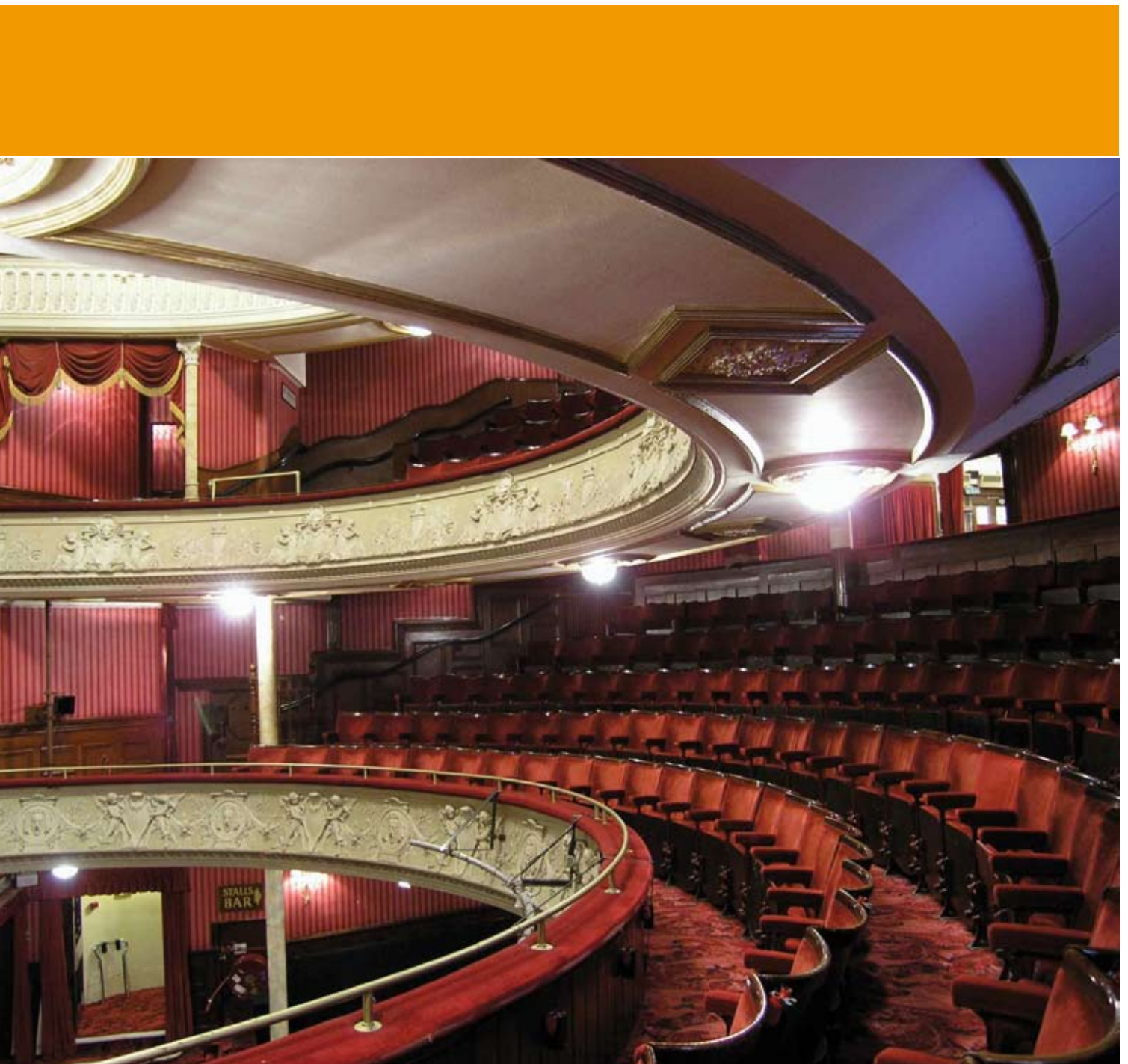


Restoration Drama

Investment in West End theatre buildings
January 2008



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Rapporteur's foreword



‘The estimate is that £250 million is required to fund improvement works to theatres in the West End.’

London's West End Theatres are an essential part of the lifeblood of London's tourist trade, generating £1.5 billion for London's economy each year. The theatres have experienced record audiences this year but, despite this, most theatre owners have not invested in the fabric of the buildings.

This report is the result of an investigation into all 40 commercial theatres in the West End. These were all built before 1937 and most are ageing fast. While some, like The Gielgud, have benefited from private investment, others, especially playhouses such as The Garrick, are in dire need of refurbishment to improve the lack of toilet facilities, bad seating and poor sightlines, as well as structural and aesthetic works.

This report identifies a range of ways to secure funding for refurbishments that could work in combination or be tailored to meet the needs of individual theatres. Westminster City Council has a comprehensive strategy to help improve the street scene, which will help improve the attraction of the area generally.

There is no single solution to tackling long-term under-investment that has left many theatres in London's West End in desperate need of refurbishment. Potential solutions theatres owners could explore range from the introduction of a ticket levy, to corporate sponsorship, fundraising campaigns and debentures.

The estimate is that £250 million is required to fund improvement works to theatres in the West End. In order for any theatre to qualify for public money, the theatres would need to meet specific criteria and demonstrate public accountability. One way of doing this is the establishment of a charitable trust to receive and distribute any funding secured. Securing public money may now be complicated by the pressures many of the potential funding bodies, including the Arts Council and the Heritage Lottery Fund, are facing due to millions of pounds being diverted to the 2012 Olympic and Paralympic Games.

It is clearly important to revive the Department of Culture, Media and Sport's joint working group with the industry and potential funders, so that specific action is taken on much-needed improvements.

I have sought to concentrate on appropriate practicable steps that can be taken to achieve improvements and I trust that all those who read this report will gain some insight into the problems and identify some potential solutions. I would like to thank all those who have contributed to this report for giving their time and evidence.

Bob Blackman AM Deputy Chair of Economic Development, Culture, Sport and Tourism Committee

Executive Summary

The West End of London contains the greatest concentration of theatres in the world generating a significant contribution to London's economy. The 49 theatres, of which 40 are commercially owned, are estimated to generate at least £1.5 billion per annum through theatregoers' spending.

Yet many of the commercial theatre buildings have poor physical infrastructure that is unsuitable for modern audiences. Many have insufficient toilets, foyers and bars; some have poor seating with bad sightlines. This reflects the age and status of the buildings. All 40 commercial theatres were built before 1937. More than three-quarters are listed buildings.

In 2003 a report by The Theatres Trust suggested £250 million of investment was required over 15 years to modernise the theatres. Since then little investment has been made. Apart from Sir Cameron Mackintosh, few theatre owners have financed improvements. To date, public bodies have provided no funding.

A Department of Culture, Media and Sport (DCMS) working group set up to find a solution in 2003 has largely focused on a proposal to raise the investment which now seems unworkable. This involved half the £250 million coming from the theatre industry and the rest from Arts Council England, Heritage Lottery Fund and the London Development Agency split equally. The recent pressures on public bodies' funding make the likelihood of significant public investment remote.

The public bodies are also unlikely to provide a large amount of funding to the West End theatre sector as a whole when it appears to be doing very well. In 2007 there was a record audience number of over 13.5 million and ticket revenues rose to almost £470 million.¹ Despite this overall success, there may be some West End theatres not doing so well. In 2007 audiences for straight plays increased by only 1 per cent. Playhouses then, rather than the musical theatres, may be most in need of any public funding for building improvements.

Public bodies might be prepared to provide some investment on a theatre-by-theatre basis - the Mayor has said that funding might be available for individual theatres. This would depend on a theatre having a fully worked up business plan. There are also other criteria that would need to be met before any public funding was provided. The theatre owners could do more to demonstrate how they meet this criteria. They could draw up a business plan for investment for each theatre building and establish a charity for the receipt and disbursement of any public funding.

'All 40 commercial theatres were built before 1937. More than three-quarters are listed buildings.'

‘The theatre owners will need to consider other solutions if they are to raise the amount of investment required. This report sets out at least nine solutions that could be explored further.’

Alongside doing more to help secure any public investment, the theatre owners will need to consider other solutions if they are to raise the amount of investment required. This report sets out at least nine solutions that could be explored further. These include: a restoration levy on tickets; planning obligations; producer investment; corporate sponsorship; ‘naming seats’ and debenture; and public fundraising appeals. There are also some solutions involving public bodies. For example, the Government could provide an exemption from VAT on the cost of building improvements. Westminster City Council and the Mayor could also extend their existing initiatives for West End theatres to incorporate modernisation of the buildings.

