

## TENTERDEN TOWN COUNCIL – EXTERNAL COMMITTEE

### CINEMA FOCUS GROUP

#### MINUTES OF A MEETING ON 30<sup>TH</sup> AUGUST 2018

**Present:** Cllr. Mike Carter, Cllr. Sue Ferguson, Phil Burgess (Town Clerk), Claire Gilbert (Deputy Town Clerk), Tom Evans (Chair), Paul Hale, Chris Head, Elaine Mahoney, Carol Parkin, Fran Sharp, Bob Somerscales, Kimberley Trow and Seren Welch.

*Cllr. Sue Ferguson stayed for the first fifteen minutes of the meeting, then had to leave due to a prior engagement. Tom Evans was chosen as Chair for the meeting.*

- 1. Apologies for Absence.** Nic Phillips and Lindsay Phillips.
- 2. Minutes** of the meeting held on 7<sup>th</sup> August 2018 were agreed.
- 3. Matters Arising.** Tom Evans enquired whether Cllr. Bill Barrett (Ashford Borough Council) had been invited to the meeting as agreed at the last meeting. Mike Carter reported that he had emailed Cllr. Barrett and asked him to see him when he was next in Tenterden. Claire Gilbert had also emailed Cllr. Barrett.
- 4. Discussion of Cinema Financing Strategy.**
  - 4.1 Chris Head reported that the issue does not lie in the viability of a cinema, but the difficulty to raise the capital in the first place. Alan Bates of the TDRA had come up with an idea which was around commercial borrowing. Chris Head had proposed public borrowing. Either way, it would be difficult to borrow money without an asset. Chris reported that if the Town Council funded the cinema, they should receive a return which would include the money spent on the feasibility studies.
  - 4.2 Phil Burgess reported that the Council would prefer to go along with the Lipton Report which had stated that residents did not want to fund it. Seren Welch indicated that there were issues around feedback from the report and it did not reflect all residents' views. Phil commented that the Council were happy for the Pebbles building to be used for a cinema as that would fit in with the bequest. A sum of £500,000 was expected towards refurbishment whatever the use and this could be considered towards the cinema. A cinema provider would normally pay for the fit-out.
  - 4.3 Tom Evans asked the question: if the Town Council were not willing to invest more than £500,000, would they be happy to let another investor reap the rewards? The Town Clerk responded that he thought they would prefer this option.
  - 4.4 Tom outlined the example of Fletcher in Rye CIC (FIR) and Fletcher Centre Properties Ltd (FCP). FIR was created as a CIC to develop theatre arts

and promote the memory of John Fletcher. The cinema opportunity came along some years later.

FIR raised £100K in the form of "capital grants from local benefactors, loans from members of the board and community" to buy the site in 2012. It then created FCP—a normal commercial company—as a wholly owned subsidiary to develop the cinema. FIR retains the freehold, valued at £100k in the 2018 accounts; FCP has a leasehold (valued at just under £1m in 2018) and Kino is FCP's tenant.

Four of the five FIR directors are also directors of FCP (which has a board of six). FIR retains all the Class A shares in FCP, which has issued additional Class B shares to subsequent investors. FCP has long-term creditors of £934K made up of a mortgage of £288k with first charge on the Head Leasehold, 20 years term at 7%, a loan of £553K (unstated but must be the benefactors) and a director's loan of £4K. FCP's 2012 prospectus and business plan showed the Operator—Kino—expected to invest a total of £536k - fit-out fixtures and fittings £235k, equipment £278k, contingency £23k.

- 4.5 It was noted that the lease of the Pebbles could be seen as the asset for a loan, however, the Town Council must retain the freehold.
- 4.6 Chris asked whether Ashford Borough Council (ABC) had been considered. Phil commented that ABC have helped in the past with projects as they have significant reserves. They are able to take on community projects and they could invest or possibly offer a grant.
- 4.7 Chris suggested that if a working group is set up regarding financing the cinema, then his contact Colin Campbell, former Deputy Leader at Bexley Council would be an asset to have on board. The Group agreed that he should be asked to join the working group.

## **5. Budget Guidance for Developing Proposals**

- 5.1 Discussion took place as to whether the full building feasibility should be carried out, as per Stefanie Fischer's email. Phil reported that for Stage 3, it would need to go out to tender as it would be in the region of £25-30,000. It was agreed that Claire would contact Stefanie to ask for a 'shopping list' of a building feasibility study as was provided for the RIBA suggestion.
- 5.2 Seren Welch suggested that a time limit of four weeks was given for receipt of tenders. Chris suggested that once the list was received from Stefanie, the group could put the tender requirements together. Elaine Mahoney asked why it had to go out to tender, to which Phil responded that the amount was above the public procurement tender level and we currently only have one set of figures and nothing to compare to; there has been no competition so far.

## **6. Route Map and Next Actions**

- 6.1 Tom Evans and Carol Parkin had tabled and circulated two documents. Tom's document was a three stage outline route map and Carol's was a road map for the cinema and cultural hub, which she had produced with

Alan Bates of the TDRA. It was agreed that Alan Bates should be asked to join the working group initially.

- 6.2 Three working groups were put together and the following membership agreed:
  - (a) Planning/Route Map – Tom Evans, Carol Parkin and Alan Bates.
  - (b) Legal Structures & Finance – Paul Hale, Chris Head, Mike Carter and Colin Campbell.
  - (c) Tender Responses with TTC – this will be on the agenda of the next meeting.
- 6.3 It was agreed that a proposal paper would be put together for the 12<sup>th</sup> November External Committee meeting at which all members are encouraged to attend. In order for the Councillors to review the paper, it would need to be sent to Claire by 4pm on Monday, 5<sup>th</sup> November 2018.
- 6.4 Seren suggested that potential cinema operators were approached at this stage to try and gain some form of commitment. Chris proposed that a fourth working group was put together to contact at least four operators to see if they would be interested, with the question of if the building was presented as a shell, how much would they be willing to invest. Membership of this working group was agreed: Paul Hale, Seren Welch and Mike Carter. Seren asked that a list of possible questions be put together so that the approach is consistent.
- 6.5 Draft reports from all working groups would be need to be submitted to Claire by 8<sup>th</sup> October 2018 for circulating to members prior to the next meeting.
- 6.6 Chris asked Phil if the Group had the mandate to speak to Ashford Borough Council; Phil could not see any reason why not. The approach should ideally be made through a ward member.
- 7. Any Other Business.** None.
- 8. Date of Next Meeting.** Thursday, 11<sup>th</sup> October 2018 at 7pm – draft working group reports to be discussed.