

## **Rother District Council**

Report to	-	Cabinet
Date	-	8 June 2020
Report of the	-	Executive Director
Subject	-	De La Warr Pavilion Funding Agreement

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### **Recommendation to COUNCIL:** That

- 1) an urgent grant support package of up to £350,000 for the De La Warr Pavilion Charitable Trust be agreed;
- 2) the cost be met from the Medium Term Financial Plan earmarked reserve and recovered through an annual reduction in the annual grant based on an open book assessment of the Trust's finances; and
- 3) the Executive Director be granted delegated authority to finalise any consequential changes to the Trust's funding agreement in consultation with the Cabinet Portfolio Holder for Communities, Culture and Tourism.

### **AND**

It be **RESOLVED:** That the De La Warr Pavilion Service Level Agreement be extended for three years from March 2021 until March 2024 to provide stability for the Trust through the recovery from the COVID-19 pandemic.

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**Head of Service: Ben Hook**

**Lead Cabinet Member: Councillor Timpe**

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### **Background**

1. The freehold of the De La Warr Pavilion (DLWP) is owned by Rother District Council (RDC) and leased to the DLWP Charitable Trust (the Trust) on a 99-year lease from May 2004. The Trust is currently supported by an annual grant from RDC which is match funded by Arts Council England (ACE).
2. Following government guidance in response to the COVID-19 crisis, the DLWP shut its doors on the 18 March 2020 cancelling all events and programming with immediate effect.
3. The auditorium programme and related trade now accounts for the majority of DLWP's non-grant related income. It is estimated that £1.1m of income will be lost in the 2020/21 financial year.

### **Current Position**

4. It is expected that the Pavillion will re-open to the public in July 2020, ensuring adherence to social distancing guidelines. However, due to these restrictions, live performance is likely to be one of the last sectors to be able to viably

reopen and therefore DLWP are not expecting to host live events before March 2021.

5. Having taken steps to reduce outgoings where possible, and furloughing all but 11 core members of staff, DLWP anticipate a £500,000 funding gap this financial year.
6. DLWP has applied to ACE for a rescue package to help towards meeting that funding gap and whilst the outcome of that is unknown, it is unlikely that even a successful bid will attract more than £150,000, leaving a shortfall of at least £350,000.
7. DLWP has asked that RDC make a grant to them for this money, capped at £350,000, which will be recoverable from future years grant funding. They have agreed to open book accounting ensuring that RDC are only underwriting a shortfall. To be affordable for the Trust it is likely that the recovery of the grant will go beyond the normal service level agreement periods.
8. ACE has extended all National Portfolio Organisations funding agreements by two years to provide certainty of income during this difficult time, DLWP is one such organisation.
9. The current Service Level Agreement between RDC and the Trust is due to expire in March 2021. An extension of three years would provide security through this time of uncertainty, enable the Trust to plan effectively for its future, and apply pressure on ACE to review their longer-term commitment to the building.
10. In addition to this, the DLWP had been seeking funding for a £14m capital scheme to completely renovate and update the building. Heritage Lottery and ACE capital funding streams have all been put on hold for this year and future funding is uncertain. As such there is a revised £100,000 building project to be undertaken for urgent repair work, adding additional budgetary pressures.

## **Conclusion and Recommendations**

11. The DLWP plays a critical role in supporting the cultural and tourism sectors in Rother. In addition to this it is the cultural lead for economic development organisations such as the South East Local Enterprise Partnership.
12. As the freeholder of the building any failure of the Trust would likely result in responsibility for the management and upkeep of the DLWP reverting to RDC.
13. It is recommended that RDC agree a grant of up to £350,000 to the Trust. The funds given in this rescue package be paid back, without damage to the business, as part of future funding agreements. In order to further support the DLWP we work with them in an open book capacity to provide only the funding necessary to maintain key work and ensure the future of the Trust.
14. To enable the Trust to plan for the long-term future of their operations and the building it is recommended that the current SLA be extended by three years.

Dr Anthony Leonard  
Executive Director

**Risk Assessment Statement**

Not supporting the Trust through the COVID-19 crisis could result in the DLWP reverting back to the management and control of the Council. This poses a significant financial risk to the Council

Failure to continue to support the DLWP at the current level could impact on the match funding received from ACE and at this current time of crisis could risk the future of the Trust.