

## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF GOVERNANCE	EXECUTIVE COMMITTEE	23 MAY 2024	5

### LOWTHER PAVILION: FINANCIAL ASSISTANCE

#### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

#### RELEVANT LEAD MEMBER

This item is within the remit of Lead Member for Tourism, Leisure, and Culture (Councillor Nixon).

#### PURPOSE OF THE REPORT

To provide details of a proposed one-off capital grant of £250,000 to Lowther Pavilion Trust.

#### RECOVERABILITY

This decision is recoverable under section 7 of part 3 of the constitution.

#### RECOMMENDATIONS

1. To approve an addition to the council's 2024/25 capital programme for a one-off capital grant of £250,000 to Lowther Pavilion Trust, fully funded from the council's Capital Investment Reserve, subject to the following conditions:
  - a. Termination of the annual subsidy grant paid to Lowther Pavilion Trust, with no subsidy being paid beyond the current financial year.
  - b. That the £250,000 capital grant is used for the internal refit of the newly constructed education centre and studio theatre annex.
  - c. That the remaining £15,000 outstanding (as at 01/04/2024) on the roof repairs agreement between the council and the Trust be repaid by the Trust.
  - d. That the Trust continue to deliver a program of performing arts, to develop audiences, support local groups, and make facilities available for council meetings and civil emergencies.
  - e. That the remaining funds required to complete the project are to be acquired from other funding bodies or benefactors.
  - f. That the Trust acknowledges and promotes the financial support provided by the council.
2. That the delegated authority is provided to the Head of Governance (Ian Curtis) in consultation with the Lead member for Tourism, Leisure, and Culture, and the Leader of the Council, to consolidate and revise the service level agreements with Lowther Trust to incorporate the details of the grant and the associated conditions.

## **REPORT**

### **BACKGROUND**

1. Lowther Pavilion Theatre is the only dedicated theatre in Fylde Borough. Set in Lowther Gardens in Lytham, the theatre has served as a cultural hub of community entertainment since 1921. The 450 seated / 900 Standing capacity venue provides a wide and diverse range of events from tea dances to international live music, drama to headline comedy and children's shows to world class dance, ballet, and musical theatre. The venue also operates a community cinema programme. Local arts and amateur dramatic groups regularly perform at the theatre, allowing thousands of local people to experience performing first hand.
2. The theatre and gardens are managed by the Lowther Gardens, Lytham charitable trust (registered charity 1117054). The council is a trustee of the charity, and there are currently nine other trustees drawn from the local community. These trustees, along with other volunteers at the theatre, give their time and expertise without payment.
3. The council support the charity through two principal methods: firstly, by paying an annual subsidy to support the operation of the Pavilion theatre; and secondly by providing ground maintenance and ancillary services for the gardens.

### **CURRENT ARRANGEMENTS WITH LOWTHER THEATRE GRANT**

4. The council pays Lowther an annual subsidy by way of a grant of £43,668, payable in four quarterly instalments. Whilst the agreement terminates at the end of the current financial year, the council's base revenue budget assumes continuation of an annual subsidy to the Trust at the previously agreed base level of £31,668 pa. Under the agreement for the subsidy, Lowther delivers a program of performing arts, develops audiences, supports local groups, and makes facilities available for council meetings and civil emergencies.
5. Performance is monitored quarterly against agreed measures that include financial management, number of events, complaints/compliments, and industry standards. Ongoing poor performance can result in the council withholding grant payments until issues are resolved.
6. The agreement provides a framework for governance, financial reporting, publicity requirements, use of advertising sites, and dispute resolution. At the end of each year, the Lowther Trust may be requested to report to a council committee on its performance.

