

<b>DECISION-MAKER:</b>	GOVERNANCE COMMITTEE		
<b>SUBJECT:</b>	SOUTHAMPTON GUILDHALL CONTRACT		
<b>DATE OF DECISION:</b>	13 NOVEMBER 2017		
<b>REPORT OF:</b>	SERVICE DIRECTOR, DIGITAL AND BUSINESS OPERATIONS		
<b><u>CONTACT DETAILS</u></b>			
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<b>STATEMENT OF CONFIDENTIALITY</b>
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Appendix 1 of this report is confidential in accordance with the Council's Constitution, Part 4, Access to Information Procedure Rules paragraphs 3, 4 and 7a.

<b>BRIEF SUMMARY</b>
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This report follows the Strategic Contracts Annual Report to Governance Committee on 12 June 2017. As a result of this Strategic Contracts Annual Report, officers were asked by the Governance Committee to bring a further report on 13 November 2017 regarding the Southampton Guildhall contract and the benefits it brings to the city.

<b>RECOMMENDATIONS:</b>
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|  | (i) | The Governance Committee notes the details provided in this paper. |
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<b>REASONS FOR REPORT RECOMMENDATIONS</b>
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| 1. | The purpose of this paper and its recommendation are to set out the position regarding the Southampton Guildhall Contract to enable the Governance Committee to review and consider these details. |
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<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>
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	N/A
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<b>DETAIL (Including consultation carried out)</b>
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| 2 | The Southampton Guildhall ('the Guildhall') occupies a prime position at the western end of Guildhall Square and is a key component of the Council's vision for the city's Cultural Quarter and the leisure and culture offer and strategy for Southampton.   |
| 3 | The venue consists of a large auditorium, an inner foyer, office space and associated facilities including toilets, a cloakroom, dressing rooms, back stage and technical areas. The maximum capacity in the auditorium for a seated event in a standard theatre layout is 1,290 and 1,749 for a standing music concert. Alternative configurations are used for other types of events. |
| 4 | Up until 2003, the Council operated Southampton Guildhall as an in-house service.   |
| 5 | The Council entered into a 10-year contract with Clear Channel Entertainment  |

	(Music) UK Limited, which commenced on 10th February 2003, to manage and operate the Guildhall. In February 2006, a Clear Channel US Parent company re-structure re-named the company Live Nation (Music) UK Limited.
6.	The contract with Live Nation consists of a service contract and a lease.
7.	Confidential Appendix 1 sets out the commercial terms of the contract and contains a market assessment.
8.	In 2013 the contract was extended until 2023 with a further five year extension option.
9.	O2 Guildhall Southampton branding commenced in 2013. This is a five year deal between Live Nation and O2.
10.	The Guildhall contract is treated as a 'strategic' contract and, as such, is managed by the Supplier Management function. Supplier Management monitors the operation of the venue closely and are also responsible for the overall monitoring and performance of the contract.
11.	The key rationale for continuing to operate the Southampton Guildhall in the current manner includes the positive economic impact of the venue (see Confidential Appendix 1), the impact on the reputation of the city and its place as the major city on the south coast, the indirect impacts which may include attracting students and businesses to the city and the lack of a viable alternative future use for the venue.
12.	If the Council were to completely close the venue it would need to retain many of the buildings-related costs through mothballing.
13.	The venue has a beneficial impact on the local economy as visitors utilise the surrounding hotels, bars, cafes and restaurants.
14.	The Guildhall operates in a number of markets and hosts events which include a wide variety of music concerts, comedy events, celebrity-hosted events, weddings, other private celebrations, business events and community events. Some of these are referred to as 'ticketed' (i.e. where tickets are made available for the public to purchase) and others are referred to as non-ticketed (i.e. private hire events).
15.	Live Nation are a major international operator and bring the size, expertise and reputation to attract nationally and internationally known acts. Furthermore, Live Nation have an extensive ticket sale and distribution function which ensures that tickets are widely and easily available to customers.
16.	Live Nation, in conjunction with promoters, have the autonomy to set ticket prices at commercial rates.
17.	Live Nation have responsibility for servicing and replacement of plant and equipment but do not have responsibility for the repair and maintenance of the structure, other external repairs or the internal decoration of the venue. These responsibilities were retained by the Council as to outsource these risks would have made the contract unaffordable.
18.	Clear Channel/Live Nation, however, made a number of commitments which include: <ul style="list-style-type: none"> <li>• Redesign and upgrade of bar areas – this was completed in the early years of the contract. The bar area – with particular focus on the North Bar – were further refurbished in 2013 as part of the O2 deal;</li> <li>• Initial improvement, and a subsequent upgrade of, toilet facilities – immediate improvements were made and Live Nation contributed £75k to the refurbishment of the basement and balcony toilets which</li> </ul>

