible further lockdown and/or restrictions to be implemented later this year to control the virus.
- 2.20. In summary, the September '21 CPM outcomes coupled with additional factors including rate of new infections and venue capacity reductions from socially distanced seating and other precautions and increased take up of streaming services which allow audiences to view performances in a number of venues from home suggest that, at least for the foreseeable future, audiences attending indoor entertainments venues will fall short of their pre Covid-19 levels.
- 2.21. Such shortfalls may not match the 43% level suggested by the CPM survey but it is reasonable to assume they will be significant and likely to continue through 2022 and, possibly, into 2023 and beyond, resulting in increased venue costs and a requirement for operating subsidies.

### 3. The Civic Hall's Current Position

- 3.1. The Civic Hall was constructed in 1973 and last refurbished in 2004. The building's internal layout is inefficient; including significant catering spaces which are no longer in use. It has high operational, energy and maintenance costs.
- 3.2. There is nothing to suggest that the Covid-19 related concerns and likely behaviours of the Civic Hall audience relative to a post Covid return to the venue will differ much, if at all, from the findings of the wider CPM study. The Civic Hall's re-opening position is further weakened by NBBC not achieving Central Government Covid Recovery funding to support it through the pandemic.
- 3.3. Up to the venue's closure in March 2020, the Civic Hall had delivered a mixed programme of Council Promoted Shows and Private Hires and Events; with the proportion of the latter increasing over time. Total ticket income from both categories of performance totalled £239,000 in 2019/2020, disaggregated as follows:-

**Table 7: Total ticket income from both categories of performance**

| Performance type   | Attendees | Income  | Income/ attendee |
|--------------------|-----------|---------|------------------|
| Council Promoted   | 5,121     | 107,000 | 20.89            |
| Private Hire/Event | 24,318    | 132,000 | 5.43             |
| <b>Total</b>       | 29,439    | 239,000 |                  |
| <b>Average</b>     |           |         | 8.12             |

- 3.4. The total net revenue cost to NBBC of the operation of the Civic Hall for 2019/20 (including oncosts) amounted to £762,000 of which central charges totalled £404,600, including £278,200 capital charges. This cost is set against total attendance for both performance types of 29,439. This equates to an average subsidy of approximately £25.90 per attendee.
- 3.5. On re-opening, the Civic Hall can, at least initially, expect reduced audience levels arising from ongoing concerns over Covid-19 infection resulting in increased net revenue cost pressures for NBBC.
- 3.6. These cost pressures are likely to be increased by the Civic Hall having already been closed for an extended period. NBBC has agreed the use of the Civic Hall as a vaccination centre until 31 March 2022, following which it will be necessary to undertake a number of outstanding repair and health and safety works. These works, some of which are asbestos related so cannot be undertaken when the building is in use, are estimated to require 3 months for completion leading to 01 July 2022 as the earliest date for re-opening the Civic Hall. The estimated cost of these works is £60,000.00.

# Nuneaton and Bedworth Borough Council

## *Bedworth Civic Hall*

- 3.7. July and August are the quietest months of the year for indoor venues with consistently little interest from audiences and hirers. Consequently the 01 September 2022 would be a more appropriate date for the re-opening of the Civic Hall; although, by then, the venue will have been closed for 131 weeks against 122 weeks for a 01 July re-opening. An effective audience return and marketing strategy will need to be implemented in advance of re-opening to maximise ticket sales and reduce NBBC's financial exposure.
- 3.8. It is difficult to develop an accurate future P and L account for the operation of the Civic Hall given the uncertainties over future audience behaviour and differential inflation rates, especially energy costs. It is, however, unlikely that at least in the short term, attendances for Council Sponsored Shows will match the 2019/2020 level of 59% of total tickets available for sale for those shows. The comparable level of ticket sales are not available for Private Hires and Events.
- 3.9. Using the 2019/2020 revenue outturn as a starting point, the following are estimates developed in consultation with the Finance Business Partner for the Civic Hall of the annual net revenue costs of the venue, assuming it re-opens on 01 September 2022 and continues to operate on its current basis:-

