

ORGANISATIONAL CHANGE OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Tuesday 26 th April 2016
Report Subject	Theatr Clwyd Progress Report
Report Authors	Chief Executive Chief Officer, Organisational Change Artistic Director, Theatr Clwyd

EXECUTIVE SUMMARY

The September meeting of the committee was held at Theatr Clwyd (TC) shortly after the appointment of the new Artistic Director and provided an opportunity to consider an updated Business Plan.

This report updates committee on implementation of that Business Plan including the key issues of performance, developing community involvement, developing the commercial approach, theatre tax relief, and the staff restructure.

The extent of operational change and modernisation currently going on at Theatr Clwyd is substantial and is to ensure that a sustainable operating model and organisational structure is put in place for the foreseeable future.

RECOMMENDATIONS

1	To comment on the implementation of the Theatr Clwyd Business Plan.
2	That the committee is assured that the operational changes and modernisation currently taking place provides a sustainable model for Theatr Clwyd in the foreseeable future.

REPORT DETAILS

1.00	KEY CONSIDERATIONS
1.01	Section 1 – Overall Performance (referencing the core annual Arts Council of Wales remit and factors informing the 2016/17 budget)
1.02	<p>Our programme of 6-8 in-house shows:</p> <p>The current season is embracing a broader range of work than in previous years. This has already included a revival of a classic work (<i>Cat on a Hot Tin Roof</i>) and a regional premiere (<i>Jumpy</i>). It will continue with a large scale classic play with specially commissioned additional Welsh poetry and a community cast (<i>Cyrano de Bergerac</i>), a Shakespeare previously not seen at TC (<i>Much Ado About Nothing</i>), a new play for young people inspired by Shakespeare (<i>To Dream Again</i>), two world premieres and a major revival of a modern musical. Four of these are co-productions, which has enabled us to increase our programme of in-house shows back to 8 (from 6 in 2015-6). Co-producers include WMC, the Sherman, Paines Plough, High Tide Festival and two commercial producers.</p>
1.03	<p>Touring work around Wales and the rest of the UK:</p> <p>In March, our production of <i>Cat on a Hot Tin Roof</i> toured to Cardiff and Swansea. In the latter half of 2016, we will tour three of our productions.</p>
1.04	<p>Developing a culture of new writing at the heart of our work:</p> <p>This spring, we are producing <i>To Dream Again</i>, a new play retelling <i>A Midsummer Night's Dream</i> for young people, in co-production with Polka Theatre. In autumn 2016 we will be producing two new plays in co-production with two pre-eminent new writing companies. We have also worked with Playwrights Studio Wales, Stiwt, the Friends of Theatr Clwyd and Gladstone's Library to bring four contemporary writers into the theatre in a series of regular residencies during the spring and summer season. One of these writers has written to the Friends to say thank you, saying, 'it was such a privilege to be back in the building - which felt packed full of positive vibes - this time as a Writer. To be offered the creative freedom to create, develop, scribble, ponder and play is so rare these days, I simply can't emphasise how valuable it is to a Writer (or any creative freelancer).' As part of the staffing restructure, the role of Associate Director has been identified as a key post in further developing the new writing strand.</p>
1.05	<p>Presenting a diverse range of quality visiting work, film and visual art. Ensuring the best possible artistic quality and financial/operational management throughout:</p> <p>We have been working more holistically across the building to ensure that the different spaces and different art forms are in conversation with each other. This includes a mini Tennessee Williams' season in the cinema during the run of <i>Cat on a Hot Tin Roof</i>; a mother and daughter exhibiting in the gallery during the run of the mother and daughter play, <i>Jumpy</i>, in the EWT; and a 'nose season' in the cinema to tie in with <i>Cyrano de</i></p>