This report makes a number of recommendations to the theatre owners and public bodies to make progress on this issue. Not least it urges the DCMS working group to reconvene. It should continue the discussion and explore all the possible solutions to ensure investment is raised to improve West End theatre buildings.

Introduction

The 40 commercial West End theatres need investment in their infrastructure to ensure their long-term survival. They are not just commercial enterprises but also vital parts of London's economy, culture and heritage. A range of solutions may need to be pursued to raise investment. Both the theatre owners and public bodies have a role to play in this process.

In 2003 The Theatres Trust² published a report, 'Act Now! Modernising London's West End theatres', which suggested £250 million of investment was required over 15 years to modernise the theatre buildings.³ Having undertaken inspections of the 40 theatres (all of which were built before 1937), the Trust found 65 per cent needed more toilets, 60 per cent had seats from which the full height of the stage could not be seen, 48 per cent had inadequate foyers and bars, 46 per cent had inadequate leg room and 40 per cent needed major restoration work. It suggested that £250 million of investment would result in improvements such as better seating, sightlines, wheelchair access and toilets.⁴

The Theatres Trust concluded that, without investment, the prospects were bleak. West End theatre audiences could not be expected to tolerate indefinitely existing conditions. Indeed theatregoers had already expressed some dissatisfaction when surveyed. Most complaints related to the lack of foyer, bar and toilet space, followed by uncomfortable seating, poor leg-room and sightlines.⁵

The Theatres Trust suggested that some of the £250 million investment could be raised by the theatre owners themselves, a levy on tickets, and utilising the planning system but this was unlikely to produce more than half of the £250 million required. It suggested that the Government held the solution possibly through an outright investment, special initiative under the National Lottery, special tax concessions or some other means of support.⁶

Subsequently, in 2003, the Department of Culture, Media and Sport (DCMS) set up a working group to identify a solution to securing investment. A proposal was developed by the Society of London Theatre (SOLT) whereby half the £250 million would come from the theatre industry itself and the remaining £125 million from three public bodies - Arts Council England, Heritage Lottery Fund and the London Development Agency (LDA) - split equally over 15 years i.e. around £2.8 million each per annum.

Since 2003 there has been only limited investment in the theatre buildings. Apart from Sir Cameron Mackintosh, few of the other theatre owners have invested significantly in their theatre buildings. To date the public bodies have not provided any funding for improvements to the buildings.

'Without investment, the prospects were bleak. West End theatre audiences could not be expected to tolerate indefinitely existing conditions.'

‘If any public funding is available this is only likely to be provided in small amounts on a theatre-by-theatre basis, subject to the theatre owners meeting the public bodies’ criteria.’

This review has concentrated on what has happened in the five years since the Act Now! report was published. It has sought to identify:

- The reasons why there has been only limited investment to date in modernising the theatre buildings;
- If there is a case for public investment in modernising the West End theatre buildings and if so from where this might come from and how to ensure accountability and wider return from any public investment; and
- Practicable solutions to securing more investment to modernise the West End theatre buildings.

A number of steps have been taken during the course of this review and I am grateful to all those who have contributed. The work has included obtaining written views and information from a range of organisations, meetings with representatives of The Theatres Trust, SOLT, the Mayor’s office and the LDA, site visits to two theatres and a meeting with representatives of theatre owners and public bodies. Further details are set out in Annex C of this report.

The remainder of this report sets out the findings. Part one covers investment in the theatre buildings since 2003, part two explores the case for public investment and part three highlights some possible solutions to securing more investment.

There has been some limited investment to modernise West End theatre buildings but there remains a need for more investment. There may be a case for some public investment on the grounds of the theatres’ wider economic, heritage and cultural benefits to London. However, if any public funding is available this is only likely to be provided in small amounts on a theatre-by-theatre basis, subject to the theatre owners meeting the public bodies’ criteria. In light of this, theatre owners will need to consider a range of other solutions to secure the investment required. There are at least nine possible solutions that could be explored further. The public bodies have a role to play in this process to ensure funding is obtained to safeguard the theatres.

This review has demonstrated the importance of bringing together relevant organisations including theatre owners and public bodies to discuss investment in West End theatre buildings. The dialogue needs to continue so all possible solutions for raising investment are identified, explored, and then implemented to ensure the modernisation of West End theatre buildings takes place.

Part one

There has been only limited investment to date in West End theatre buildings and more investment is required

“Too many West End theatres have an air of mild decay ... a sense that however much is lavished on the productions, when it comes to the buildings themselves, every expense has been spared.”

Despite some improvements to the theatre buildings since 2003, more work is required. Shape, the organisation supporting disabled and deaf people in the arts, reported access barriers remain in many theatres including a lack of flat floor access, climate control, room for wheelchair users, legroom, lifts and accessible toilets.⁸ The Theatres Trust commented that the majority of the theatre owners have been unable to commit sufficient investment beyond what is necessary to comply with relevant legislation e.g. Health & Safety regulations.⁹ SOLT has reported that given the passage of time and cost-escalation since the publication of the Act Now! report, the cost of the remaining works is unlikely to be much if any less than £250 million.¹⁰ Annex A of this report lists the changes to the 40 commercial theatre buildings since 2003. It shows that only some theatres have had major modernisation works.

The need for investment in the theatre buildings is demonstrated when comparing the Garrick theatre which has not been substantially altered for over one hundred years with the Gielgud theatre which has recently been improved.

‘Shape, the organisation supporting disabled and deaf people in the arts, reported access barriers remain in many theatres including a lack of flat floor access, climate control, room for wheelchair users, legroom, lifts and accessible toilets.’

Case study: Garrick theatre



The Garrick theatre, owned by Nimax, has not been upgraded substantially since 1889.¹¹ From the foyer through to the back stage area, the building requires significant improvements including better back stage technology, new seating and the installation of air conditioning.

At present the Garrick's "get-in" doors provide the only entry point for sets but, measuring 2ft 8" across, these are very narrow. Sets often need to be dismantled and then put back together once in the theatre which can be costly. An old system

for hanging sets means that if a production has three different sets it needs three intervals so sets can be pushed on and off manually.



Some years ago cinema rather than theatre style seats were installed. These have limited sightlines which is a particular problem in the upper circle. The estimated cost to put in new seating across the whole theatre is £400,000. In addition, there is a desire to bring back into use a disused gallery which would increase the total number of seats from 716 to 1100.

The theatre has no air-conditioning. At present between performances staff open all fire exits to create a breeze. The cost to install air-conditioning is estimated at £500,000.

Case study: Gielgud theatre

The Gielgud theatre was taken over by Delfont Mackintosh Ltd in 2005 and has since been extensively improved at a total cost of around £3.5 million.¹² From the foyer through to the back stage dressing rooms, the restoration has involved considerable attention to detail.

Specific improvements include increasing the seating capacity to around 1000 and better air conditioning.

There have been new seats and carpets, a refurbished bar area, new signage and lighting outside, plus 33 new toilets – 11 more than before.

For disabled theatre-goers there is now improved side access from the road, removable seats and a disabled toilet in the foyer.

Backstage, the improvements have included upgrading the system to carry heavier sets and enable lights to be hung without the use of ladders.



There are three main reasons for the lack of investment which are covered in more detail below.

1. Some theatre owners cannot afford to invest or are reluctant to invest for little short-term financial return

Theatre ownership may not be a particularly profitable business. SOLT has pointed out that box office income accrues largely to theatre producers not to theatre owners. If a theatre is full, the owner benefits from higher programme and bar sales, but the income is marginal. It may also be the case that not all West End theatre productions do well. On average out of every ten West End productions, only one can be expected to return any profit, two to break even and seven to lose some or even all of their initial investment.¹³

‘Sir Cameron Mackintosh has spent £27.9 million on the renovation programme for his seven theatres.’

