Former Granada Cinema

186 HOE STREET, WALTHAMSTOW

PROOF OF EVIDENCE RELATING TO THE APPLICATION MADE FOR CONVERSION INTO A CHURCH PLUS CINEMA OR CHURCH PLUS COMMUNITY VENUE

PLANNING APPEAL: APP/U5930/E/11/2165344 (LPA REF: 2009/1048)

LISTED BUILDING CONSENT APPEAL: APP/U5930/E/11/2165348 (LPA REF: 2009/1049/LB)

PLANNING APPEAL: APP/U5930/A/12/2183662 (LPA REF: 2012/0764 OR 2012/0766)

OCTOBER 2012

Accelerating success.

COLLIERS INTERNATIONAL PROPERTY CONSULTANTS LIMITED

Company registered in England and Wales no. 7996509
Registered office:
9 Marylebone Lane
London W1U 1HL

Tel: +44 20 7935 4499
www.colliers.com/uk

Version Control	
Filename/Document ID	EMD D Geddes Proof of Evidence 311012.docx
Last Saved	31 October 2012
Owner	David Geddes

TABLE OF CONTENTS

1 Introduction 5

2 Summary 9
2.1 Introduction 9
2.2 UCKG Cinema Proposal 10
2.3 UKCG Granada Rooms scheme 11
2.4 Proposed Multiplex on the Arcade Site 11
2.5 Waltham Forest Cinema Trust Proposals 12
2.6 Other Options 15
2.7 Impact on the Town Centre 15
2.8 Conclusion 18

3 Context 19
3.1 Desire and demand for cinema, restaurants and live entertainment 19
3.2 Making best use of the heritage asset 24
3.3 Impact on regeneration of the town centre 26
3.4 Options for the Building 27

4 UCKG Proposals 31
4.1 The Cinema Scheme 31
4.2 The Granada Rooms Scheme 32
4.3 Evaluation 33

5 Proposals of Waltham Forest Cinema Trust 40
5.1 The Scheme 40
5.2 Evaluation 45

6 Impact on Town Centre 49
6.1 Visits versus individual Visitors 49
6.2 Creating diversity of appeal 50
6.3 Estimated spend from different entertainment options 53
6.4 Impact on jobs 58
6.5 Impact of Help Centre users 60

APPENDICES

1 Plans Developed by Waltham Forest Cinema Trust 64

2 Outline Business Plan for WFCT 69
2.1 Introduction 69
2.2 Stage 1: Refurbishment of the Main Building to operate as 740 Seat Venue 69
2.3 Stage 2: Full Scheme 73

3 Case Studies 76

3.1	O2 Academy Brixton	76
3.2	Hammersmith Odeon	76
3.3	The Troxy, Limehouse	77
3.4	The Forum, Bath	79
3.5	The Plaza, Stockport (Greater Manchester)	80
3.6	Shoreditch Town Hall, London	81
3.7	Tyneside Cinema, Newcastle	83
3.8	The Rex, Berkhamsted	83
3.9	The Regal Cinema, Evesham	85
3.10	McMenamins Bagdad Theatre & Pub, USA	87

1 INTRODUCTION

1 I, David Geddes, have been asked by the London Borough of Waltham Forest to provide expert witness at a Planning Inquiry to consider an appeal by the United Church of the Kingdom God (UCKG) against the Council's rejection of their applications to convert the former Granada Cinema into a church plus a community functions facility called the Granada Rooms, and also to convert it into a church plus a six screen cinema.

2 I have been asked to particularly provide evidence on whether use of the building entirely for entertainment purposes is viable and what the relative impact on the town centre of use of the building for entertainment purposes might be by comparison to UCKG's proposals.

3 I was asked by the London Borough of Waltham Forest to prepare a report about the scheme which included the cinema to assist them in consideration of the application. I did so in a report[1] issued in August 2012. This proof largely replicates that report. The following are significant elements have been added: an evaluation of the scheme that includes the Granada Rooms and the impact that would have by comparison to alternatives; comparison of the nature of the building if it was restored for entertainment purposes with other venues in London; further assessment relating to whether a cinema company is likely to be interested in operating the UKCG's scheme; and case studies about the Regal Cinema in Evesham and the Hammersmith Apollo. There are some changes in wording and emphasis but none that are intended to be material. With the exception of additions of Granada Rooms projections, financial projections are unchanged.

4 I have reviewed both applications for change of use and, in particular: the Community Access Statement and Design and Access Statement, and the Granada Rooms Operating Intent[2], prepared in support of the 2009 "Granada Rooms" Scheme; and the Planning Statement and Statement of Community Involvement[3], and Commercial Appraisal[4], prepared in support of the 2012 "Cinema" Scheme.

5 I have a Bachelor of Commerce (Honours, First Class) from the University of Edinburgh. My course included selection for a year doing MBA courses at the Wharton School of Business at the University of Pennsylvania, where I was awarded the Dean's Award for Academic Achievement. My early career was managing a group of hotels in Bristol for 6 years, during which I developed two hotels in listed buildings, one of which was, for many years, Bristol's only entry

[1] Former Granada Cinema – Advice Relating to the Application Made for Conversion into a Church plus Cinema, August 2012.
[2] Both prepared by FDP Architecture.
[3] By Howard Sharp and Partners.
[4] By GVA Humberts Leisure.

in the Good Hotel Guide. I then managed the visitor operations in the Historic Dockyard in Portsmouth, which is one of the most successful heritage attractions in the country, also for 6 years. I have been working since 2000 as a consultant with Locum Consulting, which was bought by Colliers International in 2007. I own and direct, outside Colliers, an espresso bar and a souvenir shop in Hermanus South Africa.

6 My consultancy work has been wide ranging. Of particular relevance to this Inquiry, I have undertaken much work on town/city centre regeneration. I have led studies that have produced plans for places that include the West End of London, Chester, Liverpool, Southampton, Plymouth, Belfast, Buxton, Margate and Sheffield. I have also led several major research studies on the subject, largely for the Northwest Regional Development Agency and English Heritage. A study for English Heritage on the impact of regeneration of historic environments was the main feature of the annual Heritage Counts publication that they produce in 2010. Another, jointly commissioned by English Heritage and the Heritage Lottery Fund, which has assessed the commercial uses that take place in listed buildings, will be featured in the 2012 edition.

7 I often work on studies assessing what viable options there might be for listed buildings. Recent examples include Sheerness Dockyard Church, a 16th century former hunting lodge in Enfield, and a Baptist chapel in Cranbrook in Kent. I last year advised the new owner of the landmark former Burberry store on Haymarket on what use of the building would generate best return for him. Numerous projects relating to listed buildings that I did initial feasibility work on have now been completed and are successful. They include the Isla Gladstone Conservatory in Liverpool's Stanley Park, the Crossness Pumping Station in Thamesmead and Osborne House on the Isle of Wight.

8 I also do a lot of work on planning non-heritage related development. I have for the past year, for example, been helping the Milford Haven Port Authority develop a plan for development of Milford Haven Dock. The work has already secured substantial interest from potential development partners and I am currently leading a selection process that will result in choosing a preferred development partners and submission of a planning application in 2013. The scheme features a retail-leisure mall, including cinema.

9 I have considerable experience of options appraisals and business planning relating to leisure and cultural facilities of different type and scale. My work, for example, has resulted in funding being achieved for rebuilding the Everyman Theatre in Liverpool and the Southport Arts Centre, both currently being built.

10 I have examined options for use of five listed 1930s cinemas:

a Dreamland, Margate (2008) – this involved assessing options, and then developing, in stages, the concept, business and funding plan for the Grade II* listed entertainment venue and adjacent amusement park. The resulting

scheme secured £12 million funding from a combination of grant funding, primarily the Sea Change programme and the Heritage Lottery Fund, matched by a developer contribution. I worked with architects Levitt Bernstein in assessing options for the cinema auditorium.

b The State, Grays, Essex (2009) – this was a detailed options appraisal and business plan, in a team led by heritage specialists Alan Baxter Associates, including Haworth Tompkins architects, for this 2,600 seat Grade II* cinema. It was undertaken for Thurrock Development Corporation to find a solution to a difficult situation. The building, a prominent landmark and key to the town's regeneration, is in private ownership but the owner has not been able to produce a viable scheme. I examined a wide range of different uses, and prepared a detailed business plan for the preferred option, a multi-use events venue. The study was a success. The owner has put the building on the market and we have been recently appointed by Thurrock Council[5] to update the plan and help them to secure an optimum scheme.

c The Odeon, Chester (2010) – I examined this as part of a major options appraisal for a new theatre for Chester on behalf of Cheshire West and Chester Council. I led a team of professionals including architects Arts Team and performing arts specialists David Pratley Associates. Conversion and extension of the Grade 2 listed Odeon (built in 1936) was the option recommended as being most cost effective. The Council has since purchased the building and started detailed design work.

d The Former Carlton Cinema, Islington (2011) – I acted as an expert witness on behalf of the London Borough of Islington in a Planning Inquiry that considered an appeal by a church organisation against non-determination by the Council of their application for change of use and enabling development. My role was to demonstrate that it was possible to develop and operate the building in a sustainable manner without the scale of enabling development that was proposed by the church. The Inquiry found in favour of the Council.

e The former Granada Cinema, Woolwich (2012) – I am commissioned by the owners, Christ Faith Tabernacle, to provide evidence to an Appeal against refusal of the Royal Borough of Greenwich to grant consent for change of use to D1 for this 2,600 capacity Grade II* listed building. I am doing this with the assistance of Stephanie Fischer of Burrell Foley Fischer LLP, an architect who specialises in cinema, especially in historic buildings. I am also helping the owners to negotiate an agreement for joint D1/D2 use, which seems the most likely outcome.

[5] Which has absorbed the functions of the now abolished Development Corporation.

11 I produced a report about the former Granada Cinema for the Waltham Forest Council in 2010[6]. It was prepared with the assistance of Haworth Tompkins, architects with considerable experience of venues and restoring historic buildings, and with John Sullivan, who operates a small group of cinemas. The task was to advise whether the building could be viable as a cinema.

[6] Our practice was called Locum Consulting at the time and the report is under that brand.

2 SUMMARY

2.1 INTRODUCTION

1 The aim of this proof is to consider the impact and issues relating to different options for provision of cinema in Walthamstow and use of the former Granada Cinema building.

2 There are four main variables in this:

i proposals by the United Church of the Kingdom of God (UCKG) to restore the building as a Help Centre, with a six screen cinema in a new build section and up to 48 days a year use of the main auditorium for entertainment or, alternatively, a functions centre called the Granada Rooms without use of the main auditorium for entertainment[7];

ii proposals by the Waltham Forest Cinema Trust (WFCT), which are not yet subject to a planning application, to restore the building as a seated live entertainment venue with a three screen independent cinema in a new build section plus restaurant, functions and educational space;

iii other possibilities for entertainment use of the building;

iv and proposals by Islington and Shoreditch Housing Association and Hill Residential, subject to a planning application (2012/1355) scheduled to go before committee in January 2013, to build a 9 screen multiplex (1,675 m², 18.020 ft²) as part of a mixed use development on the adjacent Arcade site. The scheme includes 121 residential units and 6 commercial units. The developers expect the main occupiers of the commercial units to be restaurants.

3 We considered these issues in our report to Waltham Forest Council in 2010, but plans have advanced since.

4 There are a number of issues of public interest in relation to matters within my expertise:

- strong desire of local people to have cinema in the town;
- the quality of the heritage asset and the need for it to be restored in a timely manner that has maximum benefit to the community;
- its potential to provide an entertainment facility of London-wide significance;
- the likelihood of different proposals to fulfil that potential;

[7] Although it is not clear at time of writing this proof whether this remains the case. Amendments to the draft S.106 agreement provided by the appellant suggest that they may have alternative plans. The way in which the Granada Rooms might operate, and whether it remains a serious proposition, are unclear.

- and the impact that the proposals could have on regeneration of the town centre, especially in nurturing food and drink related businesses on Hoe Street and on the Arcade site.

2.2 UCKG CINEMA PROPOSAL

5 We suggested a scheme, involving church and cinema, similar to that which UCKG has put forward, in the report that we prepared for the Council in 2010. It was a second choice to the scheme that we advised was optimal.

6 We argued that the optimal solution was a multi-use venue that included cinema alongside live entertainment, eating and drinking and functions. We argued that this would be best in terms of respecting the heritage of the building and advancing the economic and social well-being of Walthamstow.

7 We said that, while a multi-use venue would be the best outcome, it probably needed the building to be acquired by a non-profit making organisation and for them to secure grants to refurbish it. The Heritage Lottery Fund was the most likely source of grant funding. A scheme by UCKG that included cinema, while less optimal, could be more deliverable.

8 UCKG has now proposed a scheme that has similarity with the second option we outlined. It includes a six screen cinema with a total of 690 seats.

9 It is different in two important respects to the concept we advanced, however.

10 Firstly, we envisaged the main auditorium being a feature of the cinema operation, with films being shown in it at least once a week. Having entertainment in the main auditorium is the rationale for having entertainment in the building at all. The auditorium makes the building special. UCKG has made concessions on this front and now offers to make the auditorium available for hire for non-church use on a minimum of 48 days a year. This makes it more likely that significant numbers of people will be able to enjoy the main feature of the heritage asset, but it does depend on the programming on those days. Simply making the auditorium available does not mean that it will be used. There has been no indication so far that UCKG would ensure that there is programming, preferably cinema, on those 48 days. There is also a risk that there may be restrictions on the nature of that entertainment.