	<p>were completed in 2016. It should be noted, however, that this did not replacing the underlying sewerage infrastructure.</p> <ul style="list-style-type: none"> <li>• Upgrade of décor and fittings in first year – completed.</li> <li>• Works required as a result of Disability Discrimination Act audits – these are carried out on a cyclical basis and improvements include the recent installation of a new viewing platform and new ramps.</li> </ul>																																				
19.	<p>Live Nation have also spent approximately £126,000 above and beyond their express obligations on redecoration of the dressing rooms, an emergency PA system, refurbishment of some theatre seating, purchase of technical equipment, redecoration of cloakroom and staff area and outside lighting and as well as regular repairs of items like the wooden framework within the auditorium.</p>																																				
20.	<p>On the 1st September 2015 Live Nation implemented a ‘restoration levy’ of £1 per ticket to generate funds to spend on the venue. The Council has insisted that the funds from the levy are used to restore and support the venue. Confidential Appendix 1 contains further details. Further projects are planned such as redecorating the lower corridors leading to the basement toilets.</p>																																				
21.	<p>Over the past five years the Guildhall has hosted comedy acts such as Lenny Henry, Paul Merton and Jimmy Car and music artists such as Gary Newman, The Kaiser Chiefs, Wolf Alice, Catfish and the Bottlemen, Paul Weller, Erasure and Bob Dylan. The reach of Live nation enables the venue to secure such popular artists that other smaller operators may struggle to attract.</p>																																				
22.	<p>The admission figures for ticketed events are shown in the graph below. In 2002/3 there was an upwards trend following the management of the Guildhall being contracted out. Since 2008/9, however, admissions have been in steady decline. This is primarily due to the prevailing economic conditions and the changing market for music tours which has seen artists taking advantage of opportunities to play to larger audiences at reduced costs by utilising the proliferation of festivals over the summer months.</p> <div data-bbox="309 1303 1406 1850" data-label="Figure"> <table border="1"> <caption>Admission Numbers - Ticketed Events</caption> <thead> <tr> <th>Year</th> <th>Admission Numbers</th> </tr> </thead> <tbody> <tr><td>2000/01</td><td>148,090</td></tr> <tr><td>2001/02</td><td>137,675</td></tr> <tr><td>2002/03 Contracted out</td><td>156,022</td></tr> <tr><td>2003/04</td><td>168,006</td></tr> <tr><td>2004/05</td><td>172,255</td></tr> <tr><td>2005/06</td><td>168,063</td></tr> <tr><td>2006/07</td><td>178,558</td></tr> <tr><td>2007/08</td><td>164,959</td></tr> <tr><td>2008/09</td><td>170,767</td></tr> <tr><td>2009/10</td><td>128,422</td></tr> <tr><td>2010/11</td><td>125,272</td></tr> <tr><td>2011/12</td><td>118,077</td></tr> <tr><td>2012/13</td><td>104,223</td></tr> <tr><td>2013/14</td><td>91,288</td></tr> <tr><td>2014/15</td><td>75,571</td></tr> <tr><td>2015/16</td><td>71,080</td></tr> <tr><td>2016/17</td><td>44,837</td></tr> </tbody> </table> </div> <p>It should be noted that this table does not include non-ticketed events. For example in 2016-17 the total admitted numbers (including ticketed and non-ticketed events) was circa 84,000.</p>	Year	Admission Numbers	2000/01	148,090	2001/02	137,675	2002/03 Contracted out	156,022	2003/04	168,006	2004/05	172,255	2005/06	168,063	2006/07	178,558	2007/08	164,959	2008/09	170,767	2009/10	128,422	2010/11	125,272	2011/12	118,077	2012/13	104,223	2013/14	91,288	2014/15	75,571	2015/16	71,080	2016/17	44,837
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23.	<p>Appendix 2 shows the details of how the venue was used during 2016-17.</p>																																				
24.	<p>To date in 2017-18, 50 events have taken place. A further 60 events are due to</p>																																				

	take place in the remainder of the 2017-18 Financial Year. These are shown at Appendix 3. Further events may be added over this period.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
25.	N/A
<b><u>Property/Other</u></b>	
26.	The condition of the venue is deteriorating and is likely to require major remedial works over the medium term. The Supplier Management and Capital Assets team are working together on a proposal for a strategic plan in this regard and the level and cost of repairs will be considered in conjunction with the end date of the contract. Repairs to the roofing, buildings structure and internal facilities have been undertaken over the past two years.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
27.	None
<b><u>Other Legal Implications:</u></b>	
28.	None
<b>RISK MANAGEMENT IMPLICATIONS</b>	
29.	See main body of this report.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
30.	None

<b>KEY DECISION?</b>	<b>No</b>	
<b>WARDS/COMMUNITIES AFFECTED:</b>	<b>All wards</b>	
<u>SUPPORTING DOCUMENTATION</u>		
<b>Appendices</b>		
<b>1.</b>	Confidential: Financial and Commercial Matters	
<b>2.</b>	2016-17 Events	
<b>3.</b>	Remaining 2017-18 Events	
<b>Documents In Members' Rooms</b>		
<b>1.</b>	N/A	
<b>Equality Impact Assessment</b>		
<b>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.</b>		No
Privacy Impact Assessment		
<b>Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.</b>		No
<b>Other Background Documents</b>		
<b>Other Background documents available for inspection at: N/A</b>		
<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>	
<b>1.</b>	None	