	<p><i>Bergerac!</i> We are also now planning further in advance, which is allowing us a greater choice in the visiting work we present.</p>
1.06	<p>Develop our Celtic Festival of new writing in collaboration with theatres and companies from the other Celtic nations:</p> <p>The Celtic Festival is in May and will not only involve a more numerous and varied selection of art forms across our spaces but also a number of free 'pop up' music and spoken word events to compliment the main programme.</p>
1.07	<p>Develop an Annual Report to reflect and promote everything we do:</p> <p>We are currently working on a new Business Plan, which will be delivered in October 2016 and will include input from our new Executive Director once in post.</p>
1.08	<p>Public Funding</p> <p>The 2016/17 budget incorporates cuts in public funding as follows:</p> <ul style="list-style-type: none"> a) £150k from FCC – this is the second instalment of the total planned cut of £350k over 2 years. TC's grant allocation is pay-related and therefore the final amount for 2016/17 is £675,723 which reflects small adjustments for the impact of nationally agreed local government pay rises which are, of course, completely outside the theatre's control. b) £54k from ACW – this is a 3% cut across the board which is relatively good news given that some cut was inevitable following ACW's own funding reduction from the Welsh Government. Our total annual ACW revenue funding going forward is now set at £1,741,999.
1.09	<p>Staff costs</p> <p>Staff costs have been calculated on the basis of the new staff structure and planned ways of working. Overall, staff costs have decreased on last year by £44.5k, which is attributable to three main issues:</p> <ul style="list-style-type: none"> a) the latest version of the staff restructure and proposed theatre-specific pay and gradings has been included in the budget, yielding a net saving of £108.5k for the coming year, before the 2016/17 increases noted below. b) the nationally awarded Local Government pay rise (ranging from 1% to 6% for lower paid workers) has been included at a cost of £26k. As noted above, this is beyond the theatre's control and FCC have allocated an additional £8k to the theatre by way of partial compensation. c) The rate of Employer NI contributions is increasing in April – from 10.4% to 13.8%. This will add around £31k to the theatre's annual staff costs and has been budgeted for. It should also be noted that the theatre's liability for pension contributions has increased by £7k and now stands at 24.9%.

1.10	<p>Productions</p> <p>The production budget has been reduced relative to previous years. However, as proposed in the business plan, new ways of working are enabling more to be delivered for less and we are currently working on three co-productions – a large contemporary musical and two new plays – which will join the Spring season (<i>Cyrano de Bergerac</i> and <i>Much Ado About Nothing</i>), two classics in each of the Studio and Main House and of course, the panto! A total of 8 Clwyd productions, which also deliver a broader audience appeal and build on the programme developments started in 2015/16. A note of caution should be sounded in respect of the implementation of the new staff structure and House Agreement as it remains to be seen precisely how this will play out for production budgets especially in this first year, so potential funds from Theatre Tax Relief are being held in reserve for now.</p>
1.11	<p>Creative Engagement</p> <p>It has been agreed with ACW that the Theatre for Young People (TYP) will no longer be a separate revenue funded organisation (RFO). Our work for and with young people will of course, continue and grow through the new Creative Engagement department which will operate a ring-fenced budget at a similar level. The ACW grant of £219k is a 3% reduction on 2015/16.</p>
1.12	<p>Trading</p> <p>Income earned from ancillary trading has been calculated on the basis of the existing operations plus an additional £30k contribution for room hires which should be comfortably achievable once the new posts of Director of Operations and Development Co-ordinator have been appointed. It should be noted that there is considerable scope for generating further additional income in this area over the coming years with the redesign of the catering and front of house sales which will flow from the new staff structure.</p>
1.13	<p>Sponsorship</p> <p>The sponsorship department is being significantly expanded with a new Director post aimed at yielding considerable extra income although much of this will be targeted at the capital project. A conservative £20k additional income has been included for 2016/17, which should mostly be achievable with the introduction of box office donations and a more joined-up approach to managing our customer base.</p>
1.14	<p>Marketing</p> <p>Marketing costs have been reduced on previous years by £20k to reflect the change to three brochures per year. This will be carefully monitored but it is sensible to take account of the increasingly digital environment that will be prevailing amongst our developing audience base. Once the new Director of Marketing is in post, a new marketing strategy will be developed along with a review of our pricing policy, exploring initiatives like early bird discounting and dynamic pricing.</p>