11 Secondly, we suggested a separate entrance to the cinema to replace the current shop and pub units on Hoe Street, with those spaces preferably including a bar/bistro. The main reason for this was because we could not envisage how a cinema audience could comfortably mix with church users in a shared lobby. We also felt the cinema needed “presence” on the street frontage to be viable and to offer a good experience to its customers.

12 The scheme proposed by UCKG envisages the church congregation and cinema audiences sharing a main entrance and circulation spaces. I do not

believe this would be satisfactory from the point of view of either group. I am sceptical that a cinema company could operate for long in those circumstances even if one was persuaded to agree to take on the venture.

13 The credibility of the UCKG scheme depends on being able to sign up a cinema operator. They have been stating since May 2012, in documents and meetings, that they are on the verge of doing so and that it will be a "West End" operation. I doubt whether such an agreement will materialise and, if it does, whether it will last for long. The number of cinema operators that might be interested is, in reality, small, and an evangelical church and a cinema sharing the same entrance area and circulation spaces is such an uncomfortable combination that it is difficult to imagine any such agreement surviving. The experience of the appellant in Catford where they also promised a cinema in part of the building, only to renege because, in the words of the Commercial Appraisal, the operator that was supposed to take it on "committed to alternative investment options", is not surprising.

2.3 UKCG GRANADA ROOMS SCHEME

14 This scheme was in place when I wrote the 2010 report. I advised both UKCG and the London Borough of Waltham Forest at the time that it seemed to offer little or no added value, and that remains my view. This would be a commercial operation located physically within a church building and sharing space with the operations of that church. I do not know of any such situations and cannot envisage how it could work. I do not believe that there is a significant market in Walthamstow for commercial hire of the spaces envisaged, even were they to be in an attractive standalone facility, which will not be the case.

2.4 PROPOSED MULTIPLEX ON THE ARCADE SITE

15 Waltham Forest Council's priority has been to obtain a multiplex on the Arcade site. The developers of the site have signed Empire Cinemas Ltd, a group of 17 cinemas with a flagship on Leicester Square. Empire is probably the most logical company to operate a mainstream cinema in Walthamstow because the other mainstream companies have cinemas in the vicinity. It is not surprising that they have been signed. They propose 9 screens with 1,073 seats in total. The cinema would be an "anchor" for a group of restaurants in the development. We anticipate that these would be national brands, of which Walthamstow has none currently. The relationship between the cinema and the restaurants is important. The cinema is the "carrot" that will persuade the restaurants to take space which, in turn, makes the scheme viable.

16 It would also be difficult to find ground floor occupiers with strong enough covenants[8] for the development if it was not for those restaurants. It is much

[8] In other words, are able to give sufficient guarantee that they will be able to pay the

better for the quality of the townscape to have active frontages connecting High Street with Hoe Street.

17 I do not have information with which to judge the deliverability of the Arcade development. Previous schemes to develop it have been unsuccessful. My judgement, however, is that a combination of cinema, branded restaurants and residential is optimal for the site and should be deliverable.

18 There is no obvious advantage to the people of Walthamstow in having a cinema in recesses of the Granada cinema instead of a new build multiplex, if there was a choice between the two. The choice of screens would be 50% less. A multi-screen cinema on the Arcade site would be a better overall experience because it would be purpose built and would not require people to walk through a church lobby to get into it. There is negligible advantage from a heritage perspective of people being able to simply walk through original lobby areas on the way to screens that could be in any multiplex. The relative lack of appeal of the UCKG cinemas seems to be reflected in their own predictions of how many people would use it, which are about 40% less than I would expect for a normal cinema of the size they propose.

19 I argued in my 2010 report that the optimal approach might be a closer integration between the multiplex and the Granada as an entertainment venue, but I envisaged that as using part of the Arcade site to attach the multiplex to the Granada. I did not mean a cinema in the Granada building, as UCKG proposes, could form a satisfactory alternative to the multiplex on the Arcade site as an anchor to attract other commercial tenants to that scheme. It is not.

2.5 WALTHAM FOREST CINEMA TRUST PROPOSALS

20 While the backup option we identified has evolved into a form that is less satisfactory than we envisaged, the option that we said was optimal has moved in the opposite direction. It is now more attractive and the evidence indicates it is potentially deliverable, although it is still substantially short of offering certainty of delivery and, therefore, still represents a risk.

21 The alternative currently on the table comes in the form of the Waltham Forest Cinema Trust. The individuals leading it are executives of the Soho Theatre Trust, who live in Walthamstow and have been able to envisage the potential of the building. The Soho Theatre Trust would lead the development and manage the building on behalf of WFCT. It appears to be a credible organisation. It has core funding from Arts Council England, and has experience of both developing and running an entertainment venue.

22 WFCT's plans have two sections. The first involves restoring the cinema building, converting the space under the balcony that currently forms two small

rent in order to satisfy the funders of the scheme.

cinema screens into a bar. They envisage that there would be fixed seating[9], a total of 740 in the Stalls and 268 in the Lower Circle, a total of 1,008. They envisage the main programming as being comedy, as Soho Theatre has experience in that, it is growing in popularity and they have identified a gap in the London market for a venue of this size. A variety of other forms of live entertainment would also take place, including a pantomime, which was an annual tradition when the building was used as a multi-purpose venue in the past. WFCT does not envisage using the building for loud popular music. The auditorium would be used for cinema, mainly classics and second runs, when not being used for live performance, and for special "cinema events" and live broadcast of cultural and sporting events.

23 The second section would be a new build behind the street façade currently occupied by shop and pub, a similar approach to that proposed by UCKG. This would have a bistro-bar at ground level; a restaurant and functions room at first floor (making use of the feature window over the main entrance to the cinema); and three cinema screens with a total of 280 seats, a substantial education space and an outdoor terrace and bar at second floor level.

24 This new build section would be integrated with the main building, but the main entrance for the cinema would be in this new build section so that customers are able to access it without problem when there is a live performance and so that the cinema has street "presence". The cinema would be operated by Curzon Cinemas, one of the three "independent" groups operating in London. They offer a different kind of experience to a mainstream multiplex. WFCT envisages it complementing the Arcade multiplex. Curzon has a cinema in Wimbledon that successfully operates alongside a multiplex.

25 WFCT states that it has expressions of interest from the Royal Shakespeare Company and the actress and film producer Sadie Frost to provide education and experience in live performance and film production on the site.

26 My judgement is that the plans would create an excellent entertainment venue, one that would probably have a London-wide reputation. As we stated in our 2010 report, the former Granada cinema has more potential for this than other former super cinemas because of the opportunity to use the space between the street and the auditorium to create high quality modern facilities to enhance the experience of using the auditorium. WFCT's plans show how this can be done. The quality of the street frontage would also be outstanding. I agree with WFCT that the combination of a small independent cinema that has a "grown up" type of offer, with an integrated bar and bistro, with a mainstream multiplex nearby would be of maximum benefit to the town centre.

[9] Although they would investigate retractable seating in the stalls, which would provide more flexibility.

27 A main reason why it is likely to develop a London-wide reputation is that it will be the only place in London that it is possible to experience regular cinema in a 1930s Picture Palace. It will be one of only three places in London that I am aware of that it is possible to experience entertainment in such a venue, and the other two largely specialise in popular music. It will probably be the best restored of all those venues, and the only one with the ornate decoration of the famous Granada cinemas. That type of experience could be experienced in almost every town in Britain between the 1930s and the 1960s. The rarity of the experience that would be offered would, in my opinion, make it a place of pilgrimage to many and is also why it would be such a strong candidate for funding from the Heritage Lottery Fund.

28 The second section (i.e. new build) is not essential to the operation of the business. The main part of the building can operate as an attractive, standalone operating business and the project could be phased.

29 The Quantity Surveyor acting for WFCT estimates the cost of fully refurbishing the building (i.e. the first section of the plans), in line with the architect's plans, to be about £4.8 million. It would be an option to delay restoration of the cross lobby and circle area until the second section of the plan is delivered, which would reduce the estimated refurbishment cost to about £4 million. Assuming that it costs about £2.75 million in total to acquire the site[10], the Trust, or another organisation, could deliver a high quality, 740 seat venue for about £6.75 million, or about £7.5 million for 1,008 seats.

30 This section of the project is likely to be of most interest to the Heritage Lottery Fund, which is the main source of grant funding for projects of this nature. WFCT advises that HLF has been encouraging, although there is no certainty that they will approve an application and they will not if there is uncertainty over the ownership. My opinion, as discussed above, is that the project would have high appeal to HLF because of the quality of the building, its rarity in allowing people to experience one of the great cultural experiences of the 20th Century, one that many are still able to remember but not to enjoy anymore, and its appeal to such a diverse range of people in the community.

31 The financial plan developed by WFCT estimates that the venue would generate an annual surplus of about £200,000 if operated this way (i.e. refurbished existing building with ground floor used), and assuming there is no cost of capital. I believe their projections to be conservative.

32 £6.75 to £7.5 million is not a particularly large funding requirement for a project of this nature. The funds available to the Heritage Lottery Fund are increasing now that the Olympics are over, and there are many sources of smaller grants. The scale of support that WFCT has already received suggests that it is likely to

[10] A condition of obtaining funding from the Heritage Lottery Fund would be that that the amount paid would have to be the value as assessed by the District Valuer.

have success with a public fund raising campaign. Soho Theatre Trust has good experience and contacts.

33 The Cost Consultants have estimated the cost for the new build section to be about £4.5 million.

34 The business plan estimates that it will increase the profits made by the venue by about £500,000 a year. It should be possible, therefore, to fund a substantial part of a second phase development from borrowing, to match on-going public fund raising.

2.6 OTHER OPTIONS

35 I believe there is a chance, although certainly not certainty, that a private sector developer would be interested should the building come onto the market, although not at the sort of price that UCKG paid for it.

36 Two other London venues that are in buildings of similar nature have recently sold for high prices. That indicates that it is possible to operate a viable entertainment business in buildings of that ilk. The plans developed by WFCT show that the building offers attractive possibilities as a venue. I believe the market in Walthamstow for such a venue to be good.

37 The market for buildings of this nature in London of this nature has been dominated for the past decade or so by churches. Organisations wanting to buy them for entertainment have, in most circumstances, not been able to compete with the prices that churches have been prepared to pay. That does not necessarily mean, however, that there is no interest in them for entertainment, although current economic circumstances and difficulty of borrowing money mean that any purchase of property and development is difficult.

2.7 IMPACT ON THE TOWN CENTRE

38 I believe that the type of uses envisaged by WFCT would make a step change improvement to the range of entertainment on offer in Walthamstow. The combination of the live performance, independent cinema and bistro would be particularly attractive in that building because of its spacious and elongated architectural form. It would be a more natural combination of activities than UCKG proposes. The bistro/bar is particularly important because it would add quality to the venue, lift the street, lift the food and beverage offer in the town centre, and improve the use of the building's interior spaces. UCKG proposed use of the street frontage would not have those effects.

39 It would, because of the rarity and quality of the experience it would offer, as explained above, attract many people from outside Walthamstow.

40 The WFCT venue would sit comfortably alongside a branded mainstream multiplex and branded restaurant offer in the Arcade. The combination would have critical mass and diversity of appeal.

41 The proposed UCKG cinema would result in less visits to venues in the town centre than other options. I calculate that admissions to the UCKG cinema, assuming that its works well and is able to achieve the same seat occupancy that a multiplex on the Arcade site could, are likely to be about 250,000 per annum. UCKG have themselves estimated it to be 150,000, implying a seat occupancy of only 15%. My more optimistic 250,000 figure would be about 10% less than the estimated visits to the venue proposed by WFCT; two thirds of what might be expected from the cinema proposed for the Arcade site; less than 50% of total admissions that might be expected of a combination of the Arcade Multiplex and Stage 1 part of the WFCT scheme (i.e. refurbishment of the auditorium and use of the stalls only); and less than 40% of a combination of the Arcade Multiplex and the WFCT's full scheme. The latter combination would motivate about 425,000 additional visits to the town centre annually by comparison to the UCKG cinema.

42 I estimate that, even with more optimistic assumptions than I would expect, the Granada Rooms alternative might attract 23,000 visits per annum, which might be expected to account for about £500,000 total annual expenditure in the local economy, less than 10% of WCFT's full scheme. It would have the advantage that it would not risk the Arcade cinema scheme. The Granada Rooms would enable a relatively small number of people to benefit from using a small part of a heritage asset at the expense of considerable extra cost and inconvenience for UKCG. It is unlikely that there will be any material advantage to community organisations partly because the charges will deter them and partly because they will not wish to use a religious building for their activity.

43 The main incremental expenditure in the local economy from the different options will come from people eating and drinking before and after performances. The relative number of people that each venue attracts to the town centre would impact on this, so too would the nature of visits. Visits to see live performance in the evening, and also to visit the cinema in the evening, will have most impact on town centre spend.