**Table 8: Civic Hall of the annual net revenue costs of the venue**

| Year      |          | Net revenue cost |
|-----------|----------|------------------|
| 2019/2020 | Outturn  | 762,040.00       |
| 2020/2021 | Outturn  | 765,865.00       |
| 2021/2022 | Forecast | 778,000.00       |
| 2022/2023 | Estimate | 845,000.00       |
| 2023/2024 | Estimate | 876,000.00       |
| 2024/2025 | Estimate | 911,000.00       |

- 3.10. It is understood that NBBC has set targets for reductions in its net revenue budget when compared to the current financial year totalling £6M over the next three years, as follows:

**Table 9: NBBC targeted reductions**

|           |         |
|-----------|---------|
| 2022/2023 | £1.50 M |
| 2023/2024 | £2.20 M |
| 2024/2025 | £2.30 M |



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# Nuneaton and Bedworth Borough Council

## *Bedworth Civic Hall*

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- 3.11. Although no specific net cost reduction has been identified for the Civic Hall, it is assumed that the venue will be expected to contribute towards the wider net revenue cost reduction.
- 3.12. The anticipated increases in the annual net revenue cost of the Civic Hall continuing to operate on its historical basis will not assist in meeting required savings targets.
- 3.13. A further factor for consideration if the venue re-opens is the condition of some major items of equipment which are advised by NBBC's Property Team to be beyond their economic life and for which spare parts will not be available in the event of their failure.
- 3.14. The estimated costs of these items are, for which there is no current approval or budget provision, are:

**Table 10: Estimated costs**

| <b>Item</b>  | <b>Estimated replacement cost</b> |
|--|-----------------------------------|
| <b>Replace control panel for air handling system</b> | 60,000.00                         |
| <b>Replace 3 no. boilers</b>                         | 200,000.00                        |

- 3.15. There are also issues around the suitability of the Civic Hall building for NBBC's current requirements. As indicated above, it is inefficient in energy and staffing costs, has excessive catering space and some theatre-related aspects including dressing rooms, seating to the main auditorium, the stage facilities and location of the box office require attention to bring them up to current standards.
- 3.16. Whilst no schedule or itemised estimates have been developed for any of the above works, their total cost is estimated to amount to several hundred thousand pounds. Again, no approval or budget provision exists.

## 4. Social value

- 4.1. In addition to constituting a civic presence in Bedworth High Street, the Civic Hall when in operation delivers a number of social benefits:
- **It houses the Bedworth Arts Centre, thus facilitating the local Arts Charity to provide opportunities for engagement in the arts, both as consumers and creators**
  - **The staging of shows provides opportunities for volunteering in both back stage/technical and front of house activities;**
  - **Larger scale productions, usually the annual pantomime, provide opportunities for local children to perform on stage in a variety of roles;**
  - **It's cafeteria provides a relatively low cost catering facility thus providing a meeting place/social space for residents and specialist groups;**
  - **It provides a performance space for local voluntary sector and charitable groups, schools and local dance and theatrical schools. In 2019/2020 the venue hosted a 25 such activities, including use by NBBC for Elections and Consultation as part of the Planning process;**
  - **It provides a performance space for local dance schools and similar organisations.**
- 4.2. It has not been possible to develop a detailed breakdown of the above uses and their cost to NBBC. However, for 2019/2020 catering at the Civic Hall was subsidised by £9,600.00 whilst the bar generated a net surplus of £23,900.00 from pre-performance and interval sales.
- 4.3. The Civic Hall also provides a reason for individuals to visit Bedworth town centre: either to attend a performance or make enquiries about future performances. In addition to any spend on tickets for performances at the venue, benefits from spend outside the building will accrue to the local economy.
- 4.4. The Chair of the Theatres Trust has said that for venues outside of London the local economy benefits by up £11.00 per ticket purchased due to pre- and post-performance expenditure on shopping and food/beverages. The limited number of outlets in the High Street suggest £11.00 may be high with £7.00 being a more appropriate figure.
- 4.5. The total number of Civic Hall attendees in 2019/2020 totalled 29,439 which, at £11.00 per head equates to an estimated contribution of approximately £323,800, reducing to £206,000 at £7.00 per head, to the local economy over the year.
- 4.6. Although the average Civic Hall attendance rates are reasonable, suggesting a degree of support for the venue, this is not reflected in feedback to NBBC regarding its extended closure as no Formal Complaints from members of the public and/or Civic Hall patrons have been logged through NBBC's Complaints Portal.