Alongside the possibility of only marginal profits, there may be limited opportunity for the theatre owners to gain financially from investment because the theatres are listed as buildings of special architectural or historical interest.¹⁴ This reduces the scope for commercial exploitation of the sites. Although £8 million was spent on improvements to the Prince of Wales theatre, the building’s value has not changed because it remains a theatre. The listed status also means the cost of improvements is much higher. For example, The Theatres Trust suggested the price of renovating an historic theatre was as high as £12 million.¹⁵ Such sums may be beyond the reach of certain theatre owners. Indeed the amount spent on the refurbishment of the Royal Court theatre in London is reportedly equivalent to the aggregate profits since 1945 of all the Shaftesbury Avenue playhouses.¹⁶

Although some of the theatre owners may not be able to afford to invest, this is not true for all of them. Whilst Nimax (owner of five theatres) reported only a small profit (£29,842) for 2005/06¹⁷ and others have said they often only have sufficient funds to meet annual maintenance costs,¹⁸ some theatres owners do have money to invest. Most notably, Sir Cameron Mackintosh who has spent £27.9 million on the renovation programme for his seven theatres.¹⁹ He is seen to be unique amongst theatre owners for having a large personal fortune, derived from his previous work as a theatre producer, which he can invest.²⁰ He is also reportedly willing to see his investment as a very long-term commitment that will not realise immediate financial returns.²¹

2. The public bodies have limited funding available and are concerned about investing public resources in commercial enterprises

Arts Council England, the subject of considerable attention recently for its proposed funding cuts for regularly funded organisations,²² reported it had many different competing priorities and much less Lottery funding to distribute than a few years ago.²³ It also explained that it did not award grants to capital projects unless they had viable plans for artistic activity which met its objectives. As the West End theatre owners are not in control of what appears on their stages nor the audiences they attract, there is no guarantee it could meet its objectives.²⁴

The Heritage Lottery Fund reported its policy direction required it to ensure the projects it supported promoted the public good or charitable purposes and were not intended primarily for private gain. Private and commercial owners were eligible for its support but had been declared a low priority by

its trustees.²⁵ This position was unlikely to change in the current climate of reduced funding.²⁶

The LDA, also highlighting an environment of reduced funding, suggested that the case for public sector intervention in the theatre buildings had not yet been demonstrated. Market failure did not appear to be affecting the theatres since 2006 was a record year with total ticket revenues exceeding £400 million. Its position was based in part on a report it commissioned from KPMG in 2005 which suggested further research was needed to substantiate the case for improvements in the theatre buildings.²⁷ The Mayor also suggested that alongside little demonstration of market failure, no case had been made for why West End theatres should be favoured with public investment over other commercial cultural enterprises such as music venues and cinemas.²⁸

3. The effort to secure investment has to date focused on a proposal that now seems unworkable

The working group set up by the Government seems to have focused largely on SOLT's proposal whereby half the £250 million was to be found from the theatre industry and the remaining £125 million from Arts Council England, Heritage Lottery Fund and the LDA split equally. SOLT highlighted that the working group had made only "stuttering progress."²⁹ In fact it has not met in over a year.

Although the public bodies make clear that the possibility of them providing £125 million of investment is unlikely, the working group does not appear to have been able to move beyond this proposal to explore other solutions. This may reflect a lack of willingness by those involved to consider alternatives. It may partly be because some of the organisations such as the LDA ceased to be involved in discussions. Its report from KPMG may also have deterred other public bodies from continuing to be involved in discussions.³⁰

Since 2003 little progress has been made on securing investment to modernise West End theatre buildings but the need for improvements remains. Both the theatre industry and public bodies have not been able to make progress with the existing proposal so alternatives should now be considered.

In the next part of the report, further consideration is given to the possibility of any public investment in the theatre buildings.

'The public bodies make clear that the possibility of them providing £125 million of investment is unlikely.'

Part two

There may be a case for some public investment in West End theatre buildings but only on a theatre-by-theatre basis

“The theatre buildings are much more than private assets. A Marks & Spencer store is a private asset pure and simple. But the Theatre Royal, Drury Lane is a very, very different proposition with its listed building status.”³¹

‘The Mayor has suggested that if English Heritage lists buildings it has a duty to actually help with their refurbishment.’

Many people have highlighted that the West End theatre buildings are more than just commercial businesses. They also have wider economic, heritage and cultural benefits for London. The theatres attract tourists and visitors who also spend money in the capital’s travel, hotel and restaurant sectors. SOLT has reported West End theatres’ total economic impact is well over £1.5 billion per annum.³² English Heritage has suggested they are amongst the most important public buildings in the capital.³³

The public bodies have recognised that the theatres have a wider public benefit. Arts Council England highlighted the complex and mutually beneficial inter-relationship between the commercial and subsidised theatres sectors. It suggested the commercial theatres provide opportunities to exploit work first developed with the support of public funds.³⁴ The Heritage Lottery Fund noted that the benefits of investment in the theatres extend beyond the theatre going audiences of today and the next generation, to the tourist trade, the UK economy and the cultural life of the nation as a whole.³⁵ The LDA and the Mayor acknowledged West End theatres are a vital component of London’s cultural offer and provide significant revenue contributions to its economy.³⁶

Arts Council England, Heritage Lottery Fund and the LDA are not the only public bodies that may have a role to play in ensuring the theatre buildings survive. The ‘Act Now!’ report suggested that central government should provide support. The Mayor has suggested that if English Heritage lists buildings it has a duty to actually help with their refurbishment.³⁷ English Heritage has reported that it would actively encourage and work with those interested in facilitating or coming forward with funding for the theatre buildings.³⁸ This is welcome but **English Heritage should also explore what else it can do to help ensure the investment is secured.**

A large amount of public investment is unlikely to be provided but some funding may be available on a theatre-by-theatre basis

Although the public bodies are supportive of West End theatres, the likelihood of significant sums of public money being made available for improvements is remote. As the first part of this report indicates, the public bodies have limited funding available, competing priorities and reservations about investing in commercial enterprises. In fact the Mayor's office has indicated that a blanket investment for all West End theatres could not be considered. Some theatres are run by producers and are making a huge profit.³⁹

However, the Mayor has suggested that some public investment may be available on a theatre-by-theatre basis. If a theatre approached the Mayor with a fully worked up business plan for investment, and had raised the majority of funds required, the case for some public investment might then be considered.⁴⁰ In this scenario he has said he would deploy GLA and LDA staff to explore the theatre's case.⁴¹

Some West End theatre buildings may be more in need than others

The possibility of some public funding on a theatre-by-theatre basis corresponds with the suggestion that some theatre buildings are more in need than others. The playhouses rather than the musical theatres may face particular difficulties. This is because their small size limits their owners scope to make money. The Theatres Trust has suggested that the case for public investment should centre on improving playhouses.⁴² Westminster City Council considers that supporting these theatres would "allow them to invest longer term in their vital role in driving London's entertainment and leisure industry."⁴³ The specific West End theatre buildings most in need of improvements include the Garrick (playhouse), Comedy (playhouse), Apollo (playhouse) and Shaftesbury (musical) theatres.⁴⁴

'The playhouses rather than the musical theatres may face particular difficulties. This is because their small size limits their owners scope to make money.'

Any public investment would only be provided if certain criteria were met

The public bodies have made clear that if any public investment was provided even on a theatre-by-theatre basis this would need to meet certain criteria.

‘The Heritage Lottery Fund, which has previously provided almost £62 million of funding to six theatres in London, has reported that it will not fund purely restoration projects - these also need to have a wider educational element.’

For the LDA, the theatre owners would have to demonstrate market failure.⁴⁵ It recommended theatre owners consider the Mayor’s Economic Development Strategy which sets out the types of market failure the LDA addresses and its criteria for funding (further details are provided at Annex B of this report). However, this would only be one stage of the process and even if a theatre met the LDA’s criteria, the LDA would then have to decide whether or not to provide any investment on the basis of its priorities.⁴⁶ The Mayor has also said that if an LDA grant was provided, he would be looking for some wider public benefit – possibly wider use and access to the theatres and perhaps some profit share.⁴⁷

The Heritage Lottery Fund, which has previously provided almost £62 million of funding to six theatres in London⁴⁸, has reported that it will not fund purely restoration projects - these also need to have a wider educational element.⁴⁹ It also reported that the West End theatres were unlikely to secure any of its funding without a change in their ownership arrangements e.g. the buildings are held in a charitable trust. There were also limitations on what types of improvements it could fund which excluded improvements to modern areas such as rehearsal space. This means any funding it provided could only be one part of a wider funding package, which must include other arts funders, principally Arts Council England.⁵⁰

Arts Council England, which has previously invested more than £100 million into over 230 theatre organisations⁵¹, reported that it had funded theatre buildings in the past which delivered its core objectives such as extending access, developing new writing or supporting diverse practice. It raised doubts that West End theatre owners could match these objectives.⁵² It also suggested there was not yet a completely robust mechanism to show how the money invested would benefit the public rather than the theatre owners.⁵³