44 A venue of the nature of that proposed by WFCT would have pro rata, a more positive impact on the town centre because it would attract a larger number of people that are inclined to have a meal or a drink in addition to visiting the venue. I estimate that that the UCKG cinema, assuming my generous forecast of its visitors rather than theirs, would result in about £375,000 a year spend in local eateries, about a half as much as the first stage WFCT scheme might be expected to produce, and a third as much as the full WFCT scheme might be expected to produce. It could be expected to generate about £200,000 less a year for outside businesses than the Arcade Multiplex.

45 The combination of the Arcade Multiplex and WFCT scheme would provide the most significant regenerative benefit in terms of the total economic activity that they would generate (c.£9 million a year for in-venue and out of venue spend, about four times the impact that might be expected from the UCKG cinema) and the spend outside the venue (c.£2 million a year, 5 times as much as might be expected from the UCKG cinema).

Figure 1: Estimated spend by visitors (Cinema Options)

	Spend per Head in Venue	Total Spend in Venue	% spending on Food & Beverage	Average Spend on Food & Beverage	Total Spend on Food & Beverage	Total Spend
INDIVIDUAL ELEMENTS						
UKCG Cinema	£8.00	£2,009k	20%	£7.50	£377k	£2,386k
Arcade Multiplex	£8.00	£3,125k	20%	£7.50	£586k	£3,710k
WFCT Auditorium (stalls only)	£18.00	£2,628k	33%	£15.00	£723k	£3,351k
WFCT Auditorium (stalls & circle)	£18.00	£3,294k	35%	£15.00	£961k	£4,255k
WFCT Independent Cinema	£8.00	£818k	30%	£12.00	£368k	£1,186k
COMBINATIONS						
WFCT Full Scheme	£14.42	£4,112k		£14.15	£1,329k	£5,440k
Arcade Multiplex + WFCT Auditorium (stalls only)	£10.72	£5,753k		£2.44	£1,309k	£7,061k
Arcade Multiplex + Full Scheme	£10.71	£7,236k		£2.83	£1,915k	£9,151k

Note:

Spend figures are turnover excluding VAT

Spend per head in venue includes ticket cost, kiosk and bar sales

Spend on food and beverage is in cafes, restaurants, bars and takeaways inside or outside the venue

Figure 2: Estimated spend by visitors (Granada Rooms)

	Spend per Head in Venue	Total Spend in Venue	% spending on Food & Beverage	Average Spend on Food & Beverage	Total Spend on Food & Beverage	Total Spend
INDIVIDUAL ELEMENTS						
Granada Rooms	£12.00	£276k	75%	£12.50	£216k	£492k
Arcade Multiplex	£8.00	£3,125k	20%	£7.50	£586k	£3,710k
WFCT Auditorium (stalls only)	£18.00	£2,628k	33%	£15.00	£723k	£3,351k
WFCT Auditorium (stalls & circle)	£18.00	£3,294k	35%	£15.00	£961k	£4,255k
WFCT Independent Cinema	£8.00	£818k	30%	£12.00	£368k	£1,186k
COMBINATIONS						
WFCT Full Scheme	£14.42	£4,112k		£14.15	£1,329k	£5,440k
Arcade Multiplex + WFCT Auditorium (stalls only)	£10.72	£5,753k		£2.44	£1,309k	£7,061k
Arcade Multiplex + Full Scheme	£10.71	£7,236k		£2.83	£1,915k	£9,151k
Arcade Mulitplex + Granada Rooms	£8.22	£3,401k		£1.94	£801k	£4,202k

46 This does not take into account any incremental spend in local businesses by UCKG's congregation and other users of the church. Evidence from UCKG's Help Centre in Finsbury Park, however, shows that this is not likely to be much. WFCT's proposals also include substantial educational and community activity and use that we have not taken into account in these estimates.

47 These estimates only include what is called “Direct Impacts”, the amount of money that comes directly into the economy from expenditure by visitors. It does not take into account “knock on” economic impacts that result from that expenditure in a local economy. These come in two forms. Indirect impact is caused by the businesses in which visitors have spent money in turn spending money with local suppliers. Induced impact is caused by the employees of those businesses spending with local businesses. These benefits will vary in proportion to the amount of spend generated by each option. In other words, the combination of Arcade Multiplex and WFCT scheme is even better by comparison to others once indirect and induced effects are taken into account.

48 I estimate that the number of Full Time Equivalent jobs created by the WFCT scheme would a bit more than the UCKG’s schemes (both Church and Cinema or Church and Granada Rooms), about 30 compared to 25. There would, however, be a much bigger difference in the number of jobs created in the wider economy.

2.8 CONCLUSION

49 I believe the best option, in terms of the heritage of the building, the quality of life of local people and impact on Walthamstow town centre, is for the building to be used as an entertainment venue, preferably with a combination of live events, cinema and restaurant. It would be of a unique quality and nature in London. There is now at least one scheme of that nature with the prospect of being deliverable, although it is not easy to deliver, mainly because of the challenges in acquiring the building. I believe, however, that the rarity and quality of the nature of venue that it would create would make it an attractive proposition of grant funding.

50 The “backup” option that we suggested in our 2010 report was materially different to that proposed by UCKG in terms of its use of the auditorium and having a separate entrance from the street, although UCKG has made an important concession in allowing access to the auditorium for entertainment. Their scheme has the advantage of deliverability, assuming that a cinema operator is signed up. It does carry risk, however. It might threaten the Arcade Multiplex and its restaurants, and I believe that there is a severe risk of failure because of the unnatural combination of cinema and church sharing access space. It does not deliver the same economic advantage to the town centre.

3 CONTEXT

Several considerations underpin my assessment of the proposals of the United Church of the Kingdom of God (UCKG) and possible alternatives. They are summarised in this section.

3.1 DESIRE AND DEMAND FOR CINEMA, RESTAURANTS AND LIVE ENTERTAINMENT

1 There is strong desire by local people to have a cinema in the town centre. There is evidence of this from research done for the Walthamstow Socio-Economic Masterplan in 2007[11]. It interviewed 500 residents by telephone. It showed that a cinema is, by a long distance, the leisure facility that people would most like to see in the town centre. Provision of better restaurants, which is closely allied to the development of cinema, is the second highest priority in terms of improvement of facilities.

Figure 3: Answers to Question: "What future improvements do you think could be made to make Walthamstow a more attractive place to enjoy leisure, entertainment or evening activities?"

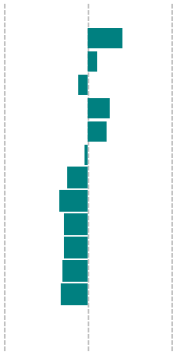
	Inner Zone	Outer Zone	All
New cinema/multiplex	79%	39%	55%
Measures to tackle crime	20%	19%	20%
More/better restaurants	21%	14%	17%
More/closer/cheaper parking	8%	14%	12%
More/better pubs/nightclubs	13%	7%	9%
More/better cafes	9%	8%	9%
More/better leisure/gym facilities	12%	4%	7%
More museums/art galleries/exhibitions	9%	5%	7%
More/better range of community facilities	4%	5%	4%
New theatre/concert hall/dance hall	1%	3%	2%
More/better facilities for families	3%	1%	2%
Better bus services/bus station	2%	2%	2%
Better facilities for disabled people	1%	3%	2%
Better pedestrian access	3%	1%	2%
More/better banqueting	2%	1%	2%
More places of worship/religious centres	2%	0%	1%
Don't know	8%	31%	22%
Other	8%	10%	9%

2 The population profile of the area suggests that there should be cinema and live entertainment in Walthamstow. The population is sizeable. It is relatively youthful, biased in profile to groups with greatest propensity to visit cinema and live entertainment, and also to eat out.

[11] Atkins on behalf of the London Borough of Waltham Forest.

Figure 4: Population Profile, 10 minute journey time from EMD

	Profile	for area	for base	av=100
2011 Population Projections				
Aged 0 - 4	18,341	8.7	6.2	**141**
5 - 14	26,242	12.5	11.2	**111**
15 - 24	24,292	11.6	13.0	89
25 - 34	35,268	16.8	13.3	**126**
35 - 44	35,429	16.9	13.8	**122**
45 - 54	27,928	13.3	13.9	95
55 - 64	18,420	8.8	11.7	75
65 - 69	6,652	3.2	4.9	65
70 - 74	5,848	2.8	3.9	71
75 - 79	4,921	2.3	3.2	72
80 - 84	3,578	1.7	2.4	70
85+	3,339	1.6	2.3	69
Total Population	210,258	100.0	100.0	100
Total Households	86,928	100.0	100.0	100



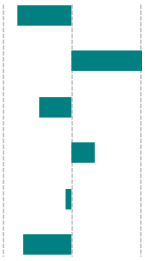
Source: CACI

3 The socio-economic profile is orientated to the group that the ACORN[12] socio-economic categorisation system calls "Urban Prosperity". There are about 90,000 of them living within 10 minutes of the venue. They are prime cinema/live entertainment/restaurant audiences.

Figure 5: ACORN SOCIO-ECONOMIC CATEGORISATION – Top Level Categories

ACORN Category Profile

		Profile	Data as % for area	Data as % for base	Index
1	Wealthy Achievers	11,243	5.3	25.1	21
2	Urban Prosperity	89,618	42.6	11.9	**357**
3	Comfortably Off	29,648	14.1	26.9	53
4	Moderate Means	38,686	18.4	13.8	**133**
5	Hard Pressed	40,155	19.1	20.8	92
	Unclassified	908	0.4	1.5	30
	Total Population	210,258			



Source: CACI

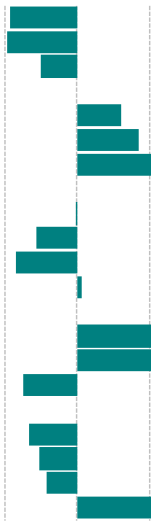
4 ACORN's more detailed categorisation (Figure 6) shows large numbers, almost 60,000 in total, in the group Aspiring Singles, again a prime leisure market.

[12] A socio-demographic segmentation system that is generated from Census results.

Figure 6: ACORN SOCIO-ECONOMIC CATEGORISATION – Second Level Categories

ACORN Group Profile

		Profile	Data as % for area	Data as % for base	Index
A	Wealthy Executives	1,658	0.8	9.1	9
B	Affluent Greys	545	0.3	7.4	3
C	Flourishing Families	9,040	4.3	8.6	50
D	Prosperous Professionals	6,579	3.1	1.9	**161**
E	Educated Urbanites	24,904	11.8	6.4	**186**
F	Aspiring Singles	58,135	27.6	3.6	**761**
G	Starting Out	8,879	4.2	4.3	99
H	Secure Families	13,458	6.4	14.6	44
I	Settled Suburbia	1,958	0.9	5.6	17
J	Prudent Pensioners	5,353	2.5	2.4	**108**
K	Asian Communities	12,478	5.9	1.6	**363**
L	Post Industrial Families	22,178	10.5	4.7	**222**
M	Blue Collar Roots	4,030	1.9	7.4	26
N	Struggling Families	9,575	4.6	13.0	35
O	Burdened Singles	4,272	2.0	4.1	49
P	High Rise Hardship	2,173	1.0	1.8	59
Q	Inner City Adversity	24,135	11.5	2.0	**568**
	Unclassified	908	0.4	1.5	30
	Total Population	210,258			



5 A 2007 report by the UK Film Council, estimates that there are over 1,000 avid film goers ("avids") in Waltham Forest that are, between them, likely to attend cinema over 110,000 times a year. This assumes that there is the same proportion of "avids" in Walthamstow as in the national population and is based on a population for the borough of 175,000. The socio demographic profile of Waltham Forest suggests that there are probably more 'avids' than nationally, and the market is likely to be more than 175,000. These 'avids' have particularly high propensity to visit independent type cinemas.

6 Figure 7 shows that, although there are many cinemas in north and east London, there is also a gap in provision around Walthamstow. The nearest cinemas at South Woodford and Stratford are a minimum of 15 minutes-drive away, and take about 45 minutes by public transport. There are 6 screens per head of population in the UK (7.4 in London, but that is distorted by the extent of provision in the West End). The 175,000 people in Walthamstow warrants about 11-13 screens on a pro rata basis. Empire Cinemas has clearly decided that there is a market for at least a 9 screen mainstream multiplex, and Curzon have decided that there is a market for a 3 screen independent cinema alongside, similar to the situation they know from Wimbledon.

7 As Figure 8 shows, Walthamstow is also in the middle of an area in which there are no live performance venues of significant size. Walthamstow's advantages as a public transport hub make it a good location to fill that gap.