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### *Bedworth Civic Hall*

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- 4.7. Similarly there have been a 'handful' of e-mails and telephone calls regarding the closure but relative to the number of shows rescheduled during the past 18 months these have been minimal. This suggests no pressure to re-open the Civic Hall for performances from patrons and/or residents. SLL understands there has been some representation from local groups about the annual pantomime and other such shows.
- 4.8. The agents for shows already booked or rescheduled into the Civic Hall during the first quarter of 2022 are being made aware of NBBC's decision to extend its use as a vaccination centre until 31 March 2022, with a view to rearranging those bookings. Up to 11 November 2021, three Formal Complaints had been made by 3 agents in response to the change.
- 4.9. It is understood that the local media are aware of the extended closure of the Civic Hall and will be carrying stories on the topic in the near future. It is not known at the time of writing this report, whether the media approach will be positive or negative to NBBC.

## 5. Competitor venues

5.1. An initial analysis of theatre provision within an approximate distance of 30 miles from the Civic Hall has identified 12 competitor venues:

**Table 11: Initial analysis of theatre provision**

| Venue                      | Location         |
|----------------------------|------------------|
| Belgrade Theatre           | Coventry         |
| HMV Empire                 | Coventry         |
| Concordia Theatre          | Hinckley         |
| Royal Spa Theatre          | Leamington Spa   |
| Repertory Theatre          | Birmingham       |
| Hippodrome Theatre         | Birmingham       |
| Blue Orange Theatre        | Birmingham       |
| Crescent Theatre           | Birmingham       |
| Alexandra Theatre          | Birmingham       |
| Highbury Theatre           | Sutton Coldfield |
| Sutton Arts Theatre        | Sutton Coldfield |
| Sutton Coldfield Town Hall | Sutton Coldfield |

- 5.2. These venues have auditoria of variable sizes from 816 (Birmingham Repertory Theatre) to 100 (Blue Orange Theatre). They are operated according to a variety of models: from strictly commercial to voluntary and/or charitable organisations. Individually and collectively they deliver a wide variety of shows and entertainments; including those historically delivered at the Civic Hall and at similar ticket price levels.
- 5.3. All the above venues have re-opened, have programmes in place for the remainder of this year and into at least the second quarter of 2022 and are actively selling tickets for those shows. A number have used the Covid-19 closure period to upgrade and improve their facilities and the customer experience.
- 5.4. As indicated above the re-opening of the Civic Hall will need a timely and effective audience return and marketing strategy to minimise the financial risk to NBBC.

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- 5.5. A common feature of the competitor venues is a well-designed and noticeable internet presence. In addition to creating positive images of the venues and their forthcoming shows these well designed and effective websites will have actively promoted both the re-opening and the selling of tickets. The Civic Hall website falls short of those of competitor venues and will require significant upgrading to promote and support any re-opening of the venue.
- 5.6. Further analysis of the competitor venues can be undertaken if required but the Civic Hall is at a clear disadvantage in the market place as identified competitors are all open and have appropriate programmes in place for, at least, the next 6 months.
- 5.7. If the Civic Hall re-opens on 01 September 2022 it will have been closed for, in most cases, 12 months longer than its competitors, during which past patrons may have migrated and developed new loyalties to alternative venues. In such circumstances it may not be possible to attract all or a proportion of those individuals back to the Civic Hall.