Theatre owners could do more to show how they comply with the criteria including establishing a charity for the receipt and disbursement of any funding

It is apparent that public bodies are unlikely to provide any public investment until the theatre owners do more to prove the case for such money. Indeed the Mayor’s office has reported that paying for the refurbishment of the theatre buildings has first to be addressed, and seen to be addressed, by the businesses running them.⁵⁴

The theatre industry has indicated that it recognises the need to meet the public bodies' criteria. Some theatre owners are taking steps such as Delfont Mackintosh which reported it had educational programmes about its theatre buildings.⁵⁵ However, one owner suggested there needed to be more discussion about how far the theatres meet the criteria, commenting that the "assumption that we do not fit because we are privately owned, we do not fit because there cannot be any kind of payback has never really been properly explored."⁵⁶

SOLT's original proposal to raise £250 million included a new independent charity for the receipt and disbursement of any public funding for the theatre buildings.⁵⁷ If this was set up now it might go some way to addressing concerns about public accountability. The proposed charity was to have an independent set of trustees, take a lien on the buildings so that if any were sold for non-theatre purposes any profit would be refunded to the charity,⁵⁸ and would be subject to Charity Commission regulation. The charity's remit could include all fabric parts of the buildings either on an individual basis or in groups based on the theatre owners or could just cover theatre buildings' façades, with the theatre owners retaining responsibility for the interior works.⁵⁹ If the charity was set up, it could make separate applications for funding to the public bodies on behalf of individual theatre buildings. There may also be scope for the individual theatres to establish their own separate charities rather than seek any public funding through one charity.

Elsewhere other theatres have already set up their own charities to help secure funding for improvements. For example, the Richmond Theatre Trust Ltd is a registered charity responsible for fundraising to support Richmond Theatre's education work and disabled access facilities.⁶⁰ The Old Vic Theatre Trust, which owns and operates the Old Vic theatre in London, is a registered charity set up to help save the building from closure. It has funded capital repairs to the theatre building.⁶¹ There is also wider support for the establishment of a charity to help restore the West End theatres. For example, Shape suggested there needed to be a 'Challenge Fund' for the theatres, administered by a separate body with an advisory board made up of audience members, stakeholders and theatre management.⁶²

If West End theatre owners developed individual business plans for investment in each theatre building and set up the charity for the receipt and disbursement of any funding it would help to realise some of the public bodies' criteria for funding and demonstrate commitment to public accountability.

'The Old Vic Theatre Trust, which owns and operates the Old Vic theatre in London, is a registered charity set up to help save the building from closure. It has funded capital repairs to the theatre building.'

Recommendations:

The West End theatre owners should demonstrate how they would fulfil criteria for any public funding in the theatre buildings. This should be done by:

- i) Developing an individual business plan for raising investment for each theatre building;
- ii) Prioritising the order of theatre buildings which need improvement; and
- iii) Setting up the charity through which any public funding could be received and distributed.

Subject to their funding criteria being fulfilled, the LDA, Arts Council England and Heritage Lottery Fund, should give full and proper consideration to any funding applications put forward for individual theatre buildings.

It is clear that even if any public funding was made available, this will only be a small amount on a theatre-by-theatre basis. This means other sources of funding will need to be pursued to realise the investment required. The final part of this report explores some possible solutions.

Part three

A number of solutions will need to be pursued to secure investment in West End theatre buildings

There are at least nine different solutions to raising investment in the theatre buildings which could be explored further. Some of these solutions have been suggested before, others are based on actions taken by theatres elsewhere, and some may require further work to test their feasibility. None of these on their own will provide large amounts of funding. It therefore seems likely that, in keeping with creating an individual business plan for investment in each theatre building, theatre owners will need to draw on a range of solutions for each theatre building. They will also need to extend the investment period beyond fifteen years to ensure adequate funding is raised.

Solution 1 - Restoration levy of £1 on theatre tickets

The introduction of a restoration levy of £1 on theatre tickets was part of the original proposal to raise half the £250 million of investment from the theatre industry. Some theatres owners have already introduced such a levy. In the West End, Delfont Mackintosh Ltd has introduced a 75 pence less VAT levy on tickets across its seven theatres.⁶³ This raises £1 million per annum which goes on the maintenance and care of the buildings, and not into capital works.⁶⁴

The introduction of a restoration ticket levy follows established practice in Broadway, New York, where restoration fees were introduced in 1997. There are now at least 32 Broadway theatres operating such a ticket levy, usually around \$1.25. In 2006 they raised around \$10.5 million from this levy.⁶⁵ In this country, theatre owners who have introduced ticket levies have reported minimal objection from the public,⁶⁶ and other theatre owners seem likely to follow their lead.

However, concerns have been expressed about restoration ticket levies. Some producers may be resistant because it increases the cost of tickets.⁶⁷ Some people have queried the need to pay this extra charge particularly if people cannot immediately see the benefit.⁶⁸ In the United States of America, there has been criticism that the ticket levy is part of ever increasing charges for theatre tickets which now often include booking fees.⁶⁹ There has also been concern that the money raised from the levy has never gone into a special fund used solely for theatre building restoration.⁷⁰

‘The introduction of a restoration ticket levy follows established practice in Broadway, New York, where restoration fees were introduced in 1997.’

The introduction of a restoration ticket levy may be the most viable solution at present for raising some investment. However,

‘Recently one theatre formed a deal with a developer that provided funding for replacement theatre windows because the proposed development nearby would have a detrimental impact on the sound on stage unless better soundproof windows were installed.’

when theatre owners introduce a levy, it should be made clear to theatregoers what it would fund.

Solution 2 - Planning obligations and Section 106 agreements

The use of the planning system to generate investment for the theatre buildings was suggested in the ‘Act Now!’ report. There are some theatres where this has proved possible. These include the Duke of York theatre where planning consent was given to erect two additional storeys to provide new office space which increased the theatre’s revenue. The Theatre Royal, Drury Lane has also leased out a commercial space at the rear of its building.⁷¹ Alongside these developments, there may be scope for theatres to obtain funding through section 106 agreements. Recently one theatre formed a deal with a developer that provided funding for replacement theatre windows because the proposed development nearby would have a detrimental impact on the sound on stage unless better soundproof windows were installed.⁷²

However, there are limitations with using the planning system to raise investment. Westminster City Council highlighted the current legal constraints with section 106 agreements which prevent the establishment of a pot of money into which any commercial developments near the theatres made contributions that could then be distributed for the benefit of all the theatre buildings.⁷³ There are also limitations based on the physical nature of the theatre sites. Whilst Almedia and Royal Court theatres may have been able to become almost “leisure centres” with restaurants to increase their revenues,⁷⁴ some West End theatres may not be able to make such changes because their sites are too small as well as limitations imposed by their listed building status.

The use of the planning system to raise investment depends on the individual circumstances of each theatre building but, on the basis of previous examples, it could be an option for some theatres.

Solution 3 - Producer investment

The Theatres Trust has suggested that deals between theatre owners and producers to stage certain productions can involve investment in the theatre buildings. For example, in the case of Theatre Royal, Drury Lane, the producer bringing in a show has required adaptations to enable the stage to accommodate the show and, in arranging for this to happen, has funded some permanent improvements. However, this is rare.⁷⁵ Indeed some theatre owners queried the scope for theatre producers to provide

much investment when they often lose money on productions. One owner commented “we must not think that there is someone out there in the theatre industry who has got a large bag of coins to throw at anything.”⁷⁶

Theatre producers rely on the West End theatre buildings to host their productions. More should be done to ensure they contribute towards the costs of improvements.

Solution 4 - Corporate sponsorship

Many theatres, particularly subsidised theatres, operate corporate sponsorship and membership schemes to help raise funding. For example, the National Theatre in London is sponsored by big organisations such as BT, Shell and Accenture. In return for their support, the companies receive branding, tickets, hospitality and backstage tour opportunities.⁷⁷ The Young Vic theatre in London has two specific schemes - ‘Hot Shots’ and ‘Big Cheeses’ - where companies contribute payments of £6,000 and £12,000 respectively.⁷⁸

The West End theatre owners have reported that they are already pursuing commercial sponsorship opportunities. All have corporate schemes, bars and rooms.⁷⁹ For some owners, there were problems with corporate sponsorship. They do not necessarily have the tickets to give to sponsors (these are held by producers) and often the sponsors want more than just tickets - they also want naming rights. This could be unpopular. People might be unhappy to see commercial names attached to theatre buildings e.g. The Vodafone Garrick.⁸⁰ It might also be confusing for theatregoers as changes in sponsors result in changes to the theatres’ names. In New York, for example, the Hilton Theatre was called the Ford Theatre two years ago.⁸¹

Across many entertainment forms, commercial sponsorship is an important source of revenue. The opportunity for further sponsorship to raise investment for the theatre buildings needs to be explored.