Figure 7: Cinemas in North and East London

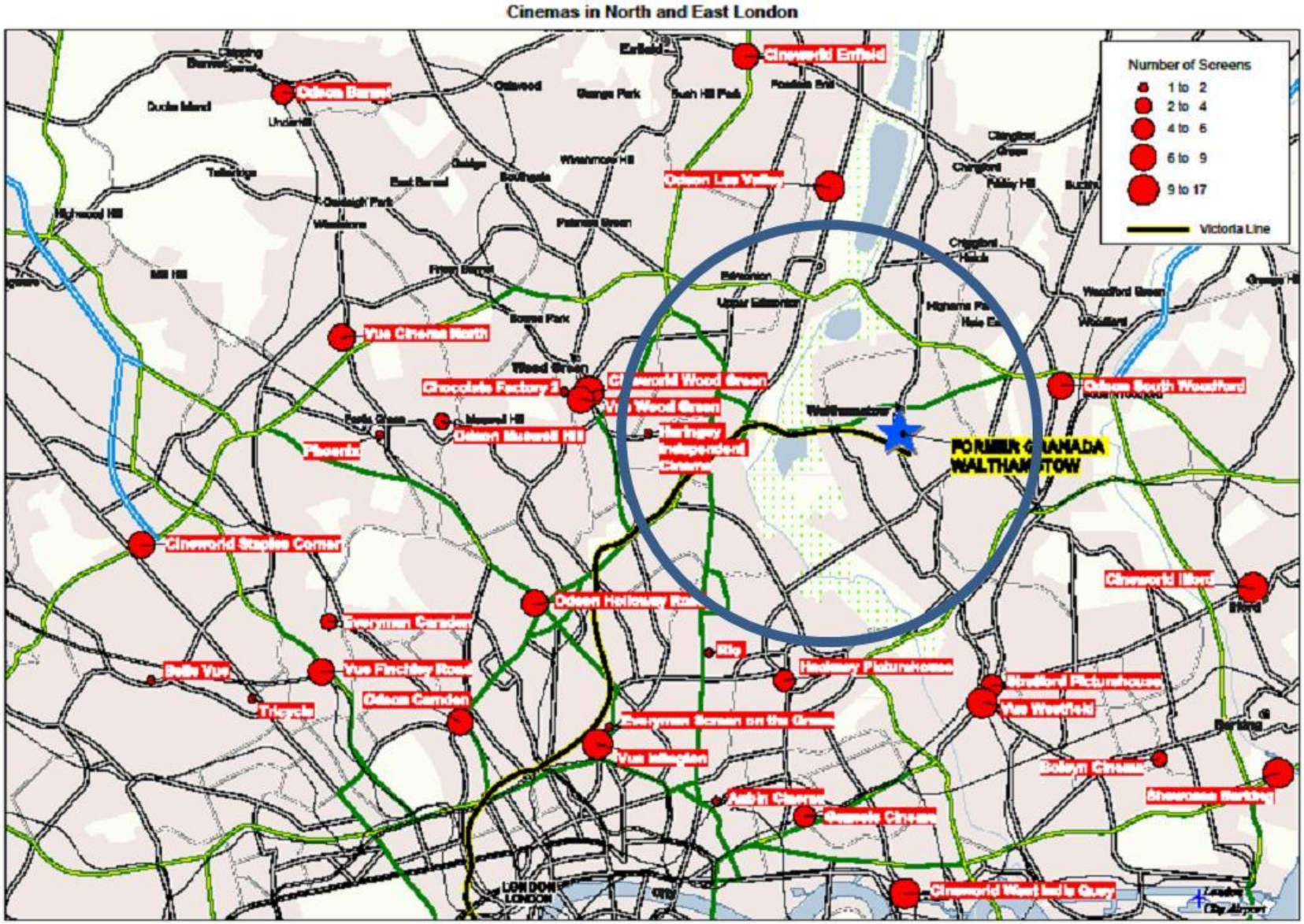
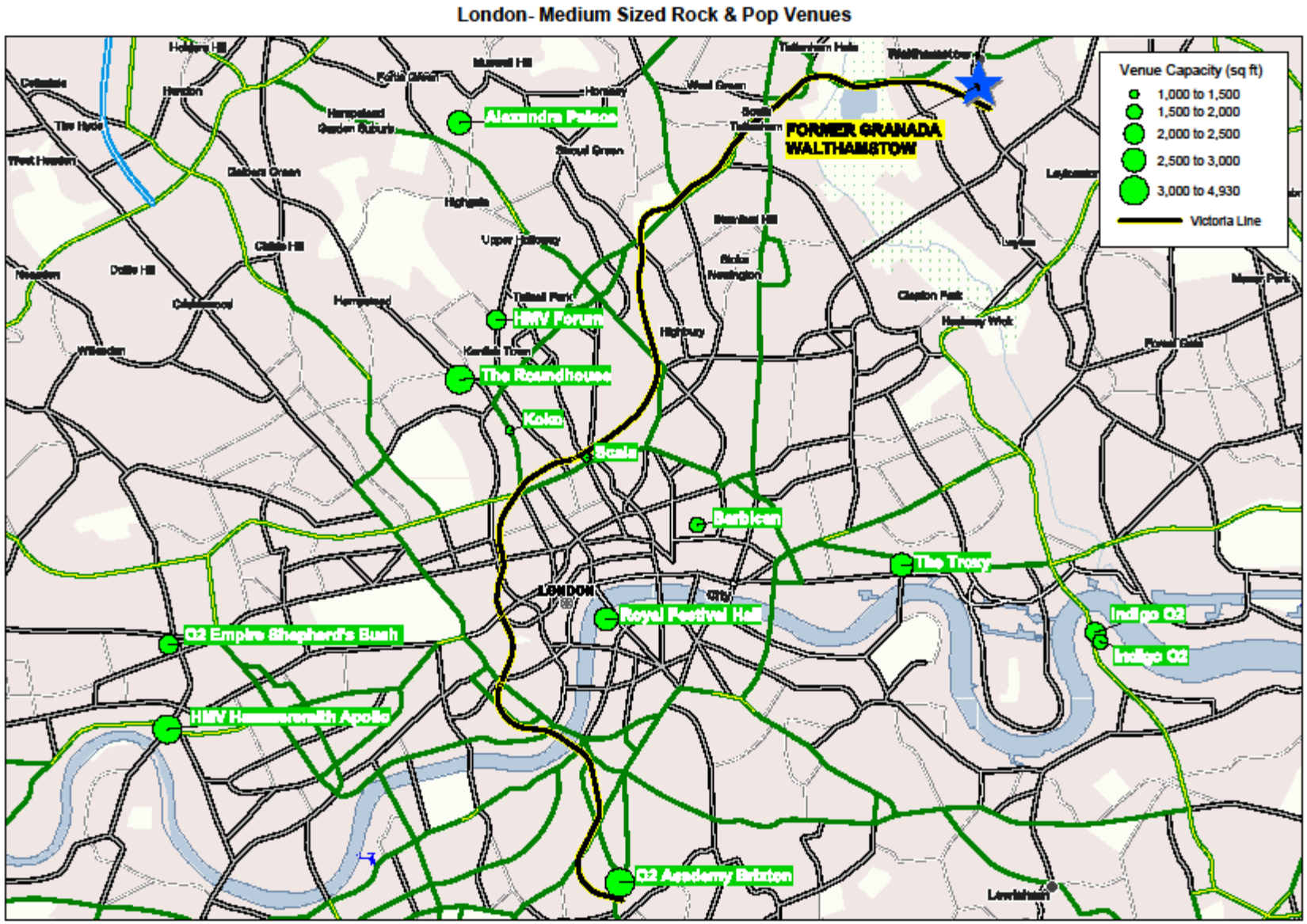


Figure 8: Live Performance Venues with 1.000-5,000 capacity in London



3.2 MAKING BEST USE OF THE HERITAGE ASSET

8 The former Granada cinema building is an exceptionally fine heritage asset and, because of its physical configuration, has potential, in purely physical terms, to create leisure experiences of high quality. It is unlikely that any other heritage asset in the borough, and few others in all London, matches it in this respect. The strength of opposition to plans to convert it to a church shows the extent to which local people value the building and can envisage its potential.

9 The implications of the heritage of the building, in planning and conservation terms, are considered by Mr Burgess.

10 From a business perspective, however, there are three reasons why I believe the building has abnormally strong potential to be a venue that will attract large numbers of people from all parts of London and elsewhere. The first is the exceptional nature of the interior, which would provide a magnificent atmosphere for entertainment if restored. The second is the capacity to adapt the building to meet modern requirements and, in so doing, create an attractive facility that mixes historic with contemporary. The third is the uniqueness of the experiences that will be provided – I believe it would be the only place in Britain that it is possible to regularly see cinema in a largely unaltered 1930s super cinema, an experience that was a dominant part of cultural life of London and the rest of the country for about four decades.

11 As regards the first of these reasons, the Granada is Grade II* listed because it is one of the finest examples of a 1930s super cinema in the country and, notably, of the exceptional group of cinemas built for Sydney Bernstein's Granada group, designed by Cecil Massey and with extraordinary interiors by Russian set designer Theodore Komisarjevsky. Most are now lost.

12 The strength of desire to see it restored for entertainment purposes is not unusual in my experience. Buildings of that ilk are often regarded fondly. We recently, for example, did a detailed feasibility study in Chester on options for a new theatre in the city. Two options were shortlisted – the first was a new building in an attractive riverside location, the second was conversion of the Grade II listed 1930s Odeon cinema, currently unused, in the city centre. Local people were asked by the local newspaper, the Chester Chronicle, to vote for a preferred option. Over 90% of those voting voted in favour of the Odeon option. There are, of course, a number of different factors shaping the views of the people in Chester, but it is underpinned by fondness for the building.

13 There is also evidence that this is not just a matter of nostalgia. The performance venues that invariably top ratings of the most popular performance venues in London were built in the late 19th or early 20th century. They include the O2 in Brixton, Koko in Camden and the Empire in Shepherd's Bush. These

venues are loved by concert goers for their “character” in a way that modern venues are not.

12 I am currently working on another of the magnificent Granada cinemas, the former Granada in Woolwich. Although it is perhaps even more spectacular inside than the one in Walthamstow and, hopefully, will occasionally be used for entertainment, there is, unlike its Walthamstow cousin, no prospect of it operating as a viable entertainment venue in the foreseeable future. That is because, unlike the Walthamstow Granada, it was designed in such a way that makes it impossible to adapt it to modern use without destroying the integrity of the interior. It is not possible to subdivide it in any manner. The raking is too steep for it to be flattened so that the auditorium can be used in a flexible manner that includes popular music and weddings, and the subsidiary spaces are not large enough to provide useable space, whether they are additional cinema screens or event spaces, in support of the main auditorium. There is, therefore, no alternative to it being set up as a venue with c.2,400 seats in a tiered arrangement. There is no form of use, other than church, that can viably make use of a venue of that size and nature. To put the matter into perspective, it would have, if used for cinema, as many seats as all 14 screens in the nearby Odeon Greenwich.

14 The schemes which we devised in 2010, that UKCG has proposed in its applications, and which the Waltham Forest Cinema Trust has developed, all show that this is not the case in Walthamstow. They all use new build behind the shop units on Hoe Street to create a properly functioning modern business. It is that space which gives the building so much potential. It is not that like that with the Woolwich Granada or other super cinemas that I have worked on.

15 The venue would be unique in London if it was restored and showed cinema on a regular basis. It would be the only place in London it is possible to experience what it was like to be in a 1930s “Picture Palace”, and certainly the only place where it would be possible to get a sense of what it was like to visit one of the ornate Granada-style super cinemas. Figure 9 shows the top 20 cinema screens in London by number of seats. Only the Odeon in Leicester Square approximates what it was like to be in a Picture Palace in terms of the size of the space, but its original interiors were largely removed in 1967. The main auditorium of the Empire in Leicester Square was totally rebuilt in 1962. The Curzon in Chelsea is a former super cinema, but only occupies the circle. There are still some other super cinemas in use, but all with sub-divided auditoriums. The closest experience there is to an ornate original interior is the Coronet in Notting Hill Gate, but it was built as a theatre in the late 19th Century and only has a seating capacity of 380. My view is that the Granada in Walthamstow would become a place of pilgrimage for cinema lovers if it did show cinema regularly and it had the atmosphere of an entertainment venue.

16 It would also be very rare as a 1930s Super Cinema used for live entertainment, although many were used for that purpose. The 02 in Brixton and Forum in Kentish Town fall into that category, but have no seats in the stalls and so are largely limited to popular music. The Hammersmith Apollo is the only one that can accommodate a seated audience, but it is in a moderne art deco style and also, because of its size, largely caters to popular music.

Figure 9: 20 largest cinema screens by seating capacity in Greater London

		Capacity of Largest Screen
1	Odeon Leicester Square	1,683
2	Empire Leicester Square	1,330
3	Odeon West End (Leicester Square)	814
4	Boleyn Bollywood Cinema	794
5	Cineworld, O2	776
6	Curzon Chelsea Cinema	713
7	Genesis Cinema	575
8	Odeon Barnet	533
9	Vue Fulham Broadway	524
10	Cineworld Enfield	519
11	Odeon Kensington	507
12	Cineworld Shaftesbury Avenue	504
13	BFI IMAX	498
14	Odeon Esher	468
15	Vue Romford	451
16	Showcase Cinema Newham	450
17	BFI Southbank	450
18	Vue Wood Green	444
19	Cineworld Haymarket	441
20	Vue Islington	436

3.3 IMPACT ON REGENERATION OF THE TOWN CENTRE

17 There are three main ways in which any scheme will have impact.

i The first is the **jobs that are created** directly in the establishments and also, indirectly, in suppliers.

ii The second is in **attracting people to the town centre**, especially in the evenings, and, in so doing, **stimulating expenditure in local businesses**, especially those providing facilities for eating and drinking, and creating jobs in so doing. The key factor in this is the extent to which the expenditure is **over and above what would have taken place anyway**.

iii The third involves the **impact on the streetscape** in terms of what it looks like and the way that use of the street frontages helps to create an environment which people like and, therefore, **encourages other businesses in the vicinity to invest** and, in so doing, create jobs.