## 6. Review of NBBC identified Options for the Civic Hall

6.1. NBBC has identified four potential options for the future of the Civic Hall. These are:

**Table 12: Summary of NBBC Identified Options, and Costs**

| Option   | Description   | Cost Implications  |
|--|---|--|
| <b>Option 1- Retain but operate on a more commercial basis</b> | <p>To maintain the current operation of the Civic Hall focusing on the venue to make it commercially viable. The following is proposed to achieve this:</p> <ul style="list-style-type: none"> <li>• <b>Closure of the café on a permanent basis – reduce additional overhead and costs. Look at options of outsourcing this space as a café or as a community / hire space.</b></li> <li>• <b>Ensure that 95% of all shows are Private hires – reduced risk of ticket sales short-falls, capacity restrictions and increased control of bookings required per month to cover costs</b></li> <li>• <b>Focus on the pricing and structure of additional income generation through developing room hires, conferences and bar sales.</b></li> <li>• <b>Seasonal opening hours and days, to reduce building costs. Due to the new Booking systems box office staff can operate from the Town Hall and manage remotely.</b></li> </ul> <p>This will enable the Civic Hall to remain as a cultural venue within the Borough.</p> <p>The Civic Hall will be fundamental in the current production of the Cultural strategy to understand the Borough needs and how this may well help future decision making and the future needs of the Civic Hall and other arts and cultural building in the Borough.</p> <p>A strong cultural sector can contribute to welcoming, distinctive, and attractive places to visit. When Culture is done effectively it will contribute towards the revitalisation of communities.</p> | <p><b>Total Cost Option 1: £95,961.95 minimum</b></p> <p>Potentially the ability to offset these costs with rental income from the café space.</p> |
| <b>Option 2- Close the Civic Hall and demolish building</b>    | <p>To close the Civic Hall, knocking down the facility for development would remove future Business Rates Retention (NNDR) or any running overhead costs for the venue in its current format. This would include any maintenance and upkeep costs.</p>  | <p><b>Total Cost Option 2 £566,641.67 minimum plus pension costs of those made redundant</b></p>   |

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| Option   | Description   | Cost Implications   |
|--|---|---|
|  | This however would remove the only Civic venue within the Borough and would mean council events such as polling counts and civic functions would need to find alternative locations possibly resulting in external costs for borough elections (spend pressure) and loss of income recovered from other elections held (previously an internal transfer of non-cashable costs within NBBC and proportional invoices to other bodies generating income). The annual ISU recharges that are budgeted from the Civic Hall are approximately £150K per year, by dropping the Civic Hall building these costs would need to be found in alternative budgets.   | <p><b>If staff are not made redundant in Dec 2021, they will require a further 12 week notice period at a cost of £38,395</b></p> <p><b>£150k per annum would also need to be move to alternative NBBC budgets.</b></p> <p><b>The above EXCLUDES the impact of any capital receipt from sale of the site.</b></p>   |
| <b>Option 3 – Retain building but sell for alternative uses</b>                                  | <p>In order to obtain a valuation of the Civic Hall we will require specialist surveyors from an external source at an estimated cost of £5,000 - £7,500.</p> <p>To sell the Civic Hall building would have the same financial and social impacts as Option 2. NBBC would also need to relocate the annual ISU recharges that are budgeted from the Civic Hall of approximately £150K per year in alternative budgets.</p> <p>Approval will be required if the valuation of the premises is required, this could lead to employee concerns and morale surrounding their awareness of these valuations taking place and questions being raised around the future of the Civic Hall, confirmation would need to be received surrounding the funding of these charges. There would also be potential media coverage that we would need to plan for.</p>  | <p><b>Total Cost Option 3: £84,141.67 minimum</b></p> <p><b>If staff are not made redundant in Dec 2021, they will require a further 12 week notice period at a cost of £38,395</b></p> <p><b>£150k per annum would also need to be move to alternative NBBC budgets.</b></p> <p><b>The above EXCLUDES the impact of any capital receipt from sale of the building.</b></p> |
| <b>Option 4- Retain the building but externalise its management through a long term contract</b> | <p>To contract out the operation of the Civic Hall to an external organisation will enable the Civic Hall facility to remain as a Cultural venue for the Borough, it may reduce the current financial contribution provided by NBBC, but this would not be confirmed until some soft market testing is undertaken. It would also remove redundancy costs that would otherwise be incurred enabling staff to TUPE over to the new organisation. However, at this time and due to this uncertainty, it may not be prudent to look at a partner given lack of confidence in large numbers coming back to inside events. As part of any negotiation with an external partner there will be a request for capital development/investment and ensuring the building is fit for purpose. This may be with either partner and is for discussion, however any investment put in by an external partner will require them to secure their investment either by reducing or removing any pay back to NBBC or by seeking support.</p> <p>If this is the preferred option soft market testing can be undertaken to understand the types of contracts that are in the marketplace and to understand if there are organisations looking for venues of this type.</p> | <p><b>Total Cost Option 4: £51,750 minimum</b></p> <p><b>Additional maintenance costs e.g. boiler, air con unit etc</b></p> <p><b>£150k per annum would also need to be move to alternative NBBC budgets.</b></p> <p><b>TUPE implications – pension costs</b></p>   |