### **GROUNDS MAINTENANCE**

7. The council provides grounds maintenance and ancillary services to Lowther under a separate agreement, which covers the period to 31 March 2025. The services include parks management (grounds, playgrounds, trees, projects), public conveniences (operated through Danfo), technical/building maintenance and engineering, and leisure facilities management (except Padel tennis).
8. Under the agreement, the council provides day-to-day maintenance while Lowther remains responsible for strategic decisions, approvals, and any major projects. The gardens and playground facilities must be free to use by the public.
9. Governance includes quarterly progress meetings, defined contacts for issues, community project approvals by Lowther, and a process for handling complaints/service failures.
10. Income from leisure facilities is split based on 85% to the council and 15% to the charity, except Padel tennis which was constructed and developed by the charity with all income retained by the charity.

### **HISTORICAL ROOF REPAIRS**

11. Following a request by the Trust, Council on 3rd March 2015 resolved to approve funding for the replacement and insulation of part of the Lowther Pavilion roof, to be released in staged payments of £8k in 2015/16 and a further £115k in 2016/17. In making the decision the Council noted that the Lowther Trust would contribute £50k to the scheme to be paid to the Council over a 10-year period.
12. As of 1<sup>st</sup> April 2024, £15k remained outstanding on the commitment made by the Trust as a contribution towards the roof scheme. It is proposed that the Trust repays the outstanding sum as part of the agreement to accept the grant of £250,000 from the council.

## THE PROJECT

13. The charity has for several years been in the process of an [ambitious expansion](#) the latest phase is a cutting-edge studio theatre and education centre. This new space will transform cultural engagement in the Fylde region by meeting the growing demand for community-centric arts experiences, amateur dramatics, and inclusive learning programmes across diverse ages and abilities. The existing 450-seat/800-standing main theatre has been successful however, it is not ideally suited for smaller community groups, amateur companies, and niche performers because the required cost can be prohibitive. The adaptable studio theatre will provide an intimate, immersive setting tailored to these needs, offering performance opportunities, workshops, and educational activities.
14. As well as increased community and amateur society use, the studio theatre and education centre will enable a holistic approach to arts education and cultural programming. It will be equipped with advanced audio-visual capabilities like projection mapping and sensory lighting to unlock creativity through multidisciplinary experiences. The flexible design will allow for theatre productions, cinema screenings, music events, movement classes, support groups, and more. The adjacent outdoor classroom will incorporate environmental education through partnerships with local nature organisations. The comprehensive, inclusive initiative will create a vibrant arts community, developing skills through apprenticeships, and boosting cultural tourism, ultimately enhancing social wellbeing through the transformative power of the arts.
15. The trustees have been very successful at securing financial support for the project from various funding sources (see Table 1 below). This backing has facilitated the completion of the building without the internal fit, the cost of the internal refit is £1.2 million. The trustees have started to secure funding for the internal refit and are confident that the required funds will be secured to cover the whole project with the council support. To date £258,500 has been secured for the internal works with a further £74,000 already invested in the refit however, the refit will be delivered in two stages with the first phase costing £500,000 for the M&E and plastering work.

**Table 1: Funding Summary Analysis**

<b>Summary Analysis of information provided by Lowther Trust regarding costs and funding of the 'Fit-out' phase:</b>		£
	<b>Estimated Cost of full 'Fit-out' phase of project</b>	<b>1,200,000</b>
LESS:	Trust monies already spent	-74,000
	<b>Balance to be funded</b>	<b>1,126,000</b>
	<b>Of which, the estimated cost of the M&amp;E and Plastering phase is:</b>	<b>500,000</b>
LESS:	<b>Successful grants secured by Lowther for fit out phase</b>	
	Foyle Foundation	-40,000
	Bernard Sunley Foundation	-75,000
	Friends of Lowther & Spacehive (LCC)	-26,000
	Spacehive (LCC)	-13,000
LESS:	<b>Other Trust known income for 2024 / 2025 towards fit-out</b>	
	Café Rental	-17,000
	Padel Tennis	-3,500
	Lowther Management Company	-24,000
	Ticket Levy	-50,000
	Car Park Rental, Lytham Festival	-10,000
LESS:	<b>Firm Grant Applications in progress</b>	
	Garfield Weston	-75,000
	<b>Therefore the estimated funding shortfall for the next phase is circa</b>	<b>166,500</b>