3.4 OPTIONS FOR THE BUILDING

18 I first considered the issues of whether the building was likely to be viable as an entertainment venue in our report for the London Borough of Waltham Forest in 2010[13]. We outlined two options in the report that we considered could be deliverable. More detailed work on both options has now been done.

19 The first was to restore the building as a multi-use entertainment and events venue which included cinema, as summarised in Figure 10, extracted from our report. WFCT was created in response to our advice and to pursue this option. It has been developing a business plan for how it would operate the building as an entertainment venue, with a combination of live performance, cinema, events, functions, restaurant and bar. I have been given a draft copy of the plan. It is assessed in Section 5. While there are differences in detail, it is in keeping with our vision.

Figure 10: Vision for the Building as an Entertainment Venue (i.e. Option 1) outlined in our 2010 Report

The vision for the Granada is for a cinema orientated multi-use venue.

It would be a leisure hub for the centre of Walthamstow for 18 hours a day and, in particular, a major focus of activity in the evening.

The core activities would be cinema (some first run, second run and classic movies), live popular music and comedy, weddings and functions, and eating and drinking.

The façade would be restored, including the neon lighting. It would be especially striking and distinctive at night.

The shop/pub units on the front of the building would be converted into a substantial restaurant, bar and coffee shop that would be the most attractive place to eat and drink in the area. They would spill into the lobbies and be attractive for different uses - it would be the best place around to have a coffee, a light lunch or family meal in the evening.

The restaurant and coffee shop would be a destination by day and by night. Young mothers would take coffee there in the morning, retired people would go there for lunch, families would have celebratory meals there at weekends, and people would eat there before and after seeing films.

A new infill structure in the void behind the Victoria pub would be built to connect the front building with the auditorium and to provide a lift to the upper floors. This would also provide an entrance direct into the Arcade scheme.

The building would show cinema every day in up to five luxury auditoria on the second floor, three of which would be created from the back of the circle with additional screens created in the new build area. People would be able to access them without going through the mezzanine lobby area if that space is being used for functions.

Alternatively, if the venue could be properly merged into the Arcade development, the smaller screens could be new build boxes adjoining the existing property, which might be a cheaper option.

The 1970s insertions in the stalls would be removed. The stalls would be levelled; probably in two sections (the front part of the stalls currently has a slight rake, with a slightly greater rake at the back).

[13] The EMD (Granada Cinema), Walthamstow: Options for Use as an Entertainment Venue. Locum Consulting for the London Borough of Waltham Forest, August 2010.

The front section of the stalls would be set up in different ways according to the performance. It would be standing space without seating for a pop concert, “cabaret style” with tables and comfortable chairs either for watching a cinema or live act, with rows of seats for a conference, or with large round tables for a banquet or wedding reception.

The default layout could be in cabaret style with small tables at which people can have a meal while watching a film, in the manner of the Rex in Berkhamsted.

The rear section of the stalls could have a bar against the back wall. There could be standing room for watching a performance at the front of this section, and it could also be set up with tables for a function.

The rear section of the stalls could have a bar against the back wall. There could be standing room for watching a performance at the front of this section, and it could also be set up with tables for a function.

They would be able to stand and watch a live act in the front part of the stalls, watch it cabaret style from the back of the stalls or watch it in theatre style from the circle.

It would be possible to serve banquets in either or both of the flat spaces in the stalls, and in the foyer area of the circle.

The large cross lobby at mezzanine level would also be used for functions, making it possible, for example, for a wedding to have a reception dinner there and dance in the auditorium.

Back of house facilities would be added so that the stage can again be used for live performance (probably mainly music and comedy).

Being able to eat and drink while watching performances would, as at the Bagdad and the “grown up” cinemas in London, be a feature of the venue that would distinguish it from most of the competition.

A high proportion of the audience for different types of show would eat and drink on the premises and the ability to do so would be one of the main attractions of going there.

The whole building would be strongly themed. It would have lots of photographs of movie and rock stars and other memorabilia, and photographs of the building in its heyday.

It would have digital projection equipment that would allow digital media of all types to be projected onto the screens. This would add extra value to functions and events.

20 The second option in our report was to include cinema alongside the church in the building. Figure 11 reproduces what we said. This is akin to what UCKG has now proposed. Their proposals are evaluated in Section 4.

Figure 11: Option for the Building as a Cinema alongside the Church (i.e. Option 2) outlined in our 2010 Report

A multi-screen cinema would use the space which has been allocated in UCKG’s plans as the Granada Rooms and also the area currently occupied by the Carpet shop and/or Victoria Pub. This would create a self-contained cinema operation.

The cinema screens would be as outlined in Option 1 - the three spaces that are to be provided at the back of the circle in the UCKG plans would be used for cinema screens. Ideally, also, additional screens would be created in the new build insertion or, better still, alongside in the Arcade development. Ideally one of the screens would seat about 250.

A separate entrance would be created where the shop/pub are and also, potentially, direct from the Arcade development.

This is important because many potential customers of the cinema are likely to feel uncomfortable about sharing the lobby area with the church congregation. The two activities – worship and entertainment – are not a natural complement. Even if, as UCKG says would

be the case, the presence of the church is low key, there is a good chance that the conjunction will feel uncomfortable if users are sharing the same space.

It would be a more attractive and viable proposition if a separate entrance to the cinema is created using the shop/pub and the new build insertion between them and the auditorium. That could form a bistro/bar on the street frontage or possibly at first floor level. It would form a clear self-contained area that could be leased to an operator.

There could also be entrance to the cinema via the main lobby, where UCKG plan a café, so that people can enjoy the experience of going into the cinema via the original entrance if they wish to do so.

In addition to creating a multi-screen cinema, it would be best if the UCKG committed to make the auditorium available to the community on a routine basis. This should be written into any approval as a planning condition, possibly via a Section 106 commitment. There would, without that, be limited integrity in putting cinema into the building and the cinema operation would be less viable.

This would, of course, compromise UCKG's desire to have four services a day every day of the year, but would be a way of ensuring that the building can be enjoyed by the community in the way that it was intended. It would be a considerably more satisfactory option than simply allowing film organisations to hire the auditorium occasionally, as is currently proposed.

21 There are two material differences between the option we suggested and that which has been put forward by UCKG: there would not be a clear separation in the entrance area between church and cinema, and there would not be programmed cinema in the main auditorium on a regular basis. Figure 12 reproduces what we said on those subjects.

Figure 12: Caveats with Option 2 in our previous report

"If this option is to have integrity, however, UCKG would need to allow regular use of the main auditorium for film. There would not be much logic in putting cinema back into the building if the main auditorium is very seldom or never used for film. It would also be essential for the cinema to have its own entrance and a clearly demarcated space so that customers do not feel they are in a church premise and so that the operator of the cinema is confident of being able to operate without compromise. The practicality of Option 2 would, ultimately, depend on whether UCKG would be able to accept these compromises".

22 Previous studies that assessed the possibilities for restoring the building for cinema use all made the assumption that it would be a standard, 1970s style, "big cinema converted into a multiplex". This, we advised in our report, would not be commercially viable and not acceptable from a heritage point of view. The starting point, from a heritage perspective, should be that the auditorium is restored to a form similar to what it was like on opening by removing partitions that compromise the integrity of the auditorium.

23 Just as it was when it was sub-divided in 1973, the auditorium is too big just for use as a cinema. It is suited, however, to other types of entertainment and function like comedy, music, conferences, banquets, weddings and the like. It can be converted to this relatively easily because the rake in the stalls is shallow and, therefore, it is possible to not have seats or flatten the stalls without significant adverse heritage impact. That is the way in which other

buildings of this era are used as viable entertainment businesses. The O2 in Brixton, the Hammersmith Apollo, the Troxy in Limehouse, the Rex in Berkhamsted, and the Regal in Evesham, all of which are summarised in Appendix 3, are some examples, as is the HMV Forum in Kentish Town.

24 The Planning Statement for the UCKG application argues that their scheme would be better from a heritage perspective because it would not require flattening of the rake. My view is that this is not a significant consideration, especially since the original seating has long been removed. It would be a factor if the rake was not so shallow in the front of the stalls.

25 This is not an issue in relation to the proposals of the Waltham Forest Cinema Trust, however, because they have decided that the best option would be to replace the seats. This is because they plan a programme, underpinned by comedy and a Christmas Pantomime, which is best with a seated auditorium. This is akin to what has been done at the Super Plaza in Stockport, the Tyneside in Newcastle and the Bagdad in Portland, as described in Appendix 3.

26 The optimal use of the building for leisure is probably, therefore, not as a dedicated cinema but a venue with a variety of forms of entertainment, including film in the main auditorium when it is not used for other activities. Both UCKG and WFCT have shown that it is possible to create additional cinema screens within the building so that cinema can take place in the complex almost every day of the year. The advent of digital projectors has made this a more viable option than it was only a few years ago.

27 WFCT proposes to operate the venue largely for performing arts, with cinema as part of the offer. It would, in other words, be largely “stage orientated” with audiences typically viewing performance taking place on the stage. It would be, in this respect, like the O2 in Brixton, the HMV Forum in Kentish Town or the HMV Hammersmith Apollo, albeit not with a reliance on rock/pop music concerts.

28 The concept and business plan makes comedy, and pantomime at Christmas, the core entertainment offer in the main auditorium and the foundation for the business plan.

29 WFCT’s approach is not the only viable way of using the building for entertainment purposes. There are alternative options for a “stage orientated” approach, such as adopted by the Bagdad in Portland (Oregon), the Rex in Berkhamsted and the Regal in Evesham, described in Appendix 3. It could, alternatively, be operated in a more “auditorium centric” manner, notably for functions such as weddings, in the manner of the Troxy in Limehouse and other heritage buildings used for functions like Shoreditch Town Hall, also described in Appendix 3. The flexibility of the building to operate in either manner is one of its strengths.

4 UCKG PROPOSALS

4.1 THE CINEMA SCHEME

1 The scheme would provide six screens, seating 690. Five screens would be located on the second floor and one on the first floor:
- Screen 1 (1st floor) - 106 seats;
- Screen 2 - 116 seats;
- Screen 3 - 55 seats;
- Screen 4 - 55 seats;
- Screen 5 - 200 seats;
- Screen 6 - 158 seats.

2 Screens 3, 4 and 5 would be created from the back of the circle area. Admission would be via the main lobby. The cinema would share the lobby and the cross lobby with the church.

3 There would be a café in the lobby, with a servery in the centre of it, although there does not seem to be a kitchen on the plans.

4 The ground floor of the new build would be occupied by a bookstore and training centre on the street frontage, and a kid's play area behind. The first floor would have offices and a youth centre at first floor level. UCKG emphasises that they see the building as a community facility and would encourage access by local people for different purposes.

5 The Commercial Appraisal,[14] dated 21 May 2012, states that discussions were underway with a company that has a West End operation to operate the cinema. The agreement would be a management contract that involves a management fee and profit share. They do not appear to have been finalised at the date of this proof.

6 The Commercial Appraisal states that the proposed operator had produced financial plans which showed that the cinema would make a profit, but not enough to support the cost of creating it. UCKG would be subsidising it by providing the venue without expecting a commercial return. No detail is provided, but I believe it is likely to be the case.

7 The Planning Statement states that the cinema operation will provide about 20 full time equivalent jobs. I believe it is likely to be less than that. Assuming an average of 5 operational staff at a time needed to sell tickets, operate the kiosk and check tickets, about 18,000 staff hours will be needed per year, which amounts, with an allowance for illness, to about 10 full time equivalent jobs. It is not likely that the cinema will require more than 2 full time equivalent

[14] GVA Humberts Leisure.

management staff. It might sustain one or two additional people in the café. 15 in total is perhaps more reasonable.

8 The Planning Statement says that 9 full time staff would be occupied on the site in connection with church activities. No detail is provided.

9 The auditorium would be made available for use by outside groups for up to 48 occasions a year, one evening per week. This is an important concession, but the critical detail is how it will be programmed and marketed, and I have no detail of that. A letter from UCKG's representatives, Howard Sharp and Partners LLP, to Waltham Forest Council dated 20 August states: "We will allow a wide range of activities including live entertainment but it will be subject to general agreement on terms of hire. We have been into the hiring arrangements at Methodist Central Hall in Westminster and they use general terms and conditions of hire in a similar way".

10 Members of the public would be allowed to go into the auditorium when it is not in use for services.

11 The letter from Howard Sharp and Partners states that there would be about "150,000 people per year"[15] visiting the cinemas; that the café would have about 15,000 visits annually[16]; and that the main auditorium, other rooms and kids zone would have about 200-300 visits every day, with more on Sundays - probably 75,000 p.a. All of those numbers would normally, as discussed in Section 10, be higher than that. I am not sure whether they have not been calculated carefully or whether the appellant's advisors expect that use of the building would be lower than normal.

4.2 THE GRANADA ROOMS SCHEME

12 The Design and Access Statement for the 2009 scheme states that the main element of the Granada Rooms would be a 230 seat tiered auditorium, with two smaller flat floor rooms, each of 65 m² on either side, created from the back of the auditorium. The capacity of the small rooms would range from 20 for a dinner or boardroom style meeting to 120 for a stand up function. The total gross internal space at that level would be 712 m².