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- 6.2. **Option 1** above clearly carries the most risk for NBBC; it requires ongoing in-house management of a building and offer within an area still recovering from the impacts of Covid 19. Given that the Civic Hall has not yet re-opened whilst other local and similar facilities have, increases the level of risk. This option will require significant change: closure of the café, staff redundancy, re-focus of the Civic Hall offer and remit. It also depends on there being local demand for the various spaces available to hire in the building, on a consistent basis to generate income.
- 6.3. **Option 2** is the most expensive option at least up front. It will require resources to re-locate existing Civic requirements. It has potential to contribute to the physical re-development of Bedworth town centre through alternative use of the site, but until re-development plans are clear, it is unknown how this would impact the night-time economy. This option carries less operational risk to NBBC than Option 1, but has far-reaching implications for staff, location of civic requirements, and impacts on the local cultural groups and organisations.
- 6.4. **Option 3** also involves significant change in terms of staff, relocation of civic requirements, and impacts on local cultural groups and organisations. It retains the building but puts it to different use. This option is less risky operationally for NBBC than Option 1, but there is a market risk. Is there demand for such buildings, and what else could it be used for? Will the rental off set the up- front costs of repair and maintenance? How will an alternative use contribute to the town centre re-development? This option also begs the question as to whether it is the Civic Hall building that is important to the town, or whether it is the offer that is critical? Only Options 1 and 4 retain any semblance of influence over continued cultural activity in the town centre.
- 6.5. **Option 4** involves outsourcing the management of the Civic Hall. To achieve this maintenance works would be required to the building as set out above. Given the nature of the sector at the moment it would be prudent to undertake some Soft Market Testing prior to selecting this option to ascertain whether it is a realistic option and there is appetite to take on the existing building. If this proves positive there will need to be a procurement exercise undertaken; this will require a specification to be developed setting out what NBBC want to achieve from continuing to operate the Civic Hall. If this option is selected it is important to understand that whilst it has potential to reduce operational risk to NBBC, it will not necessarily make a financial return to the Council. This will be dependent on the extent of any investment by a contractor, and the ongoing sustainability of the operation. This option may however reduce NBBC's annual operating costs, although the upfront maintenance costs will need to be offset prior to this situation being achieved..
- 6.6. Alternative options to those described above could involve leasing the existing building instead of selling it, as per Option 3 (Option 5). This could reduce the risk to anyone taking on the building but clearly would not realise a capital receipt. Rental payments from a lessee to NBBC could, however, offset any costs of investment.
- 6.7. A further option (Option 6) could be to asset transfer the building to a third party; this would require similar up-front costs to Option 4. It may, or may not, be possible under such an arrangement to retain use of the building for the various civic roles/events it currently hosts. This could be mutually beneficial in terms of NBBC and civic space and the organisation to which the building is transferred, knowing they have some guaranteed income. This option would have costs similar to Option 4, plus the redundancy Costs.



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- 6.8. Another alternative option (Option 7) could be to set up a Local Authority Trading Company (LATCo) to operate the Civic Hall. The structure of the company allows it to benefit from NNDR savings. The two main potential disadvantages of this structure are the fact the risk essentially remains with NBBC as it would be their company so the Council would need to underwrite any losses, and the fact that the Council retains all risk. A further consideration is the upfront costs of establishing a LATCo, which with legal, financial and consultancy advice could cost circa £100k+.