Solution 5 - ‘Naming seats’ and debenture

Some theatres sell the right to ‘name seats’ whereby, in return for a fee, someone can have an inscription put on a chair. For example, the Old Vic theatre in Bristol had a ‘silver token’ scheme to help secure funding for its future. This gave those who contributed the right to name a seat for 10 years in the main auditorium and have their name appear in production programmes for three years.⁸² Some theatres also offer more substantial

‘Many theatres, particularly subsidised theatres, operate corporate sponsorship and membership schemes to help raise funding.’

debenture schemes whereby in return for a much larger sum, individuals are entitled to first use of the seats for a lifetime. At the Royal Albert Hall debenture holders have rights to individual boxes and, in 2003, one box was sold on the open market for £250,000.⁸³ Debenture schemes are not a new idea for funding improvements at West End theatres. In 1856 the rebuilding and enlarging of the Adelphi theatre was partly financed by debentures at the price of five hundred pounds each in return for free lifetime admission to the theatre.⁸⁴

Some West End theatre owners have pointed out possible difficulties with debenture schemes. They queried whether people would invest for seats when there was no guarantee of what will be shown at a West End theatre. There may only be a few different productions in one year or the same production lasting a long time e.g. ten years.⁸⁵ Debenture seats also take away the number of seats that a producer has available to sell for any production.⁸⁶

Nevertheless there may be scope for debenture type schemes alongside other sponsorship opportunities in the run up to the 2012 Olympic and Paralympic Games. It has been proposed that a debenture option be suggested to the London Organising Committee of the Olympic Games (LOCOG) whereby some of the larger sponsors of the 2012 Games might also sponsor seats in West End theatres.⁸⁷ There may only be limited scope for this since sponsors already committing significant funding for the 2012 Games might not provide additional sponsorship to the theatres. However, other companies, who are looking to raise their profile in London in the run up to 2012, could be approached.⁸⁸

In the past debenture has been used to secure funding to improve West End theatres buildings. It should be considered again alongside the scope for selling the right to 'name seats', particularly in the run up to the 2012 Games.

Solution 6 - Public fundraising appeals

The Mayor's office has suggested that for some of the theatre buildings of particular historic interest public fundraising campaigns might raise investment.⁸⁹ The Mayor has highlighted that in the past other theatres such as the Hackney Empire have successfully fundraised to secure money for improvements.⁹⁰ Often these campaigns are high profile and led by famous actors. For example, Jude Law, as patron of Young Vic theatre played a key role in securing funding for its improvements.⁹¹

'It has been proposed that a debenture option be suggested to the London Organising Committee of the Olympic Games (LOCOG) whereby some of the larger sponsors of the 2012 Games might also sponsor seats in West End theatres.'

Some West End theatre owners have raised doubts about the scope for public fundraising appeals. It has been suggested that there are only a few occasions when the public are loyal to a particular building and it is much easier to fundraise for regional theatres at the heart of local communities.⁹² One theatre owner commented “there is no sense of specific possession of any one theatre in the West End; people love West End theatre in its generality. To fundraise for West End theatres in the way that others have fundraised for theatres would probably be a lot of energy with not a great return”.⁹³ Nevertheless there are theatre owners who have successfully fundraised for London’s theatres. For example, Sally Greene whose work has helped to secure the future of Richmond, Old Vic and Criterion theatres in London.

Public fundraising appeals to raise investment have not yet been tried and should be considered for some of the theatre buildings of particular historic value.

Solution 7 - Obtaining exemption from VAT on the cost of building improvements

The ‘Act Now!’ report highlighted that one possible solution to raising investment was the Government providing special tax concessions. In the United States of America there are examples of tax exemptions granted to theatres. For example, the owner of Hanover Theatre for the Performing Arts in Worcester, Massachusetts has an agreement with the local city authorities for a seven year tax break providing it spends the \$2.7 million of savings on its redevelopment of the theatre. The city authorities agreed this arrangement because the redevelopment will help attract more visitors and spur additional private investment.⁹⁴

The Government could reconsider the case for tax concessions for the theatres. In particular, as Westminster City Council highlighted, it could revisit the previous suggestion that the current scheme that exempts repairs to listed places of worship from VAT be extended to include the theatre buildings. This scheme, announced in the Government’s 2004 budget, has already been extended to include refunding VAT on the cost of works to memorials.⁹⁵ However, if West End theatres were to qualify for VAT exemption from the cost of building improvements, this is likely to require them to have charitable status. This solution might therefore depend on the establishment of the independent charity, covered in more detail in part 2 of this report.

‘The Government... could revisit the previous suggestion that the current scheme that exempts repairs to listed places of worship from VAT be extended to include the theatre buildings.’

‘SOLT reported that to ‘green’ the theatres completely would require capital investment which could be an area of overlap with the need to invest in the theatres’ modernisation.’

The Government already has a VAT exemption scheme covering repairs to listed places of worship and memorials. It should consider the scope to have a VAT exemption scheme covering improvements to the theatre buildings.

Solution 8 - Extending Westminster City Council’s Theatreland Strategy

The Theatres Trust has highlighted that the Theatreland Strategy has been a major contributor to raising awareness and channelling funds into the West End.⁹⁶ The Strategy, led by Westminster City Council, is seeking to improve the public realm around West End theatres including providing better lighting and signage. Westminster City Council has commented that it recognises such improvements “must be matched by the theatre-goer’s arrival and experience at their final destination – the theatre itself.”⁹⁷

The scope to extend this Strategy to include raising funding to invest in the theatre buildings would need to be tested. Westminster City Council has commented that the Strategy is being realised in partnership – ideally one-third funded by itself, one-third from other public bodies and one-third from the private sector. It suggested there could be a limit on how much the private sector could be expected to provide to help the West End, particularly if the same businesses continued to be approached for funding.⁹⁸

Westminster City Council’s Theatreland Strategy is helping to raise investment to improve the public realm around the theatres. The scope to develop this to include funding for improvements to the actual theatre buildings should be explored.

Solution 9 - Extending the Mayor’s Theatre Sector Climate Change Action Plan

In 2007 the Mayor launched his theatre sector climate change action plan which involves an audit of the energy inefficiencies in the theatre buildings and identification of what steps can be taken to make improvements. The Theatres Trust has suggested that this exercise could also consider the levels of investment required generally in the theatre buildings and where this money could be found.⁹⁹ SOLT reported that to ‘green’ the theatres completely would require capital investment which could be an area of overlap with the need to invest in the theatres’ modernisation.¹⁰⁰

The Mayor’s office has reported that the scope to extend the action plan is limited. This is at an early stage with no specific funding available apart

from a small amount for the audit.¹⁰¹ Although there might be savings in the long-term from making the theatres more energy efficient, these are unlikely to address the amount of investment required.¹⁰² Nevertheless in the long-term the opportunity to combine funding for works to improve the theatres' environmental impact with the need for modernisation should be considered. In the United States of America there are examples of theatres which have benefited from public loans to make them more energy efficient. For example, the Oregon Department of Energy has provided the Hollywood Theatre, in Northeast Portland (a film theatre) with low interest, fixed rate long-term loans for projects that promoted the use of renewable energy resources.¹⁰³

The Mayor has expressed his support for West End theatres through various initiatives such as the theatre sector climate change action plan. He could do more to show his commitment by incorporating investment in the theatre buildings within this work.

There may be other solutions to consider

These nine solutions are only some possible means for raising investment. There may be other possibilities, particularly in light of actions taken by other theatres or similar organisations elsewhere. For example, some theatres, such as the Watermill theatre in Newbury, Berkshire, have received loans from charitable foundations at favourable rates to help finance improvements.¹⁰⁴ Other theatres in London such as the Bloomsbury Theatre and the National Theatre offer their facilities for hire to increase their revenues.¹⁰⁵

‘We all need to know there is a forum in which we can participate to keep the discussion going.’