13 It also states that the lobby café and the cross lobby could also form part of the Granada Rooms and could be hired out for events, although it is not explained how those spaces would work alongside the church's use of those spaces. The cross lobby would have a capacity of 130 seats for a banquet, 136 seats in theatre style for a recital or meeting, and 275 for a standing function. The whole facility would be licenced for sale of alcoholic drinks.

[15] I assume this to be visits as opposed to different individuals.

[16] I am not sure whether this is supposed to include visitors to the cinema or the Help Centre.

14 A kitchen serving the upper floor rooms, and also the café, would be provided at the upper circle level.

15 The Community Access Statement states that the Granada Rooms would be spaces that are made available for "community uses" for hire. It would be run by a contractor, called the "Operational Company", on a commercial basis. No detail is given about the terms of the arrangement or who the contractor would be. The document "Operational Intent" is a brief for a tender exercise for recruiting an operator, but I have not seen anything that indicates whether any effort was made to obtain interest and, if so, what the results were.

16 The documents state that UKCG would provide the shell of the spaces. The Operational Company would be responsible for fit out. The spaces would be used for activities such as "corporate events, performance space, exhibitions, receptions, banqueting, cinema screenings and general meetings". The use of the spaces would be monitored by a "Community Panel" made up of a councillor, two representatives of community groups, and three representatives of UKCG. The Operational Company would have to "defer to [this committee] in the case of concern about users and/or proposed events".

17 Amendments to the draft s.106 agreement for the Granada Rooms scheme proposed by the appellants (dated 17 October 2012) refer to the operator as the "Cinema Operator" and also includes a term that this "Cinema Operator would also manage access to the main auditorium for up to 48 Saturday evenings a year, plus additional evenings if demand is evident". It is not clear what this means either in terms of why a Cinema Operator would be managing the Granada Rooms or why they would be managing access to the main auditorium. I assume from this that the plan for how the Granada Rooms might be managed and what might happen in it is substantially changed from 2009 and that details will at some point be forthcoming. They are not, however, in time for me to consider in this proof of evidence.

4.3 EVALUATION

18 It is fair to say that UCKG's plans would, to judge from their plans and statements, restore the building to a form in keeping with its heritage and make it safe. Their substantial congregation would derive pleasure from using the building.

19 The Colliers International Licensed and Leisure team has been the agent to the vendor for 85 sales of former cinemas nationally since 1999. Figure 13 shows the 24 sales that they have been responsible for in Greater London since 1999. Many of them are to evangelical churches, and they have paid the highest prices. That is because they have a use for the buildings. They are fulfilling a function similar to that of bingo in the 1970s, when market conditions changed for large cinemas and bingo stepped in to save many of them.

Figure 13: Sales in Greater London of former cinemas for which Colliers International acted for the vendor

	Location	*Vendor*	*Purchaser*	*Use*	*Price*	*Date*
1	Golders Green	ABC (Lhld)	Sainsbury	Foodstore	£250,000	Oct-99
2	Hampstead	ABC (Lhld)	GHP	Residential/M&S	£1,250,000	May-00
3	Harrow	ABC	Golds Gym	H&F	£650,000	May-00
4	Peckham	Rank	Aitch Group	Residential/Commercial	£815,000	May-00
5	Barking	Rank	Hollybrook	Residential/Commercial	£1,200,000	Jun-00
6	Sidcup	ABC	Aitch Group	Residential/Bar	£800,000	Sep-00
7	Walthamstow	ABC	Sharma	Cinema	£1,100,000	Nov-00
8	Wimbledon	Odeon	CIPD	Office	£3,875,000	Dec-00
9	Streatham	ABC	D Lewin	Residential/H&F	£1,800,000	May-01
10	Shepherds Bush	Rank	EAA	Hotel	£3,900,000	Nov-01
11	Catford	ABC	Aitch Group	Church	£650,000	Dec-01
12	Kingston	ABC (Lhld)	Luminar	Oceana	£900,000	Dec-01
13	Uxbridge	Odeon (Lhld)	Fitness First	Health Club	£1,100,000	Dec-01
14	Kensington	Odeon	Minerva	Residential/Cinema	£26,050,000	Nov-05
15	West End	Odeon	Steamboat	Cinema/Rest/Resi	£28,223,000	Mar-06
16	Stepney	Rank	Sharma	Community Use	£1,601,000	Apr-06
17	Hounslow	Mecca	Goldcrest	Residential	£3,500,000	Feb-07
18	Fulham	Mecca	Crystal Property Dev	Resi/Retail	£8,350,000	Jun-07
19	Enfield	Gala	Inner Circle	Resi/Retail	£1,800,000	Aug-07
20	Islington	Mecca	REPEM	Church	£6,100,000	Sep-07
21	Kilburn	Mecca	Ruach Ministry	Church	£9,000,000	Dec-07
22	Welling	Mecca	Universal Prayer Group	Church	£1,500,000	Mar-09
23	Crystal Palace	Gala	KICC	Church	£1,250,000	Jun-09
24	Camberley	Gala	Redeemed Church	Church	£3,050,000	Feb-10

20 UCKG plans have similarity to the backup option that we suggested in our report for the Council. This, we advised, “is much easier to deliver, assuming that the owners co-operate, but not as good from a heritage, cultural and regeneration perspective”. John Sullivan, the cinema operator working with us on the study, and I, met UCKG and their representatives while researching the report and advised them that they might consider this option. We suggested that it could be a better approach than their proposed Granada Rooms, which was their first attempt at providing a facility for community use in the building.

21 I believe that cinema/entertainment uses could co-exist with a church in a building of the nature of the Granada in certain circumstances. The Kensington Temple, a large local Pentecostal church congregation, owns the Coronet Cinema in Notting Hill and has services there. The cinema continues to offer mainstream independent cinema programming, without any censorship or slant – there is nothing to suggest to the general public that it is owned by a church. The Jubilee Church has services at Cineworld in Enfield without it compromising the operation of that venue.

22 There are other examples of churches providing a useful income stream for buildings that are used primarily for secular purposes. I recently, for example, visited Littlehampton Academy, where a new school building is being constructed. The Academy will be renting their new hall to a church on Sunday mornings. The church has contributed to the cost of the hall’s fit out.

23 The combination of church and cinema could, in some circumstances, be good. The main reason why cinemas of the nature of the Granada are popular with

churches is that they provide a venue of sufficient size to accommodate church congregations on a Sunday morning. In most cases, however, churches do not need that space for the rest of the week and, therefore, the space could be available for secular use. The presence of the church, and the income that its congregation generates, could provide a "bread and butter" revenue that helps to sustain the building. The income generated from secular events could, conversely, provide an additional income stream for the church.

24 This is what happens, to a modest extent, at the Forum in Bath, described in Appendix 3.4. It is perhaps the most apposite example to this situation, although it does not feature cinema. It is also a Grade II* listed 1930's super cinema, owned and operated by the Bath Christian Trust. The venue is rented out for functions and performances of various types.

25 It shows that there are limitations when a venue is used by a church. The operations director reports that the congregation is only happy with events that are "family friendly" and customers are deterred by knowing that it is a church. The venue competes, as a result, on price – it is considerably the cheapest venue of the size in the area. The building only generates 5% of its income from external events, about £55,000 per annum. It is only, therefore, a moderately successful example of a combination of a church and commercial venue. It is not the fully commercial venture of the nature proposed by UCKG.

26 These issues are largely immaterial, however, because of the intensive way in which UCKG plans to use the auditorium. Their modus operandi is to have three services a day in the building, every day of the week. They wish to operate the building on a day to day basis as a Help Centre, providing support services to the community. These central elements of their scheme remain unchanged by the addition of the cinema. The situation is not, therefore, like the Coronet. It is not even like the Forum in Bath, where there is less intensive use of the building for worship than proposed by UCKG.

27 UCKG told us about this when we met them in 2010. We realised that a situation like that at the Coronet was of no use to them because of the way, quite reasonably and legitimately, they operate. We explored with them whether there was potential for compromise. Our view was, and is, that having films shown in the main auditorium on one day a week, the same day every week, would make a material difference to the attractiveness of their proposition.

28 UCKG has recently agreed that they will make the venue available for up to 48 days a year, possibly more, but I have been given no detail of how it would be programmed and marketed, without which simply making the space available is likely to have little value. The letter from their representatives implies that there would not be active programming. I believe it likely that, as a result, there would be no entertainment in the auditorium for many of those 48 days.

29 The “48 times a year” originates from my advice to Waltham Forest Council that, were change of use to D1 to be allowed, entertainment, preferably cinema, taking place in the auditorium on the same day every week, so that people know that it is taking place, would be the minimum that I would consider reasonable in enabling significant public access to the heritage asset for entertainment purposes. It does not, for clarity, mean that I believe that allowing entertainment for 48 days a year would represent D2 or mixed D1/D2 use of the building. The advice only applies in the context of allowing change of use to D1 and only relates to enabling reasonable access for those that wish to experience the heritage.

30 I envisaged, in the option I suggested in 2010, that the cinema operator would have charge of programming the auditorium one night a week as an adjunct to their main operation in the building. UCKG seems to be implying that this might be the case now, but there is no detail. There is not a credible plan on the table as at the date of this proof.

31 The viability of combining a church with a commercial entertainment offer like a cinema is likely to depend on the extent to which the building is operated in such a way that it looks and feels like a secular building, in the way that the Coronet Cinema looks and feels secular even though it is owned by a church.

32 It is difficult to imagine a commercial entertainment venue like a cinema succeeding if there is a sense that customers were going into a building that is predominantly used for religious purposes. The way in which the scheme is laid out, and the way that UKCG operates, seems to make this unavoidable.

33 Buildings used for purposes of worship have a basic difference to buildings used for entertainment. They provide a facility for a section of the population that adheres to that faith. They encourage people who are not of that faith to join them, but someone has to choose to join that faith in order to be comfortable using that facility or, often, to be allowed to do so. There is nothing wrong with that. Many types of building are only used by small sections of society for one reason or another.

34 Places of entertainment, like shops and restaurants, are different. They rely on all members of society feeling welcome in them.

35 It is possible for people who are not of the faith concerned to feel comfortable in a building used for worship.

36 This can be the case if, as at the Coronet or the Forum in Bath when it is used for concerts, there is no evidence of the religious activity to those visiting for entertainment purposes.

37 Equally, most people are happy to walk around historic cathedrals to admire the architecture and artefacts, although they are not allowed to do so during services. They are looking at it as a thing of interest.

38 The difference in this case, however, is the expectation that entertainment and worship will take place in the building at the same time.

39 The Council received 1,055 written objections to UKCG's plans for cinema and church. Approximately a quarter of them followed a standard format. I have read through the others and, while them make many points, the common theme is that people are objecting to a building that is regarded as a landmark being converted from a use that is welcoming to all of the community to one that is welcoming to a section of the community. Most of them point out that it is the auditorium that is critical in this respect.

40 A number of them specifically say that they find it difficult to imagine being comfortable in the shared-use environment proposed. The letter from the Milton Road Residents Association (34 signatures) states, for example: "Cinema users would find this very intimidating as their numbers are likely to be dwarfed by the number of church goers. Even with a lesser number of UCKG visitors, this would not make it a popular cinema destination". Mr A Delaney states: "I personally would feel uncomfortable using the UCKG facility as a cinema even if am allowed as I believe would a great deal of other people". If the application goes ahead I think it is very unlikely that it will end up a cinema for the entire community". They capture what I believe would be the case.

41 UKCG's experience in Catford appears to be directly analogous. They won permission to convert the former ABC cinema to D1 use with a three screen cinema. The cinema operator then pulled out and there is no cinema. It is not surprising. It would have been more surprising if the cinema had actually been opened,

42 The way in which the scheme is laid out also means that the cinema and the Help Centre have to share space. That is a recipe for tension in day to day management.

43 There is also potential for the congregation to disapprove of certain films and the audiences that certain films attract.

44 For these reasons, I have difficulty envisaging that the cinema could operate successfully alongside the Church, even in the best of circumstances.

45 This may not be material from a financial perspective if UCKG is prepared to subsidise the cinema over the long term. My judgement is that there would be a high risk of failure, however, both in commercial terms and simply from the operator and UCKG finding the experience or working together unpleasant.

46 At time of writing, there is still no indication that a cinema operator has been signed up. The Commercial Appraisal for the 2012 Scheme, dated May 2012, states that "the preferred cinema operator has a West End operation".Figure 14 shows the companies operating cinemas in London. Odeon, Vue, Cineworld, Empire and Curzon have cinemas in the West End. The first three have

cinemas in proximity to Walthamstow, which is why Empire is the most logical candidate to operate a multiplex in the town and it is not surprising that they have been signed for the Arcade scheme. Picturehouse (City Screens) have offices in the West End. They have one 5 screen cinema, the Ritzy in Brixton, but all their other cinemas are four screens or less, as is the case with Everyman and Curzon.