## 7. Summary Conclusions and Recommendations

### Summary of the NBBC and SLL Identified options

Table 13 summarises the above analysis:

| Option   | Factors to Consider  |                            |                          |                   |                                    |                 |               |               |                              |
|----------|----------------------|----------------------------|--------------------------|-------------------|------------------------------------|-----------------|---------------|---------------|------------------------------|
|          | Upfront Capital Cost | Reduction in Revenue costs | Reduced Operational Risk | Community Support | Continuation of Cultural Provision | Capital Receipt | TUPE transfer | Job Losses    | Timescale for Implementation |
| Option 1 | Y                    | Unlikely                   | N                        | Likely            | Y                                  | N               | N             | Y             | Short                        |
| Option 2 | N                    | Y                          | Y                        | Unlikely          | N                                  | Y               | N             | Y             | Short – Medium               |
| Option 3 | N                    | Y                          | Y                        | Unlikely          | N                                  | Y               | N             | Y             | Short – Medium               |
| Option 4 | Y                    | Y                          | Y                        | Likely            | Y                                  | N               | Y             | Not initially | Medium                       |
| Option 5 | N                    | Y                          | Y                        | Likely            | N                                  | Y               | N             | Y             | Short                        |
| Option 6 | Y                    | Y                          | Y                        | Likely            | Possibly                           | N               | Possibly      | Possibly      | Short – Medium               |
| Option 7 | Y                    | Y                          | N                        | Likely            | Y                                  | N               | Y             | Limited       | Medium                       |

#### Timescales:

Short – 1 year

Medium – 2-3 years

Long – 3 years+



7.1. It is clear from the above that although Option 1 facilitates continued use of the Civic Hall for cultural activity, it presents the highest risk to NBBC whilst Option 2 presents the highest cost with no continuation of cultural activity. Options 4 and 7 are likely to facilitate continued use of the Civic Hall for cultural activity but Option 4 is the only such option that also reduces operational risk to NBBC. Option 4 is also least likely to result in initial job losses, whereas Options 1,2,3, 5, 6 and 7 either do, or are likely to.

7.2. Both Options 1 and 4 would require up front capital investment in the Civic Hall.

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- 7.3. Faced with these choices NBBC need to decide what priority (ies) it is they want to achieve; is it continued use of the Civic Hall for cultural activity, is it that but with less risk, is it no risk at all or is it a financial return through a capital receipt or rental income?
- 7.4. A further risk factor to consider, specifically in relation to Option 1 is the slow recovery of the cultural attendance market, the age, condition and operating challenges of the Civic Hall, all of which would continue to be NBBC's responsibilities. Whilst the proposed changes to the Civic Hall would address some of the financial operating costs, a more commercial approach would literally need to be 'sold' at local level, as it may not be understood by those who have been the traditional users/hirers of the Civic Hall.
- 7.5. If the priority is to retain cultural use and provision in the town centre only Options 1, 4 and 7 can be considered. Of these Option 4 is the only one to reduce operational risk to the Council and have some potential to realise a financial return to NBBC. It will also reduce ongoing revenue costs. The issue is whether, in the current climate of Covid recovery it is realistic. This can only be determined through soft market testing.
- 7.6. If retaining cultural facilities in the town centre is not a priority, then Options 2,3 or 5 should be considered. Demolition of the building, or its sale are most likely to realise a financial return to NBBC of at least some description. However, on the basis that demolition of the existing building will cost circa £500k, retaining the building and using it for alternative purposes might be a better option. All of these option realise a risk reduction to NBBC.
- 7.7. We remain concerned about Option 1 given the slow recovery of the cultural market, and the fact that the Civic Hall has not been operating as a cultural venue for some considerable time now. Option 1 represents a high risk operationally and financially for NBBC.

### Recommendations

- 7.8. Given the number of options available to NBBC, we recommend it is firstly a priority to determine what NBBC wishes to achieve both from and through the Civic Hall this will inform the realistic options to be considered.
- 7.9. If NBBC wishes to retain cultural activity in the town centre and at the Civic Hall with reduced risk, we recommend Option 4 is progressed, subject to a positive outcome of soft market testing.
- 7.10. If retention of cultural activity in the town centre is not a priority, we recommend that the Council considers Options 3 or 5. Neither require upfront investment, but should reduce revenue cost to NBBC.