Some solutions may involve further work by the public bodies

The proposed solutions require further exploration by the theatre owners to identify the most practicable options for each theatre building. Some of them would also involve the theatre industry and public bodies working more closely to identify their viability. In the past public bodies have worked with the theatre industry through the DCMS working group and many, including the LDA, have expressed support for the group to be reconvened. The importance of continuing the process was summed up by one theatre owner who commented, “we all need to know there is a forum in which we can participate to keep the discussion going.”¹⁰⁶

‘The public bodies should be working actively with the theatre owners to make progress on this issue.’

Recommendations:

The theatre owners should explore all possible solutions to securing investment for the theatre buildings to identify the most practicable options for each theatre building. The most practicable solutions should be included in each theatre building’s specific business plan for raising investment. The solutions could include:

- a restoration levy on tickets;
- planning obligations;
- producer investment;
- corporate sponsorship;
- ‘naming seats’ and debenture;
- public fundraising appeals;
- obtaining exemption from VAT on the cost of building improvements;
- extending Westminster City Council’s Theatreland Strategy; and
- extending the Mayor’s Theatre Sector climate change action plan.

The Department of Culture, Media & Sport should re-establish its working group set up to secure investment in the theatre buildings. This should:

- i) Involve representatives of all relevant bodies including The Theatres Trust, SOLT, the Mayor’s office, the LDA, Arts Council England, the Heritage Lottery Fund, Westminster City Council and English Heritage;
- ii) Have clear terms of reference that include the public bodies exploring all possible solutions with the theatre owners; and
- iii) Have a clear timed work programme to help to ensure progress is made.

Conclusion and follow-up

The 40 commercial West End theatre buildings need considerable investment in their infrastructure to survive but this is unlikely to be raised from theatre owners and public bodies alone. Other solutions therefore need to be pursued. The public bodies should be working actively with the theatre owners to make progress on this issue since the theatres are of wider economic, heritage and cultural significance to London.

The Assembly may want to revisit this issue in early 2009. In particular, it may want to ask the DCMS to report back on progress made by its working group.

Summary of recommendations

The West End theatre owners should demonstrate how they would fulfil criteria for any public funding in the theatre buildings. This should be done by:

- i) Developing an individual business plan for raising investment in each theatre building;
- ii) Prioritising the order of the theatre buildings which need improvement; and
- iii) Setting up the charity through which any public funding could be received and distributed.

Subject to their funding criteria being fulfilled, the LDA, Arts Council England and Heritage Lottery Fund, should give full and proper consideration to any funding applications put forward for individual theatre buildings.

The theatre owners should explore all possible solutions to securing investment to identify the most practicable options for each theatre building. The most practicable solutions should then be included in each theatre building's specific business plan for raising investment.

The solutions could include:

- a restoration levy on tickets;
- planning obligations;
- producer investment;
- corporate sponsorship;
- 'naming seats' and debenture;
- public fundraising appeals;
- obtaining exemption from VAT on the cost of building improvements;
- extending Westminster City Council's Theatreland strategy; and
- extending the Mayor's theatre sector climate change action plan.

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- ii) Have clear terms of reference that include the public bodies exploring all possible solutions with the theatre owners; and
- iii) Have a clear timed work programme to ensure progress is made.

Endnotes

- 1 The Society of London Theatre press release, 18 January 2008
- 2 The Theatres Trust is the national advisory public body for theatres, established by The Theatres Trust Act 1976 'to promote the better protection of theatres' (Letter from The Theatres Trust, 29 October 2007)
- 3 The study originated from a conference in 2001 about the need for investment in West End theatres. Alongside the 'Act Now!' report, two other confidential reports were produced on the cost of remedying matters and the condition of individual theatres (Letter from The Theatres Trust, 29 October 2007)
- 4 'Act Now! Modernising London's West End theatres', a report by The Theatres Trust, 2003, page 13
- 5 Ibid, page 12-13
- 6 Ibid, page 24
- 7 Michael Billington, meeting on 4 January 2008
- 8 Letter from Shape, 12 October 2007
- 9 Letter from The Theatres Trust, 29 October 2007
- 10 Written response from Society of London Theatre, October 2007
- 11 Note of site visit to Garrick theatre, 13 November 2007
- 12 Note of site visit to Gielgud theatre, 13 November 2007
- 13 Written response from Society of London Theatre, October 2007
- 14 Two are Grade I (buildings of exceptional interest, nine are Grade II*(particularly important buildings of more than special interest) and 22 are Grade II (buildings of special interest, warranting every effort to preserve them). See 'Act Now! Modernising London's West End Theatres', a report by The Theatres Trust, 2003, page 6
- 15 Letter from The Theatres Trust, 29 October 2007
- 16 Note of meeting with Society of London Theatre, 15 November 2007
- 17 'Nimax Theatres Ltd Directors' report and financial statements for period to 30 Sep. 2006', April 2007
- 18 Meeting on 4 January 2008
- 19 Letter from Richard Johnston, Chief Executive, Delfont Mackintosh Theatres, 1 November 2007
- 20 Meeting on 4 January 2008
- 21 Ibid
- 22 'Is the best way to run the arts?', The Observer, 13 January 2008
- 23 Meeting on 4 January 2008
- 24 Written response from Arts Council England, October 2007
- 25 Letter from Heritage Lottery Fund, 31 October 2007
- 26 Meeting on 4 January 2008
- 27 Written response from LDA, October 2007
- 28 Memorandum from Mayor, October 2007
- 29 Written response from Society of London Theatre, October 2007
- 30 Both SOLT and The Theatres Trust have queried the impact of the KPMG report
- 31 Meeting on 4 January 2008
- 32 Written response from Society of London Theatre, October 2007
- 33 Letter from English Heritage, 2 November 2007

34 Written response from Arts Council England, October 2007
 35 Letter from Heritage Lottery Fund, 31 October 2007
 36 Memorandum from Mayor, October 2007
 37 Mayor's response to Bob Blackman AM's questions at MQT, 12 December 2007
 38 Letter from English Heritage, 2 November 2007
 39 Note of meeting with representatives of the GLA and LDA, 27 November 2007
 40 Ibid
 41 Mayor's response to Bob Blackman AM's question 3100/2007, 12 December 2007
 42 Letter from The Theatres Trust, 29 October 2007
 43 Written response from Westminster City Council, 1 November 2007
 44 Note of meeting with Society of London Theatre, 15 November 2007
 45 Meeting on 4 January 2008
 46 Ibid
 47 Mayor's response to Bob Blackman AM's question 3103/2007, 12 December 2007
 48 Grants range from £50,000 for the Old Vic to over £20 million for the Royal Albert Hall. (Letter from Heritage Lottery Fund, 31 October 2007)
 49 Meeting on 4 January 2008
 50 Letter from Heritage Lottery Fund, 31 October 2007
 51 Written response from Arts Council England, October 2007
 52 Meeting on 4 January 2008
 53 Written response from Arts Council England, October 2007
 54 Note of meeting with representatives of the GLA and LDA, 27 November 2007
 55 Meeting on 4 January 2008
 56 Ibid
 57 Written response from Society of London Theatre, October 2007
 58 Meeting on 4 January 2008
 59 Ibid
 60 www.theambassadors.com/richmond/info/index.html
 61 www.oldvictheatre.com/tort.php
 62 Letter from Shape, 12 October 2007
 63 Note of site visit to Gielgud theatre, 13 November 2007
 64 Meeting on 4 January 2008
 65 'How much does it cost to buy a \$110 theater ticket?', The New York Times, 10 February 2007
 66 Meeting on 4 January 2008
 67 'Act Now! Modernising London's West End theatres' report, page 24
 68 'Are you sitting (un) comfortably?', The Stage, 15 December 2006
 69 'How much does it cost to buy a \$110 theater ticket?', The New York Times, 10 February 2007
 70 Ibid