Figure 14: Cinema Operators in Greater London

	Cinemas	% of London Cinemas	Screens	% of London Screens	Capacity	% of London Capacity
Mainstream						
Odeon	25	26%	166	28%	33,866	27%
Vue	18	19%	180	30%	37,846	31%
Cineworld	14	14%	126	21%	25,849	21%
Empire	3	3%	19	3%	4,577	4%
Showcase	2	2%	27	5%	6,755	5%
Total Mainstream:	62	64%	518	86%	108,893	88%
Independent Group						
Picturehouse	6	6%	23	4%	3,377	3%
Curzon	6	6%	12	2%	2,548	2%
Everyman	6	6%	10	2%	911	1%
Total Independent Group	18	19%	45	8%	6,836	6%
Other	17	18%	36	6%	8,070	7%
Total Greater London:	97	100%	599	100%	123,799	100%

47 A major difference in terms of use of the building for entertainment, between what I recommended in 2010, and WFCT has adopted in its plans, is that there should be a substantial restaurant/bar. I believe this to be an important ingredient in making the building an attractive destination, one that stands out by comparison to alternatives, and also in terms of lifting Hoe Street. The Ritzy in Brixton is an example of what it can be like. The physical form of the Granada makes it possible to do this with even greater panache. The Bagdad in Portland, described in Appendix 3 is a closer analogy to the vision which we had in mind in our report and WFCT has adopted in their plans.

48 My opinion is that the Granada Rooms would fail for the same reason as the cinema that is simply incompatible for a secular business like that to share space with a church that operates all day every day. In addition, however, there is simply not an adequate market in Walthamstow for the type of facility.

49 The size and type of spaces that have been envisaged, and the management arrangements proposed, which require operation on a profit-making basis, are suited to corporate conferences and seminars. There is no market for that in Walthamstow. That market exists in the City, the West End and Canary Wharf. It is served by venues that are in or easily accessible to those areas, like the Business Design Centre in Islington, and the many hotels that exist in those

areas. The Troxy in Limehouse (Appendix 3.3), which is much better situated for that market than Walthamstow, fails to capture much business from it. I believe there is no possibility of the Granada Rooms succeeding where it fails.

50 There is a market for functions that could take place in the building, but it is dominated by weddings and consumer orientated exhibitions. The Granada Rooms facility is not set up to serve those markets well.

5 PROPOSALS OF WALTHAM FOREST CINEMA TRUST

5.1 THE SCHEME

1 The Waltham Forest Cinema Trust has been working on a plan for development of the building as a combined entertainment venue and independent cinema. I have been given a working draft and reviewed it.

5.1.1 ORGANISATION

2 The Waltham Forest Cinema Trust was established in 2010 as a Building Preservation Trust (registered charity no 1144168) with the purpose of purchasing and restoring the EMD / Granada Cinema for the benefit of the people of Waltham Forest.

3 The Trust is chaired by former MP Neil Gerrard. Its trustees are James Atkinson, Development Director Soho Theatre; Mark Godfrey, Executive Director, Soho Theatre; Bill Hodgson, of the McGuffin Film Society, which has long campaigned for the venue to be returned to entertainment use; Roxana Silbert, Associate Director, Royal Shakespeare Company; and Toby Stone, great nephew of Sidney Bernstein, the founder of Granada Cinema Chain. All of the trustees are residents of Waltham Forest.

4 WFCT envisages that the Soho Theatre Trust would develop the project and manage the venue on its behalf. It would be a non-profit making social enterprise. The Soho Theatre Trust owns the freehold of its building in the heart of the West End from which it runs three performance spaces and a bar. It opened 12 years ago after an £11m capital project which combined National Lottery funding with private finance and donations. It attracts audiences of over 130,000 annually and also presents work at the Edinburgh Festival and elsewhere. It operates through two companies: Soho Theatre, a registered charity funded by Arts Council England; and Soho Theatre Bar, a trading subsidiary which runs the cabaret performance space and bar. The Board of Trustees is chaired by Nicholas Allott, Managing Director of the Cameron Mackintosh Group of Companies. Its Artistic Director is Steve Marmion, who has a national reputation, and its Executive Director is Mark Godfrey, who ran Soho's capital project and has extensive theatre management experience.

5.1.2 DESIGN TEAM

5 The Trust's designs have been developed by Ian Richie Architects, a practice with an international reputation. Ian Ritchie was elected a Royal Academician in 1998 and RA Professor of Architecture in 2004. The practice has designed

theatres for the Royal Shakespeare Company and Plymouth Theatre Royal amongst others. It has received 60 national and international awards and been shortlisted four times for the Stirling Prize.

6 The other members of the Trust's design team are: Cost Consultant: Equals (Steve Bundy); Structural Engineer: WSP (Bill Price, David Lumsden); Services Engineer: King Shaw Associates (Doug King); King Shaw Associates Consulting Engineers; Theatre Specialist: FDA - Fisher Dachs Associates; Theatre Planning and Design (Flip Tanner); Heritage Architect Consultant: Donald Insall Associates (Cordula Zeidler); Fire Engineer (01): International Fire Consultants Ltd (Paul Harris); Building Surveyors: Goodman Mann Broomhall (Henry J. Watson). The Acoustic Engineers are Paul Gillieron Acoustic Design (Paul Gillieron). All of these practices have experience of performance venues and historic buildings.

5.1.3 LAYOUT

7 The plans are reproduced in Appendix 1. They divide into two sections. The first section is the main auditorium, which would predominantly feature live performance and be accessed through the main lobby. The second is a complex containing a three screen Cinema, Education Space, Bar, Restaurant, Functions Room and a Rooftop terrace bar. It would be accessed directly from the street and also from within the main auditorium section. The second section would be contained in a new build structure created behind the façade of the existing shops and pub, in a manner similar to that proposed by UCKG.

8 The capacity of the main auditorium would be 1,008 seated, 740 in the stalls and 268 in the circle. New seating would be installed. A bar would be created at the back of the stalls. It would have capacity for about 650. It would have acoustic separation from the stalls and be able to operate independently of the main auditorium. The stage and proscenium wings would be restored and extended. The cross foyer would be restored for use by audiences as a bar and also independently for functions. The Christie Organ would be restored.

9 Three digital cinema screens would be created, with 280 seats in total. Two of the screens would be created from the back of the circle of the auditorium, and another in the new build structure. The largest of the three cinema screens would seat 130, the second and third screens would seat up to 80 and 70 respectively.

10 The new structure would create a café bar at ground floor level with a capacity of about 260. It would also create two rooms at first floor level that could be used as functions space, restaurant and/or bar. One would make a feature of the large feature window over the entrance to the building. They would be accessible both from the street and from the auditorium. They could be used for self-contained banquet style events such as wedding receptions, as an addition to the restaurant/bar at ground floor, or as support catering facilities for

the main auditorium. Tickets for the cinema would be purchased in the restaurant-bar. The kitchen would be at first floor, with a dumb waiter and staircase to the ground floor.

11 WFCT envisages that the cinema would be operated by Curzon Cinemas, and have input from them to their plans. Curzon operates six venues in London – Curzon Mayfair, Soho, Renoir, Chelsea, Richmond and hmvcurzon in Wimbledon. Their Soho flagship is the UK's busiest independent cinema and regularly hosts director Q&A sessions. Their Wimbledon cinema, in an HMV store, is near a 10 screen multiplex cinema. Curzon also programmes the film at Bridport Arts Centre, The Brewhouse in Taunton, The Hawth in Crawley and The Watermark in Ivybridge, Devon. Curzon, and also City Screens and Everyman, specialise in a different type of cinema operation to more mainstream cinema operations. It is aimed at a more mature section of the market, features a higher proportion of minority interest films, and puts more emphasis on the comfort of the cinemas and the quality of the food and beverage. WFCT considers that this style of operation would be the best complement to the other uses in the building and would also fit neatly alongside the proposed multiplex on the Arcade site.

12 The number of screens and their size was limited by the desire to create the educational space and also discussions with English Heritage about the impact on the roof line.

13 An educational space would also be created at second floor. It would be sub-dividable into two. The Royal Shakespeare Company would provide education programmes. Blond to Black Pictures, which is the production company of well-known Actress/Director Sadie Frost and her business partner Emma Comley, would work with the venue to develop new film projects, nurture new talent and foster creative collaborations.

14 WFCT states that it would work with the British Film Institute and other film industry and heritage organisations to provide access to archive material, and would, in particular, provide access to the "Bernstein Archive", which contains material relating to the role that the Bernstein family, through the Granada Cinema chain, played in developing cinema in the UK.

15 They would also use theming relating to the history of the building, the history of film, and Alfred Hitchcock, who came from the area.

16 WFCT's plans also include a rooftop terrace bar adjacent to the education space and the cinemas. This would provide an al fresco bar for summer evenings and additional space for functions. It would provide light at the second floor, especially for the education spaces, the quality of which would be high as a result.

17 Soho Theatre is a leading comedy venue and has extensive contacts across the comedy industry in the UK and internationally. It presents the biggest stars

alongside emerging names and regularly presents work, and seeks talent, at comedy festivals in Edinburgh, Montreal and Melbourne.

5.1.4 FINANCIAL PLAN

18 There are outline business cases at Appendix 2 for an assumed Stage 1 of the project, which would involve restoring the cinema and operating the ground floor, and also for the full scheme. They suggest that Stage 1 would generate a surplus of about £200,000 a year (excluding depreciation and finance charges) and the full scheme would generate a surplus of about £700,000 a year.

19 WFCT proposes to make comedy the main element of its programming. Soho Theatre has a lot of experience with comedy and understands the market. They know from that experience that comedy is growing in popularity. The difficulty in providing toilets for much larger audiences has led them to conclude that seated audiences of about 1,000 would be more practical to achieve than bigger standing audiences. They say they have spoken to leading agents such as Phil MacIntyre (whose artists include Russell Brand, Jason Byrne and Mark Thomas) and Chambers Management (whose artists include Sarah Millican, Jack Whitehall and Jimmy Carr). They state that these discussions have been very positive with both managements supporting the concept of 1,000 seat venue capable of taking longer runs. This would suit more established artists who wanted to try out new material in a more intimate environment; artists who were becoming successful or had a niche audience (e.g. comedians from the USA) for whom a larger venue such as the Hammersmith Apollo (capacity 3,400) represented too much of a risk. There is currently no venue in London that offers this opportunity. Other venues of this size tend to predominately focus on music. There would be some element of music in their programme, but not loud rock. WFCT envisages having a Christmas show, which was a feature of the building in the past and which is typically a profitable enterprise for performance venues.

20 The plan estimates that the cinema would make a contribution of about £250,000 per annum to the venue. The assumptions include:
- 85 showings per week (4 per day per screen)
- 24% seat occupancy
- average ticket price after VAT of £6.38
- average booking fee of 10%
- 50% of ticket income paid to the film distributor
- average kiosk sales after cost of goods sold (25% of revenue) of £1.67
- 3 members of staff per screening, each working for 2.5 hours per session.

21 There would, in addition, be occasional “event cinema” (e.g. film accompanied by live performance) and showing of classics and second runs in the main auditorium when it is not used for live performance. About 150,000 cinema visits per annum are expected.

22 WFCT's plan estimates that, based on average UK visits to cinemas of 2.76 a year, people living within 10 minutes of the former Granada cinema make about 580,000 cinema visits a year. The projected attendance for cinema at the venue would be about 20% of this market. My view that this underestimates the potential of the market for cinema going as the socio-demographic profile of the local population suggests that it is likely to have greater propensity for cinema going than the national population as a whole.

5.1.5 JOBS

23 Figure 15 estimates the number of full-time equivalent jobs that would be created in the two stages of the project (not including construction).

Figure 15: Estimated Full Time Equivalent Jobs

	Stage 1	Stage 2
PERMANENT STAFF	8	10
AUDITORIUM		
Events per Year:	365	365
Average staff per event:	7	9
Average hours per event:	3	3
Staff hours:	7,665	9,855
Hours per FTE	1,920	1,920
FTE:	4	5
INDEPENDENT CINEMA		
Staff per day		4
Hours per day		10
Staff Hours per day		40
Hours per year		14,600
Hours per FTE		1,920
FTE:		8
BISTRO/RESTAURANT/FUNCTIONS		8
TOTAL FULL TIME EQUIVALENTS	12	31

5.1.6 CAPITAL COST

24 Figure 16 shows the capital cost estimated by the cost consultants, Equals[17]. They have been hampered in their estimates by not being able to get access to the building and state that they have been conservative. They have allowed about 32% for unspecified work and contingency.

[17] There are two variations from figures supplied by Equals. I have assumed that Consultant Costs would be 20% of construction costs rather than 31%. The normal percentage for a building project is 12-15%. It is reasonable to allow more for a more complicated situation. I have asked an architect who has worked on a number of cinema buildings and a Quantity Surveyor who specialise in heritage. Both said that they would expect up to 15%. I have also inserted £500,000 for sound and projection equipment, £250,000 for the Main Auditorium and £250,000 for the three small screens.

Figure 16: Capital Cost

	Cost	Sq m	Per Sq m
Element 1: Total Ground Floor Refurbishment	£4,102,809	1,474	£2,783
Element 2: Cross Foyer and Circle Refurbishment	£662,980	198	
Total Existing Building	**£4,765,789**		
Element 3: First 2 floors of new build section	£1,680,884	566	£2,970
Element 4: Cinemas and Educational Space	£2,841,226	646	£4,398
Total New Build:	**£4,522,110**	**1,212**	**£3,731**
TOTAL PROJECT COST:	**£9,287,900**		

25 I have, in Figure 17, added a cost for buying the building, including costs of administering a Compulsory Purchase Order. This is based on the price which UCKG paid for the building, but WFCT expects that it would be based on valuation by the District Valuer and that the market value for the building, without consent for D1 use would be significantly lower (Figure 13 demonstrates this).

