

Report to: LED Monitoring Forum, January 2023
Subject: Exmouth Pavilion
From: Peter Gilpin, CEO, LED Community Leisure
Date: January 2023

This report has been requested by the LED Monitoring Forum and focuses on the operational aspects of the Pavilion; a separate report from Tim Child and Property Services will cover the issue of the condition of the building and future options. The latter should perhaps be read first.

Background Information

Exmouth Pavilion was built in 1933 and is therefore 90 years old this year. Much of the theatre side of the building is probably original, albeit with numerous interior upgrades over the years; the café to the right as you look from the beach was a later addition and the servery and seating area has also been upgraded relatively recently.

Exmouth Pavilion is a popular venue and hosts a wide variety of shows and events, including pantomimes, local amateur dramatic performances, bands, comedians, plays, films, 'murder mystery' and ballet, as well as being a venue for tea dances, the blood transfusion service, Rotary, the U3A and group exercise classes. In the summer season the venue also holds numerous outdoor events on the adjoining grassed area, including live music and the Royal Marines Band, for example.

Annual attendances for shows have been in the region of 35,000 in recent years; 37,600 in 2019, the last full year's figures pre-pandemic. This figure excludes the café and outdoor events that would make the total significantly higher.

Customers predominantly come from within 25 miles of Exmouth, approximately 75% of attendances, with the remainder coming from as far afield as Plymouth and similar distances within Devon, depending upon the attractiveness of the show or event. The Pavilion has begun to attract larger acts in recent years, such as Jason Mountford last month (albeit he cancelled last minute to co-host BBC's Children in Need evening!) and Robert Plant earlier last year, who unfortunately also cancelled due to the pandemic restrictions.

The broad range of shows and events has seen a shift in the demographic of the Pavilion's customers to incorporate a larger contingent of younger customers and families, with the average age now in the early 40s. The café attracts an older customer base during the weekday in school term time, although this changes at weekends and during school holidays when many families come in.

In terms of its contribution to the local economy, there are currently 49 employees at the Pavilion broken down into 18 salaried posts, 4 contracted posts and 31 casual posts resulting in an annual payroll of circa £510,000, combined with purchases from local suppliers alone of circa £275,000.

Financially, the Pavilion has historically required an operating subsidy until recently. This has improved over the past decade due to a change in management approach and programming, and a review of operations resulting in 3 significant improvements, as follows:

In 2014 the function kitchen and servery area adjacent to the auditorium were converted to an additional bar as they were seen to be no longer fit for purpose and the bar in the cafeteria was unable to cope with the demand for beverages before shows and during the intervals. Demand for functions with meals, such as wedding receptions, had significantly diminished and other venues

were entering this market. These works were undertaken by EDDC's Property Services in conjunction with LED at a cost of circa £100,000 in total.

At the same time, LED also invested circa £60,000 in retractable tiered seating for shows that thereby improved both the seating capacity as well as the visual experience of those sitting further back in the hall.

The outcome of both investments was that with both the capacity and experience improved, attendances at shows and stage events have significantly increased, along with associated revenues.

The third improvement has been to the cafeteria, in two stages. Firstly, the catering concession was let to Posh Nosh in 2011/12, who invested in a refurbishment that significantly improved both the appearance and customer experience that resulted in a material increase in both attendances and turnover, albeit with most of the financial benefit being retained by Posh Nosh.

In 2018 LED brought the catering concession back inhouse and has run it internally since. The Trust has also invested further in the appearance of the café, most recently with a complete furniture replacement and redecoration in 2022.

The combination of the improvements to the theatre experience, enabling the Pavilion to attract better acts and attendances, combined with the significantly increased food and beverage revenues, saw the facility make its first significant operating surplus of just under £100,000 in 2019.

This compares very favourably with similar venues that we have researched; the Corn Exchange in Exeter requires a c£230k operating subsidy from Exeter City Council, and North Devon's two theatres in Barnstaple and Ilfracombe a combined operating subsidy of c£167k. The Manor Theatre in Sidmouth is not seen as a comparable venue and performance figures are not available to LED.

2020-2023 – 'the Covid Years'

The effect of the Covid pandemic on Exmouth Pavilion has already been well documented in other reports to the Monitoring Forum. In summary, the Covid lockdowns and the later restrictions (such as social distancing and ventilation) meant that the theatre was unable to open and operate at all during these periods, unlike the leisure centres that were able to reopen for periods albeit with restrictions in place that significantly reduced numbers.

This resulted in all shows during these periods being either cancelled or postponed, sometimes twice or three times, resulting in a backlog of shows this financial year. The substantial loss of income for the first two years, followed by the soaring cost of utilities and cost-of-living crisis has therefore seen the Pavilion require additional funding throughout the three-year period and into this year, and disproportionately so compared to the leisure centres, compounded by the fact that it was ineligible for additional government support.

2023/24 LED Financial Settlement

On a more positive note, the Pavilion has started to show signs of recovery with the recent pantomime season exceeding expectations as an example. The 2023/24 programme includes some 250+ shows and events and we hope to see the facility begin to return to pre-pandemic attendances during and this has been factored into our total funding request for the year as a relatively cost-neutral venue in terms of operating costs.

The unpredictable variables, however, remain the volatility of the utilities market and the potential effect of the cost-of-living crisis on ticket and café sales, as also mentioned in the funding request.

Building Maintenance and Repair Costs

Whilst the Pavilion heads back towards a financial break-even position in terms of operating costs, the greater cost to the Council is that of maintaining and repairing a facility that is now nearly 90 years old. Despite considerable investment over the years, further investment is now required to keep the facility open without significantly detracting from the customer experience, as well as addressing health and safety requirements, as referred to in the separate report from Tim Child and Property Services. It should be noted that the quoted cost in the report for alterations and the refurbishment of the catering area (£238,000, Point 1.1) is substantially over-stated, which is partly why LED did not support it and it was not approved.

However, the works potentially scheduled for January and February 2024 require the stage and backstage areas to be closed for 8 weeks and the Council needs to be aware that this will result in a loss of income to the Pavilion of circa £83,000 for the period. This is created by £30,000 of lost ticket sales from shows and a corresponding net loss of £53,000 from associated net food and beverage sales. This has not been provided for in the funding request figure submitted to the Council and it may be prudent to set aside a contingency as mentioned in the report.

Conclusion

It is LED's view that the other recommended and approved works are essential and will give the Pavilion the medium- to long-term security of operation whilst a long-term vision and strategy for the provision of a theatre and/or additional cultural amenities for Exmouth and East Devon can be determined, as outlined in Tim Child's report, particularly as these would take a number of years to be worked up and delivered, as the report states. It would also retain a facility and venue that is much appreciated, supported and visited by residents, performing arts groups, visitors, and tourists.

Postponing the works would detrimentally affect the experience, attendances, and revenue (we currently must put buckets down to catch roof leaks when it rains, for example).

Closure would result in redundancy costs, the loss of a key cultural facility in a seaside resort without a replacement offer, and the Pavilion's allocation of central overheads spread then amongst the leisure facilities, thereby increasing their cost without any financial benefit to the total cost of the Leisure Management Contract.

Option 1 in Tim Child's report would therefore be LED's preference for the short- to medium-term period whilst a long-term solution is considered and determined; the Trust has no firm views or opinions on these options at this stage.

Peter Gilpin, CEO LED Community Leisure

6th January 2023