71 Letter from Westminster City Council, 1 November 2007
 72 Meeting on 4 January 2008
 73 Ibid
 74 Nick Cohen, Article in The Evening Standard, 9 January 2008, page 12
 75 Letter from The Theatres Trust, 29 October 2007
 76 Meeting on 4 January 2008
 77 <http://www.nationaltheatre.org.uk/Membership+1925.twl>
 78 <http://www.youngvic.org/support-us/corporate-membership/big-cheeses>
 79 Meeting on 4 January 2008
 80 Ibid
 81 Ibid
 82 http://www.bristol-old-vic.co.uk/silver_token.aspx
 83 <http://news.bbc.co.uk/1/hi/uk/3250494.stm>
 84 http://www.emich.edu/public/english/adelphi_calendar/hst1855.htm
 85 Meeting on 4 January 2008
 86 Ibid
 87 Meeting on 4 January 2008
 88 Ibid
 89 Note of meeting with representatives of the GLA and LDA, 27 November 2007
 90 Mayor's response to Bob Blackman AM question 3100/2007, 12 December 2007
 91 http://www.telegraph.co.uk/arts/main.jhtml?xml=/arts/2007/11/10/sm_judelow.xml&page=3
 92 Meeting on 4 January 2008
 93 Ibid
 94 <http://www.telegram.com/article/20071120/NEWS/711200652/1008/NEWS02>
 95 http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/2005/press_74_05.cfm
 96 Letter from The Theatres Trust, 29 October 2007
 97 Letter from Westminster City Council, 1 November 2007
 98 Meeting on 4 January 2008
 99 Letter from The Theatres Trust, 29 October 2007
 100 Note of meeting with Society of London Theatre, 15 November 2007
 101 Note of meeting with representatives of the GLA and LDA, 27 November 2007
 102 Meeting on 4 January 2008
 103 <http://www.oregon.gov/ENERGY/LOANS/docs/06HollywTheat-ENERGY5.pdf>
 104 http://www.watermill.org.uk/save_the_watermill/the_watermill_is_saved.html
 105 <http://www.theblossbury.com/hire> and <http://www.nationaltheatre.org.uk/Functions%20and%20Private%20Hire+9664.twl>
 106 Meeting on 4 January 2008

Annex A:

List of 40 commercial West End theatre buildings, their owners and developments since Act Now! report (2003)

Theatre (listed in descending order of their audience capacity)	Type of theatre	Management group	Developments since Act Now! Report (2003)
London Palladium	Large musical	Really Useful Theatres	Creation of wheelchair accessible route to box office.
Theatre Royal, Drury Lane	Large musical	Really Useful Theatres	Long dock at rear converted into a fitness centre to bring in additional income. Understage machinery overhauled as part of the 'Lord of the Rings' production.
Dominion	Large musical	Live Nation/ Nederlander	Minor works of repairs and rationalisation of services to the interior and exterior. Consent to convert vacant space at first floor level to create rehearsal and function facility.
Lyceum	Large musical	Live Nation	Redecoration and repairs to the façade and portico.
Apollo Victoria	Musical	Live Nation	Extensive restoration to foyer and auditorium. Work of rationalisation and introduction of equipment and merchandise stands
Prince Edward	Musical	Delfont Mackintosh	Significant upgrading to front-of-house areas following the transfer of 'Mamma Mia'. Planning consent granted to extend dress circle bar to provide a terrace over the entrance canopy.
Victoria Palace	Musical	Sir Stephen Waley-Cohen	Plans for new stage house, side extension and improved sightlines to the auditorium be submitted – part of a S106 Agreement with Land Securities. Pavlova was reinstated to the cupola, clad in gold leaf.
Adelphi	Musical	Really Useful Theatres/ Nederlander	Consent given for new air handling units and improved disabled access to front entrance and auditorium.
Shaftesbury	Musical	Independent	Auditorium currently being redecorated and re-carpeted (paid for by incoming producer) Application for temporary portacabins to roof approved for additional accommodation for cast.
Palace	Musical	Really Useful Theatres	Auditorium redecorated following transfer of 'Les Miserables'. Minor reworking in front-of-house.
Cambridge	Musical	Really Useful Theatres	New access walkway created over the auditorium.
Her Majesty's	Musical	Really Useful Theatres	Repairs and cleaning to the external facades undertaken

Theatre (listed in descending order of their audience capacity)	Type of theatre	Management group	Developments since Act Now! Report (2003)
Prince of Wales	Musical	Delfont Mackintosh	Major internal and external alterations paid for by Cameron Mackintosh. Extra front-of-house space created upper levels from former and office space. Auditorium walls set-in and refaced. Scheme anticipated in Act Now! costing c £8 million.
New London	Musical	Really Useful Theatres	Auditorium returned to original layout following closure of 'CATS' and minor - Improvements made to access and toilets.
Piccadilly	Musical & Playhouse	Ambassador Theatre Group	Creation of a disabled WC.
Aldwych	Musical & Playhouse	Independent/ Nederlander	Application for creation of replica entrance canopy.
Savoy	Musical & Playhouse	Ambassador Theatre Group	'Ownership' changed from Stephen Waley Cohen (managing) to joint freehold between ATG and Tulchin Brothers. They were reported to have spent £7 million to acquire it.
Novello (formerly Strand)	Musical & Playhouse	Delfont Mackintosh	Renamed Novello. Auditorium and front-of-house, redecorated and restored. New show signage with light boxes installed.
Phoenix	Musical & Playhouse	Ambassador Theatre Group	Residential space proposed for the roof as an enabling development to improve fly tower and dressing room block has had planning permission.
Queen's	Playhouse	Delfont Mackintosh	Consent given for radical alterations to give new front-of-house and access, and reduce 3 tiers to 2. Consent for the creation of new Sondheim theatre on roof but Cameron is looking for a new site. The theatre is now wholly owned and managed by Delfont Mackintosh, following end of the RUT lease.
Lyric	Playhouse	Nimax	Lease now held by Nimax Theatres, who also acquired freehold of the stage following the sale of both by RUT. Very minor works to improve wheelchair access.
Haymarket	Playhouse	Independent	Permission to create extra dressing room(s) in the mansard roof at the rear.

Theatre (listed in descending order of their audience capacity)	Type of theatre	Management group	Developments since Act Now! Report (2003)
Gielgud	Playhouse	Delfont Mackintosh	Consent given for upgrade as part of revamp of Queen's theatre. Consent given for repairs and restoration of the façade which includes a new suite of signage. Internal refurbishment and redecoration including improved toilets, bars, new seating and boxes to the balcony.
Noel Coward (formerly Albery)	Playhouse	Delfont Mackintosh	Recently renamed Noel Coward as part of redecoration and relaunch under Delfont Mackintosh. Some front-of-house alterations including DDA provision. New suite of signage and lighting to the façade implemented. Rationalisation and introduction of poster signs in the courts and alleys surrounding the theatre.
Playhouse	Playhouse	Ambassador Theatre Group	Now managed by ATG and owned jointly with the Tulchin brothers.
Comedy	Playhouse	Ambassador Theatre Group	Nothing
Apollo	Playhouse	Nimax	Now owned by Nimax following sale by RUT.
Wyndhams	Playhouse	Delfont Mackintosh	New signage and lighting approved. Bridge link to Coward refurbished. Minor upgrading of toilets and disabled provision.
Garrick	Playhouse	Nimax	Lease now held by Nimax Theatres following sale by RUT. Minor works to facilitate 2 wheelchair positions and a disabled WC. Auditorium redecorated.
Vaudeville	Playhouse	Independent/ Nimax	Shop unit next door acquired by owner Max Weitzenhoffer (also of Nimax) should give some scope to improve access in the future. Extensive scheme approved to reconfigure and improve the box office, disabled access, new air handling, redecoration, restoration, improved bar and extension to the stage.
Trafalgar 1 and 2 (formerly Whitehall)	Playhouse	Ambassador Theatre Group	Renamed Trafalgar Studios and relaunched by lessee ATG as a single tier open stage space with a small studio in the former stalls area below. Done on a very low budget of £700k which the operators will recoup commercially. The theatre is now 'live' again and has effectively been rescued from closure.