16. The trustees have secured competitive quotes for the internal refit with the contractor that is currently on site; to optimize cost efficiency it would be preferable for the internal works to proceed immediately after the external works to avoid additional expense associated with contractor demobilisation and remobilisation. The current price quoted for the works would also be secured removing the need to re-tender for the work which would include preliminaries and contingencies to cover on site facilities.
17. The council is one of the partner organisations approached for financial support to secure funds that can provide the opportunity for the internal refit to begin without the contractor decanting and incurring the additional unnecessary cost. The request for financial assistance was submitted that triggered a series of discussions and sharing information to establish the appropriate method and amount of support.
18. The trustees have provided comprehensive financial evaluation and projection, details of funds secured as well as current and further opportunities for additional funds, any additional information requested by officers to help inform a proposal for financial support has been fulfilled by the Trust. This has enabled council officers to provide advice to lead members to rigorously scrutinise the figures, assumptions, and calculations. Officers and relevant lead members are satisfied that the project is viable, sustainable, and achievable with the council's support helping to leverage additional funding from other organisations and individuals already expressing an intention to provide financial support.

## **OUR OFFER**

19. In response to the request for financial support, considering the information provided to demonstrate progress on the project to date, commitments for future funding, and the financial forecast for the trust, the recommendation to the committee, if support is to be provided, that a grant of £250,000 fully funded from the Capital Investment Reserve is awarded with the following conditions:
  - a. Termination of the annual subsidy grant paid to Lowther Pavilion Trust, with no subsidy being paid beyond the current financial year.
  - b. The £250,000 capital grant is used for the internal refit of the newly constructed education centre and studio theatre annex.
  - c. The remaining £15,000 outstanding (as at 01/04/2024) on the roof repairs agreement between the council and the Trust be repaid by the Trust.
  - d. Continue to deliver a program of performing arts, to develop audiences, support local groups, and make facilities available for council meetings and civil emergencies.
  - e. That the remaining funds required to complete the project are to be acquired from other funding bodies or benefactors.
  - f. That the Trust acknowledges and promotes the financial support provided by the council.
20. If a grant is awarded the committee should recommend that the current service level agreements with the trust are consolidated and revised to include conditions listed above. Authority should be delegated to the Head of Governance following consultation with the Lead Member for Tourism, Leisure, and Culture, and the Leader of the Council to revise the terms of the service level agreements.
21. The council has been providing a subsidy to the Lowther Theatre since the Trust was first established in 2012/13, and whilst the current subsidy agreement expires on March 31<sup>st</sup>, 2025, arrangements would ordinarily have been made to agree a new subsidy in line with previous awards. This has been accounted for in the Medium-Term Financial Forecast with a figure of £31,667 per annum included for an annual subsidy. Removal of the annual subsidy would provide an ongoing benefit to the council's revenue account and assist the trust in becoming self-sufficient which has always been their objective.
22. The council has always included in the Corporate Plan support for arts, tourism, leisure, and culture, with direct reference to the Lowther theatre and gardens in specific actions or objectives. The recommendation to provide financial support to the trust is consistent with corporate objectives on tourism, arts, culture, leisure, and the local economy. The recommendation is an alternative means of providing financial support to the trust with a grant contribution funded from the Capital Investment Reserve replacing the revenue subsidy which is advantageous to both the trust and the council.