1.15	<p>Overheads</p> <p>Overheads are broadly held in line with previous years except in respect of recruitment which in the light of the staff restructure, has been provided for at £10k as there will still be some posts to appoint in the new financial year. We also need to explore future provision for IT and telephones as we have been advised that it is no longer financially viable for FCC to continue their support as their focus moves to the different needs of agile working, etc.</p>
1.16	<p>Risks</p> <p>2016/17 will inevitably be a difficult year for the theatre with much internal change to embed as we settle into a new way of working, reaching out to new audiences and developing new partnerships. And our external environment will change too – the new Chester theatre is due to open in late 2016, which will impact on our audiences although hopefully as time goes on this will result in a higher cultural profile for the area as a whole. It will directly affect our visiting programme as its larger auditorium draws the bigger productions away.</p>
1.17	<p>During the three years since 2014/15, the theatre has suffered public funding cuts in excess of £500k, whilst maintaining audience levels and a broadly similar level of artistic activity. It remains vital that the theatre Board and Executive work closely together on strategic planning to ensure a resilient business base to avoid compromising artistic and operational ambitions going forward.</p>
1.18	<p>Section 2 - Developing community involvement</p>
1.19	<p>Open Doors, 31 October 2015</p> <p>This event, which threw open our doors to all with free events throughout the day, attracted over 5,500 visitors, many of them new to TC.</p>
1.20	<p>Community Artists</p> <p>The new Artistic Director has been meeting with different community groups and individual local artists to explore how we can create greater links. The numerous community companies that use the theatre have been offered ‘slots’ across the year (rather than confined to six weeks in the early summer), which has been welcomed by all.</p>
1.21	<p>Fusion: Tackling Poverty Through Culture</p> <p>TC partnered with Communities First in Wrexham and with Stiwt to deliver <i>Behind Slammed Doors</i>, a project bringing one of our practitioners into a Communities First area to facilitate workshops with mothers and their teenage daughters. These workshops culminated in a script that was then performed by the cast of <i>Jumpy</i> before one of the shows and as a separate Picnic Play, with both the Communities First participants and general public attending. It was also the professional writing debut of the practitioner, a local young writer. Andrew Harradine, Lead Officer for Wrexham CBC, wrote, ‘I was sat with some of the community members who took part and knowing their backgrounds as I do, it was really positive</p>

	to not just see them in a Theatre in the first place but to laugh and giggle their way through the piece’.
1.22	<p>The Tunnel</p> <p>The tunnel between the car park and the theatre is now decorated with work by local schoolchildren. To create this work, we have been sending artists into local schools over the course of several weeks and then bringing those involved to the theatre for the formal ‘unveiling’.</p>
1.23	<p>Community and children in our companies</p> <p>Three of our productions this season will have involved community members on our stages: <i>All My Sons</i>, <i>Cat on a Hot Tin Roof</i> and <i>Cyrano de Bergerac</i>. One set of parents wrote, ‘We managed to see the show 5 times and each time it got better. Everyone else who came to see it also said how much they enjoyed it and we will certainly be coming to see more plays at Theatr Clwyd.’</p>
1.24	<p>Justice in a Day</p> <p>This award-winning project, funded by Scottish Power, has again performed to local young people across North Wales. One of the PCSOs who attended wrote. ‘The staff involved are an absolute credit to the programme and there is no doubt the school children have learnt some very important lessons that will almost certainly filter down to other children at school’.</p>
1.25	<p>Youth Theatre</p> <p>We will be relaunching our Youth Theatre in the summer as part of our 40th anniversary celebrations.</p>
1.26	<p>A Festival for All the Family</p> <p>We are partnering with Theatr Iolo, a Cardiff-based theatre company, to produce #Clwyd40, a Festival for All the Family that will throw open our doors for three days in the summer with events in every space in the building, as many as possible of which will be free.</p>
1.27	<p>Community Partnership Scheme</p> <p>In this, our pilot phase, we have partnered with Flint High School as the "core" of the scheme, which also has a specialist school on campus. The partnership will also extend to the school’s four feeder schools, together with the Welsh Medium School in the community and we will also work closely with the Flint West Community First Cluster on reaching the communities where the young people live.</p>
1.28	<p>Arts from the Armchair</p> <p>This project, currently in its pilot year, has seen us partner with Betsi Cadwaladr University Health Board – Arts in Health & Wellbeing. Each week, a group of elderly people with short term memory loss have come to the theatre to participate in workshops with different artists across different art forms.</p>

1.29	<p>Progress our building refurbishment project on to its development stage:</p> <p>Work is taking place on a fundraising strategy for capital development and we are talking with a number of experienced colleagues about how to progress this in order to capitalise on our 40th anniversary celebrations next year. We are also working on a short/medium term programme of work to try out 'rough' versions of proposed changes, both so that we can understand possible strengths and weaknesses and so that our audiences can join us in the journey towards a full capital development project.</p>
1.30	Section 3 - Developing the commercial approach
1.31	The commercial development of our function rooms for events and weddings will come on line with the appointment of the necessary staff once the new structure is implemented.
1.32	Our shop has been moved across the foyer so that it is now visible to anyone entering the building and part of the main route from the car park to the theatre. This has enabled us to refresh and redesign the offer and has resulted in increased sales, particularly after performances.
1.33	One of our autumn productions, which we are co-producing with WMC and a commercial producer, will tour commercially following its run in our theatre and TC will receive a royalty from this tour.
1.34	Section 4 - Theatre Tax Relief
1.35	The incorporation of a Council-owned subsidiary and approval of our proposed process by HMRC has enabled a tax efficient environment for claims. The first eligible production is <i>Cat on a Hot Tin Roof</i> and the first claim will be due in March 2017. Subject to the actual level of eligible production costs this claim should be in the region of £100k.
1.36	Section 5 - Staff restructure and new house agreement
1.37	<p>The staff restructure has been finalised that introduces new and enhanced areas of capability and reflects more modern ways of working in the wider UK theatre industry. This has been approved by the Board, agreed with the Trade Unions, presented to the staff and is in the process of being implemented. The guiding design principles for this new structure and house agreement are:</p> <ul style="list-style-type: none"> • A staffing structure that is fit for purpose. • A 'yes we can' culture: staff who are enthusiastic, knowledgeable, proud and impassioned about the work, front footed and excited by the swiftly changing nature of the arts. • A culture that supports risk taking and innovative, entrepreneurial thinking. A culture that doesn't blame. A holistic and longer-term approach to programming across the whole building. • A theatre that delivers a wider breadth of work to a more diverse audience and that holds an increasingly significant place within the wider arts community.