Theatre (listed in descending order of their audience capacity)	Type of theatre	Management group	Developments since Act Now! Report (2003)
Criterion	Playhouse	Independent	Freehold of whole building (including the theatre) sold to an unknown private investor in the summer of 2005, but lease still held by Sally Green.
Duke of York's	Playhouse	Ambassador Theatre Group	Consent to build on the roof and create a side extension to create new offices, improved theatre toilets and improve external façade. Enabling development to pay for improvements
Westminster (currently closed)	Playhouse		Original theatre demolished and replaced with residential development and theatre below. Currently just a shell and developer unwilling to pay for the fit-out. Developer has consent for extra residential space to offset theatre fit-out. High market rental putting off theatre users
St Martin's	Playhouse	Sir Stephen Waley-Cohen	Nothing
Duchess	Playhouse	Nimax	Acquired from ATG by Nimax and listed as Grade II in July 05. Internal redecoration.
Fortune	Playhouse	Ambassador Theatre Group	New signage.
Ambassadors (formerly New Ambassadors)	Playhouse	Sir Stephen Waley-Cohen	Nothing
Arts	Playhouse	Independent	Freeholders sold block of which theatre forms part to the Consolidated Group and new theatre tenants have upgraded prior to reopening.
Donmar Warehouse	Playhouse	Ambassador Theatre Group	Nothing

Annex B:

Details of Mayor's Economic Development Strategy

The circumstances in which the LDA's intervention is justified are set out in chapter 2 of the Mayor's Economic Development Strategy (EDS)¹. This points out that:

"The public sector should only intervene where it can show there is a need, and where the intervention is likely to be effective. For example, where action is needed because the market will not deliver objectives unaided, or to ensure social equity".

It goes on to identify areas in economic development where the market performs inefficiently and where a clear case for public sector intervention can be made:

- To ensure delivery of public good, i.e. those enjoyed by the community as a whole and where one person benefiting does not stop someone else doing so as well (street lighting, for example)
- To deal with external costs of economic activity, such as traffic congestion or pollution
- To deal with problems caused by some businesses, residents or workers (who) have insufficient or imperfect information to make good investment, development, training or career decisions.

Other circumstances in which intervention to correct a market failure might be justified are: to tackle barriers preventing individuals from participating fully in the economy, to provide security for those unable to derive an adequate income from the market, or to ensure economic activity is broadly spread, increase knowledge and awareness of the industry's offer to a national and international business or consumer audience or to create opportunities where the market itself either will not address the issue unprompted or would only do so over an unacceptably long timescale. Criteria of this kind are important both to ensure the effective targeting of scarce economic development resources, and to identify cases in which intervention is likely to be effective.

The EDS also sets out the circumstances in which it is appropriate to provide support to businesses on a sectoral basis (section 5,2,4):

- Where there is clear evidence of market failure;
- Where there is an understanding of the scale and extent of that failure;
- Where the enterprises operating in the sector concerned are clearly capable of generating income and employment in London on a sustained basis; and
- Where intervening in a particular sector for a particular reason does not signal that all other public interventions should be concentrated in this sector.

Annex C:

Details of the review

Written views and information were received from the following organisations/individuals in September/October 2007: the Mayor; the London Development Agency (LDA); Transport for London (TfL); Westminster City Council; Society of London Theatre (SOLT); The Theatres Trust; Arts Council England; Heritage Lottery Fund; Delfont Mackintosh Ltd/ Cameron Mackintosh; Live Nation UK Ltd; Shape; English Heritage; and four members of the public.

Meetings were held on the following dates with the people listed:

- 13 November 2007 - Rupert Rhymes, Chairman, and Mhora Samuel, Director, The Theatres Trust;
- 15 November 2007 - Richard Pulford, Chief Executive, and Rosemary Squire, President, Society of London Theatre;
- 27 November 2007 - Jude Woodward, Senior Policy Adviser - Cultural Strategy, Andrew Barry-Purcell, Business Manager- Economic and Business Policy, and Anneliese Midgley, Business Manager -Culture, Mayor's office, GLA; and Carolyn Smith, Director of International Promotion and Visitor Economy, Tom Campbell, Head of Creative Sectors, and Emil Brannen, Tourism Development Manager (Central), LDA; and
- 4 January 2008 - Jude Woodward, Senior Policy Adviser - Cultural Strategy, Andrew Barry-Purcell, Business Manager - Economic and Business Policy, and Anneliese Midgley, Business Manager - Culture, Mayor's office, GLA; Tom Campbell, Head of Creative Sectors and Emil Brannen, Tourism Development Manager (Central), LDA; George Cutts, Policy Adviser, Arts Development Team, Department of Culture, Media and Sport (DCMS); Sue Bowers, Regional Manager, London, Heritage Lottery Fund; Moira Sinclair, Interim Executive Director, Arts Council England, London; Councillor Alan Bradley, Cabinet Member for Street Environment, Rosemarie MacQueen, Director of Planning and City Development, David Clegg, Head of Design and Conservation, Sajad Al-Hairi , Acting Project Manager - TheatreLand, Westminster City Council; Mhora Samuel, Director, The Theatres Trust; Rosemary Squire, President, and Richard Pulford, Chief Executive, SOLT; Richard Johnston, Chief Executive, Delfont Mackintosh Theatres and Nick Allott, Managing Director, Cameron Mackintosh Limited; Joan Moynihan, Executive Director, Nimax Theatres Limited; James Williams, Executive Producer, The Theatre of Comedy; and Michael Billington, theatre critic, The Guardian

Site visits were made to the Garrick Theatre and Gielgud Theatre on 13 November 2007.

Terms of reference for the investigation:

To identify:

- the reasons why there has been only limited investment to date in modernising West End theatre buildings;
- if there is a case for public investment in modernising West End theatre buildings and if so from where this might come from and how to ensure accountability and wider return from any public investment; and
- practicable solutions to securing more investment to modernise West End theatre buildings.

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Annex D:

Principles of London Assembly scrutiny

An aim for action

An Assembly scrutiny is not an end in itself. It aims for action to achieve improvement.

Independence

An Assembly scrutiny is conducted with objectivity; nothing should be done that could impair the independence of the process.

Holding the Mayor to account

The Assembly rigorously examines all aspects of the Mayor's strategies.

Inclusiveness

An Assembly scrutiny consults widely, having regard to issues of timeliness and cost.

Constructiveness

The Assembly conducts its scrutinies and investigations in a positive manner, recognising the need to work with stakeholders and the Mayor to achieve improvement.

Value for money

When conducting a scrutiny the Assembly is conscious of the need to spend public money effectively.

Annex E:

Orders And Translations

How to Order

For further information on this report or for a copy, please contact
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GLA website: <http://www.london.gov.uk/assembly/reports>

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If you, or someone you know, needs a copy of this report in
large print or Braille, or a copy of the summary and main findings in
another language, then please call us on 020 7983 4100 or email to
assembly.translations@london.gov.uk.

Chinese

如您需要这份文件的简介的翻译本，
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Email 与我们联系。

Hindi

यदि आपको इस दस्तावेज़ का सारांश अपनी भाषा में
चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये
गये डाक पते या ई मेल पते पर हम से संपर्क करें।

Vietnamese

Nếu ông (bà) muốn nội dung văn bản này được dịch sang
tiếng Việt, xin vui lòng liên hệ với chúng tôi bằng điện
thoại, thư hoặc thư điện tử theo địa chỉ ở trên.

Bengali

আপনি যদি এই দলিলের একটা সারাংশ নিজের ভাষায় পেতে চান,
তাহলে দয়া করে ফো করবেন অথবা উল্লিখিত ডাক ঠিকানায় বা
ই-মেইল ঠিকানায় আমাদের সাথে যোগাযোগ করবেন।

Greek

*Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα
σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί
μάς στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.*

Urdu

اگر آپ کو اس دستاویز کا خلاصہ اپنی زبان میں
درکار ہو تو، براہ کرم نمبر پر فون کریں
یا مذکورہ بالا ڈاک کے پتے یا ای میل
پتے پر ہم سے رابطہ کریں۔

Turkish

Bu belgenin kendi dilinize çevrilmiş bir özetini
okumak isterseniz, lütfen yukarıdaki telefon
numarasını arayın, veya posta ya da e-posta
adresi aracılığıyla bizimle temasa geçin.

Arabic

الحصول على ملخص لهذا المستند بلغتك،
فراجع الاتصال برقم الهاتف أو الاتصال على
العنوان البريدي أو عنوان البريد
الإلكتروني أعلاه.

Punjabi

ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਸੰਖੇਪ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਲੈਣਾ
ਚਾਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ
ਉਪਰ ਦਿੱਤੇ ਡਾਕ ਜਾਂ ਈਮੇਲ ਪਤੇ 'ਤੇ ਸਾਨੂੰ ਸੰਪਰਕ ਕਰੋ।

Gujarati

જો તમારે આ દસ્તાવેજનો સાર તમારી ભાષામાં
જોઈતો હોય તો ઉપર આપેલ નંબર પર ફોન કરો
અથવા ઉપર આપેલ ટપાલ અથવા ઈ-મેઈલ સરનામા
પર અમારો સંપર્ક કરો.

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