## CORPORATE PRIORITIES

Economy – To create a vibrant and healthy economy	√
Environment – To deliver services customers expect	√
Efficiency – By spending money in the most efficient way	√
Tourism – To create a great place to live and visit	√

## IMPLICATIONS

Finance	The report recommends approval of an addition to the council's 2024/25 capital programme for a one-off capital grant of £250,000 to Lowther Pavilion Trust, fully funded from the council's Capital Investment Reserve. The grant is conditional upon: 1) termination of the annual subsidy grant paid to Lowther Pavilion Trust, with no subsidy being paid beyond the current financial year, which will result in an annual saving to the council's base revenue budget of £31,668 per annum from 2025/56 onwards; and 2) the remaining £15,000 outstanding (as at 01/04/2024) on the roof repairs agreement between the council and the Trust be repaid by the Trust.
Legal	Any grant awarded would be subject to a revised service level agreement with Lowther trust.
Community Safety	There are no direct implications.
Human Rights and Equalities	There are no direct implications.
Sustainability and Environmental Impact	There are no direct implications.
Health & Safety and Risk Management	There are no direct implications.

## SUMMARY OF PREVIOUS DECISIONS

### [Council 3<sup>rd</sup> March 2015](#)

RESOLVED to approve funding for the replacement and insulation of part of the Lowther Pavilion roof, to be released in staged payments of £8k in 2015/16 and a further £115k in 2016/17. In making the decision the Council noted that the Lowther Trust would contribute of £50k to the scheme to be paid to the Council over a 10-year period.

### [Tourism and Leisure Committee 10 March 2016](#)

1. To approve a total Capital Grant in the sum of £122,703 to Lowther Gardens Trust to provide funding for the partial re-roofing of part of Lowther Pavilion, this to be fully-funded from the Councils approved capital programme
2. To approve two payments of the grant: £4,600 in March 2016 to provide for the repair of the pitch slate roof and a second and final payment £118,103 in August 2016 towards the remainder of the works.
3. To note that the delivery of the project will be subject to Lowther Gardens Trusts procurement procedure and practices.

### [Tourism and Leisure Committee 3 November 2016](#)

1. To recommend to Council an annual unfunded revenue budget increase of £31,667 to provide an annual subsidy to Lowther Gardens Trust in the years 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22.
2. To recommend to Council the continuation of the Service Level Agreement as detailed in Appendix 2 of the report regarding the provision of services at Lowther Pavilion by the operating company of Lowther Gardens Trust, Lowther Gardens (Lytham) Management Ltd.

3. To agree to the terms and continuation of the supplementary Service Level Agreement between Fylde Council and the Lowther Gardens Trust as set out in Appendix 3 of the report.

[Tourism and Leisure Committee 10 March 2022](#)

1. To recommend to Full Council an annual unfunded revenue budget increase of £12,000 to Lowther Gardens trust in the years 2022/23, 2023/24, 2024/25. This would create a total annual subsidy of £43,668 per annum for the next 3 years.

2. That subject to the approval of Full Council of the additional funding in recommendation 1 above, to approve the continuation of the Service Level Agreement as set out in Appendix 1 of the report regarding the provision of theatre services at Lowther Pavilion by the operating company of Lowther Gardens Trust, Lowther Gardens (Lytham) Management Ltd.

3. To approve the terms and continuation of the Supplementary Service Level Agreement between Fylde Council and the Lowther Gardens Trust as set out in Appendix 2 of the report and summarised in the report.

[Council 25 April 2022](#)

Following a brief debate on the substantive motion it was RESOLVED to approve:

1. An annual unfunded revenue budget increase of £12,000 to Lowther Gardens Trust in the years 2022/23, 2023/24 and 2024/25. This would create a total annual subsidy of £43,668 per annum for the next 3 years.

2. The continuation of the Service Level Agreement (Appendix 1) regarding the provision of theatre services at Lowther Pavilion by the operating company of Lowther Gardens Trust, Lowther Gardens (Lytham) Management Ltd.

3. To approve the terms and continuation of the Supplementary Service Level Agreement between Fylde Council and the Lowther Gardens Trust (Appendix 2) as summarized in the report.

**BACKGROUND PAPERS REVELANT TO THIS ITEM**

Name of document	Date	Where available for inspection
Lowther Pavilion Project	Not Applicable	<a href="#">Raise The Roof - Lowther Pavilion</a>

LEAD AUTHOR	CONTACT DETAILS	DATE
Ian Curtis	Email & Tel 01253 658506	15 May 2024