	<ul style="list-style-type: none"> Public spaces that are buzzing throughout the day and evening – a home and a place of pride for the local community and for the wider artistic community.
1.38	<p>Good progress has been made on negotiations with the Unions towards a House Agreement that is affordable, workable, legal and equitable and includes the following elements:</p> <ul style="list-style-type: none"> A new pay and grading structure where roles are appropriately and fairly rewarded by UK theatre industry standards, reflecting leading edge practice and ensuring that we are competitive so that we can retain and recruit staff. A new set of terms and conditions that, when considered “in the round” with competitive basic pay, is affordable, protects jobs and enables the theatre to become sustainable whilst taking into account UK theatre industry practice. A new annualised flexible working hours’ scheme that will develop our capability to resource more effectively, efficiently and affordably and increase opportunities for work life balance and employee engagement. <p>We have worked closely with Unison and have experienced much cooperation and pragmatism throughout these negotiations. The Board have approved where we have got to so far and we shared a draft of the House Agreement with staff on 16th February 2016.</p> <p>In what is a complicated process, we have to balance cost pressures with maintaining the integrity of the organisational structure whilst aiming to protect jobs. These issues become paramount particularly when reviewing terms and conditions and creating a pay structure. Unison will be balloting their members shortly.</p>
1.39	<p>We are also developing other strategies to increase our performance and sustainability such as:</p> <ul style="list-style-type: none"> Increased organisational capability (e.g. fundraising). Flexibility to respond to funding challenges in an agile way, with a core staffing structure enabling more and more varied work with freelance artists and others. A greater number of revenue streams and increased income plans. A far-reaching and innovative audience development strategy. The ability to form relationships with a greater variety of artists across all art forms and the flexibility and dexterity to work with other theatres including through co-productions

2.00	RESOURCE IMPLICATIONS
2.01	<p>Financial Implications</p> <p>This report details the progress TC has been making on delivery a revised budget that includes reductions from the Council and the Arts Council of Wales.</p>

2.02	<p>Human Resource Implications</p> <p>Human Resource implications are covered in detail I the staffing section of this report including both the restructure and the house agreement.</p>
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3.00	CONSULTATIONS REQUIRED / CARRIED OUT
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3.01	<p>The TC Board has considered and approved the current business plan.</p> <p>Trade Unions and Staff have been involved in detailed consultation about the staff re-structure and house agreement.</p> <p>The community will continue to be involved in discussions about TC future programme.</p>
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4.00	RISK MANAGEMENT
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4.01	<p>2016/17 will inevitably be a difficult year for the theatre with much internal change to embed as we settle into a new way of working, reaching out to new audiences and developing new partnerships. And our external environment will change too – the new Chester theatre is due to open in late 2016, which will impact on our audiences although hopefully as time goes on this will result in a higher cultural profile for the area as a whole. It will directly affect our visiting programme as its larger auditorium draws the bigger productions away.</p>
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5.00	APPENDICES
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5.01	None
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6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
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6.01	<p>Organisational Change Scrutiny Committee Report 28th September 2015</p> <p>Contact Officer: Tamara Harvey, Artistic Director Telephone: 01352 701568 E-mail: tamara.harvey@flintshire.gov.uk</p>
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7.00	GLOSSARY OF TERMS
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7.01	<p>Arts Council of Wales – The Arts Council of Wales is responsible for funding and developing the arts in Wales. Arts Council of Wales is an independent charity, established by Royal Charter in 1994. Its members are appointed by the Welsh Government’s Deputy Minister for Culture, Sport and Tourism.</p>
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