

Meeting: Culture and Leisure Sub-Committee**Date: 4 December 2018****Title: SMG Europe Sub Group - Interim Report**

Author: SMG Europe Sub Group**Wards affected: All**

1 Purpose of Report

To present the Culture and Leisure Sub-Committee with an Interim report to outline of progress in the work of the SMG Europe Sub-Group undertaking scrutiny of the Authority's Operating Agreement with SMG Europe Holdings Limited, relating to the operation of the Playhouse, Whitley Bay.

2 Recommendations

The Sub Committee is invited to note the work of the SMG Europe sub group to date.

3 Details

- 3.1 At its meeting in July 2018 the Culture and Leisure Sub-committee agreed, as part of its 2018-19 work programme, to establish the SMG Europe Sub Group to carry out an examination of the Operating Agreement relating to the Playhouse, Whitley Bay, and specifically to consider the break point of the Agreement by either party giving nine months' notice to expire on 31 December 2019. This would mean a decision in writing to break the contract, should either party choose to do so, would be required by 31 March 2019.
- 3.2 The SMG Europe sub group is made up of the following Members:
- Councillor Davey Drummond (Chair)
 - Councillor Cath Davis
 - Councillor Ed Hodson
 - Councillor David McMeekan
 - Councillor John O'Shea
 - Councillor Willie Samuel
- 3.3 The sub group agreed a scoping document setting out the focus and objectives of the scrutiny examination of the Playhouse Operating Agreement attached at Appendix 1 to the report.
- 3.4 The questions determined for scrutiny in the scoping document were agreed as follows:-
- a. Does the Operating Agreement represent best financial value for the Council?
 - b. Does the Operating Agreement deliver a diverse programme?
 - c. Does the Operating Agreement continue to ensure community access?

d. Does the Operating Agreement support the Council's wider arts development and tourism objectives?

- 3.5 Four meetings of the sub group have been held to date on 18 October, 30 October, 14 November and 28 November 2018. The group has been attended by Council officers from Cultural Services, Law and Governance, and the Playhouse Manager from SMG Europe in order to provide advice and clarity on the terms of the Agreement and the practical operation of the Playhouse. At the conclusion of the sub-group's meeting held at the Playhouse on the 14 November, Members were invited to take a tour of the Playhouse as part of their evidence gathering, escorted by the Playhouse Manager who provided a running commentary with noted areas of historical interest and artwork located in the building.
- 3.6 It is proposed that following completion of the sub-group's examination of the Operating Agreement with SMG Europe, a final draft report containing the sub-group's key findings, conclusions and recommendations of the review will be circulated to all members of the sub-committee for comment, prior to submission to the Overview, Scrutiny and Policy Development Committee in January 2019.
- 3.7 It is anticipated that the recommendations of the sub group will be considered by the Overview, Scrutiny, Policy and Development Committee at its meeting on 14 January 2019 for comment and endorsement and for consideration by Cabinet at its meeting on the 21 January 2019. The item has been included on the Forward Plan accordingly, in agreement by the Cabinet Member for Culture, Sport and Leisure.
- 3.8 In accordance with Section 122 of the Local Government and Public Involvement in Health Act 2007, Cabinet is required to provide a response to the recommendations of the Overview, Scrutiny and Policy Development Committee within two months. In providing this response Cabinet is asked to state whether or not it accepts each of the recommendations and the reasons for this decision. Cabinet must also indicate what action, if any, it proposes to take.
- 3.9 In terms of the reporting timelines it is essential that Cabinet's response to the sub-group's recommendations, having been through the relevant scrutiny processes, is considered at the Cabinet meeting scheduled for 25 February 2019 (on the grounds that no meeting of Cabinet is scheduled during March 2019), in order to meet the break point notice of the Operating Agreement by either party, which is the 31 March 2019 on giving the 9 months' notice to expire, on the 31 December 2019.

SMG Europe Sub Group – Scoping Template

Title of study	SMG Europe Operating Agreement
Name of sub committee/study group	SMG Europe Sub Group
Membership	Councillors: Davey Drummond (Lead) Cath Davis Ed Hodson David McMeekan John O'Shea Willie Samuel
1	Focus of study
	The current operating agreement with SMG Europe to run the Playhouse, Whitley Bay, until 31December 2024. The outcomes are intended to support the Cabinet Member for Culture, Sport and Leisure in deciding policy objectives, taking these considerations into account.
2	Objectives
	To consider the break point of the Operating Agreement by either party giving nine months' notice to expire, on 31December 2019. This would mean a decision in writing to break the contract, should either party choose to do so, would be required by 31 March 2019.
3	Key questions
	Does the operating agreement represent best financial value for the Council? Does the operating agreement deliver a diverse programme? Does the operating agreement continue to ensure community access? Does the operating agreement support the Council's wider arts development and tourism objectives?
4	Evidence to be obtained
	Financial records and end of year profit share Programme schedules, number of shows and audience figures Customer feedback Performer /artist feedback

5	Witnesses to be interviewed
	Relevant Council Officers and Elected Members Relevant Officers from SMG Europe Limited Key partner and community users
6	Identify methods of evidence gathering
	Financial records Regular brochure publications Audience feedback data Briefing Notes Council Reports Focus group discussion
7	Support required by the group/sub committee
	North Tyneside Council and SMG Europe officer support to source evidence and information
8	External/independent advice
9	Consultees for draft report
	Phil Scott – Head of Environment, Housing and Leisure Emma Simson – Legal Manager Commercial & Development
10	Date draft report required
	23 November 2018 – Interim Report (for submission to Culture & Leisure Sub-Committee on 4 December 2018)
11	Date final report required
	17 December 2018 (for submission to Overview, Scrutiny and Policy Development Committee on 14 January 2019 and Cabinet on 21 January 2019)
12	Evaluation
	Have the terms of reference been met? Has the work of the Study Group helped inform the Cabinet Member's position?