Figure 17: Capital Cost by Development Stage

STAGE 1	
Acquisition of Building	£2,750,000
Element 1: Total Ground Floor Refurbishment	£4,102,809
Total:	**£6,852,809**
STAGE 2	
Element 2: Cross Foyer and Circle Refurbishment	£662,980
Element 3: First 2 floors of new build section	£1,680,884
Element 4: Cinemas and Educational Space	£2,841,226
Total:	**£5,185,090**
TOTAL PROJECT COST:	**£12,037,900**

26 The net cost of converting the building (c.£9 million) is relatively high in relation to the cost of converting other cinemas like the Stockport Plaza (Appendix 3.5), the Tyneside in Newcastle (Appendix 3.7) and the Regal in Evesham (Appendix 3.9). This is explained by the extent of the new construction and conservatism in cost estimates. London prices are also higher than in other areas.

5.1.7 FUNDING

27 WFCT assumes that the core funding for the first stage of the project would come from the Heritage Lottery Fund. The funding for the second phase would come from a combination of grants from other foundations and general fundraising, and from borrowing against the anticipated additional revenue expected.

5.2 EVALUATION

28 My judgement is that the physical layout of the building that has been proposed by WFCT represents an excellent way for this building to be used, both in terms

of the quality of the experience and flexibility of use in creating a sustainable business plan. It accords with the view that we reached independently, with different architects, in 2010. It creates the best value from the feature that makes this building particularly flexible – the distance from the street to the auditorium. That space enables high quality modern access to upper floors, a self-contained cinema that can be accessed independently of the lobby area, and a spacious restaurant and functions area. The use of the street frontage in this way is likely to have maximum benefit for the streetscape generally and to lift the area. It would benefit the adjoining Arcade development. The component parts neatly interact to form a venue that would be of exceptional quality. WFCT has secured partners of high credibility and profile to provide educational programmes and nurture new talent.

29 We advised in our original report that "The Granada is probably the single most valuable asset Walthamstow has in terms of potential to create an entertainment and cultural facility that stands out within the Greater London context, is capable of making a big impact in terms of stimulating an attractive evening economy, is capable of providing a venue where the diverse communities in Walthamstow freely mix, and is capable of attracting people from outside of the Borough. This is because people love buildings of its style and era. The Granada is an example of 1930 entertainment architecture of exceptional quality. The spacious layout of the building provides the flexibility to create something special, integrating restaurants and other facilities. Its history is evocative and can be used to create ambience". The plans developed by the Waltham Forest Cinema Trust reflect this vision.

30 I believe that it would be exceptionally difficult and expensive – perhaps impossible - for the Borough to create the same level of impact through a new building of any type. Places around the world go to great lengths to create "landmarks" – the Granada would certainly be a landmark after restoration and would lift the whole area.

31 Having done more work on other super-cinemas in the interim, and having had an opportunity to again see the inside of the building in preparing this evidence, I believe that judgement to have been correct.

32 The cinema offer proposed by the WFCT would probably be of better quality than any other in the catchment. As an indication of this, their plans allow for 2 screens and 210 seats in the space at the back of the circle where UCKG's church provides 3 screens and with 268 seats.

33 Curzon have a three screen cinema near a multiplex in Wimbledon and say that it trades well and that the combination has made a positive impact to the evening economy there. Curzon's rival, City Screen, operates similar styles of cinema near multiplexes in various circumstances, including Greenwich, Stratford, Norwich, Cambridge and York.

34 WFCT envisages cinema as being an important part of the offer in the building, but it is not reliant on it should the viability be threatened by a cinema on the Arcade site. The space devoted to the cinema screens in the plans of UCKG and the WFCT could alternatively be used, in the WFCT's scheme, for purposes such as a tiered Studio theatre and flat-floor performance and educational space.

35 UCKG's Planning Statement points out that live music in the venue would have detrimental noise impact. WFCT has an acoustics specialist on their team to address that issue, and other London venues of similar ilk operate satisfactorily with closer and greater proximity of residential accommodation. WFCT proposes, however, to operate with a different model in which music is a relatively small element, and not featuring loud rock music.

36 The Planning Statement also points out that a live music venue would cause more disturbance as audiences leave the building. That is likely to be true by comparison to a church congregation, but the type of venue envisaged by WFCT is not one that would be focusing on youth orientated acts or those likely to attract a rowdy element. Audiences for concerts are more mature now than in the past and the building is suited to a more "grown up" type of experience.

37 I believe the financial plan to be sound. Operations that have similarity, like the Ritzy in Brixton, are solidly profitable. The 1,500 capacity Camden Palace, which was rebranded Koko in 2004 after a £1.5 million refit, was recently purchased for £8.7 million. The purchase price reflects a yield of 5.96% based on a rent of almost £550,000 a year paid by Obar Camden, which is owned by the Mint Group, on a 25 year lease to November 2028. HMV Group has recently sold the Hammersmith Apollo to Stage C for £32 million, a price that will equally be a reflection of its underlying profitability.

38 The profit potential may not be enough that a private sector operator would be take it on as a commercial venture, assuming that they also had to pay the capital cost, and take the risk, of refurbishing the building, and especially given the current difficulty in borrowing money for development, but it is not out of the question if the purchase prices was relatively low. Humberts Leisure undertook marketing exercises for UKCG in 2005 and 2006 and they did have interest in purchasing the building for entertainment use.

39 There is probably, however, a need for grant funding in order to make the most of the opportunity, although I believe it would be viable for an organisation like Soho Theatre Trust to take on the venue and restore it at a slower pace should the Heritage Lottery Fund refuse a grant, provided they can obtain the building for a reasonable price.

40 My judgement is that the Soho Theatre Trust gives WFCT credibility that it would probably lack if it was simply a group of volunteers. It provides resource

to work on the project, practical understanding of the issues involved in acquiring, developing and running a venue, and contacts.

41 The cost is low in relation to that which would be required to create a new performing arts venue what would a similar sort of impact on Walthamstow. I did an options appraisal and business plan on behalf of the Liverpool Theatres Trust which has resulted in the decision to build a new 400 seat theatre to replace the Everyman. It is currently under construction and will cost £28 million. I also did a detailed appraisal for options for a new theatre in Chester in conjunction with specialist theatre architects on behalf of Cheshire West and Chester Council. The recommended option, which creates a new 950 seat theatre and also cinema within the shell of the Odeon cinema building, was costed at £32 million. My judgement is that investment of public funds in this building would represent very good value for money compared to alternatives.

42 My judgement is also that this project would be of strong appeal to the Heritage Lottery Fund and others. It has a lot going for it: a heritage asset of undeniably top class; an affordable project with the ability to recreate with some authenticity an experience that almost everyone in London over the age of 60 would have experienced but is now not on offer anywhere; a “populist” type of heritage with proven and extensive local support; a use that would attract high levels of access by comparison to other projects and access by many people who do not normally visit heritage attractions; an educational dimension; a project with very high profile in an area which has not had much funding for heritage or arts related projects.

43 The main difficulty would probably not in itself be in raising the money, but in obtaining ownership in order to be able to submit grant applications. That would require, assuming that the owners do not co-operate, a compulsory purchase order. The London Borough of Waltham Forest would probably not want to make a compulsory purchase order without a back-to-back guarantee that the purchase funds are available. They would also need to demonstrate that there is a compelling case in the public interest for acquisition. The Heritage Lottery Fund (HLF) could, however, approve a grant subject to execution of a CPO. It would be necessary to assemble promise of sufficient funding from HLF and others to be able to purchase the building and do enough work to make it good and useable on a limited scale while the fund-raising is completed.

44 Although, therefore, WFCT has made big progress in developing an attractive and credible scheme, it is still challenging to deliver and there is risk attached.

6 IMPACT ON TOWN CENTRE

6.1 VISITS VERSUS INDIVIDUAL VISITORS

1. There is a core difference between the building being used as a church and it being used as an entertainment venue. The former would result in a relatively small number of people using the building frequently. UCKG states that it wishes to provide facilities for a congregation of 1,400. Assuming they each visit once a week on average, those 1,400 people would generate about 75,000 visits a year, which matches the figures given by UCKG. It could be more.

2. Use of the building as an entertainment venue would result in a very much larger number of individuals using the building, albeit less frequently. WFCT's plan projects that there would be about 300,000 visits to performances, plus there will also be many visits to the restaurant and for other purposes like education and functions.

3. About 180,000 of those visits would be to events in the auditorium. Some of them will visit often, and some of them much less frequently. Figure 18 estimates how many individuals would use the auditorium annually.

4. This represents the central difference between using auditorium for a church versus using it for an entertainment venue: perhaps 1,500 people a year would enjoy it as a church, perhaps 60,000 individuals would enjoy it as an entertainment venue.

Figure 18: Estimated number of individuals using the auditorium

Visits per Year	% of People	Visits	Individuals
1	13%	22,500	22,500
2	12%	21,000	10,500
3	11%	19,500	6,500
4	10%	18,000	4,500
5	9%	16,500	3,300
6	8%	15,000	2,500
7	8%	13,500	1,929
8	7%	12,000	1,500
9	6%	10,500	1,167
10	5%	9,000	900
11	4%	7,500	682
12	3%	6,000	500
13	3%	4,500	346
14	2%	3,000	214
15	1%	1,500	100
	100%	180,000	57,137

5 The difference could be reduced a bit if the auditorium is promoted in a proactive way for entertainment on 48 occasions a year. Even if, however, 48 shows were put on attracting a reasonable audience of 300 people a time, that would represent about 15,000 visits and about 5,000 individuals. UCKG's position on the auditorium seems to make it unlikely that would be the case.

6.2 CREATING DIVERSITY OF APPEAL

6 An important underlying consideration in assessing the merit of different possibilities for improving the leisure offer in Walthamstow is the simple truism that different people like different types of leisure experience. No single experience ever appeals to everyone. The town centre is most likely to be successful as a leisure destination if it provides a mix of experiences, each with critical mass and quality, each appealing to different people.

7 This can be thought of in simple functional terms in that people like different types of film and different types of live performance. The greater the variety that is on offer, the wider the appeal will be.

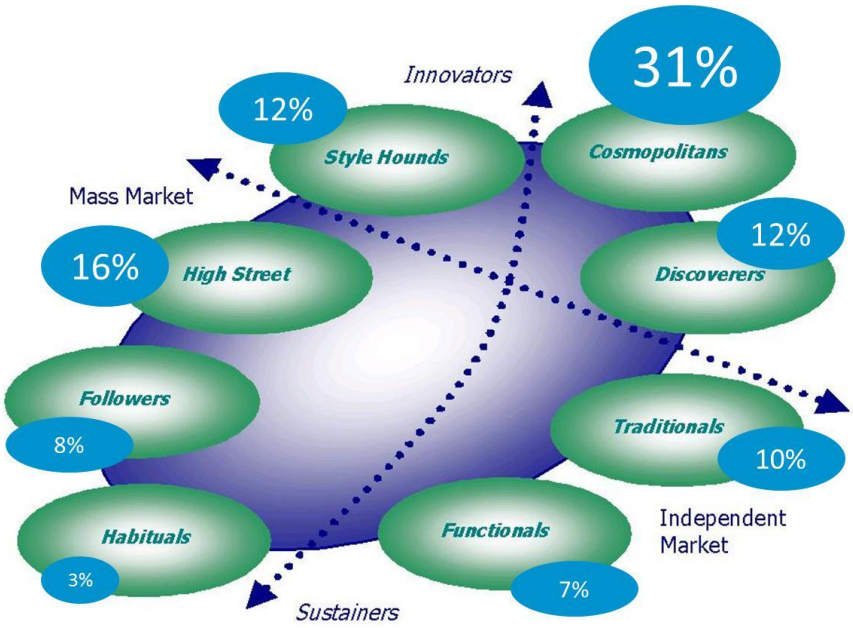
8 The matter is more complex than this in reality, however. I have done a lot of work on understanding consumer behaviour relating to leisure activity. Much of this work has been done using a psychographic consumer segmentation model called Ark Leisure[18].

9 The model classifies people into eight groups according to the experiences they like. Figure 19 summarises the segments. The percentages in the ovals represent the share of total UK expenditure on "special leisure trips" by each category[19]. Cosmopolitans spend the most because they are the most affluent, make more visits than other groups and spend more on each visit. They are a core audience for all cultural venues. The dotted lines represent two main dividing lines between the types of experience that people like. People on the left side of the model tend to prefer branded experiences. Those on the right side of the model tend to prefer unique experiences. There is also a split between segments that attach most significance to quality or fashion in their purchases, which are at the top of the model, and those that attach more significance to price and functionality in their purchases, which are at the bottom of the model.

[18] It was developed by a company called Arkenford Ltd on behalf of VisitBritain, the national tourism agency, after a major research study. I have commissioned, on behalf of clients, seven major primary research studies that have used it, the largest of which was a survey via the internet of 35,000 people across the whole of the UK, with a sample matching the national age population[18]. I have confidence in its validity.

[19] Generated from the survey of 35,000.

Figure 19: Ark Leisure Segmentation Model

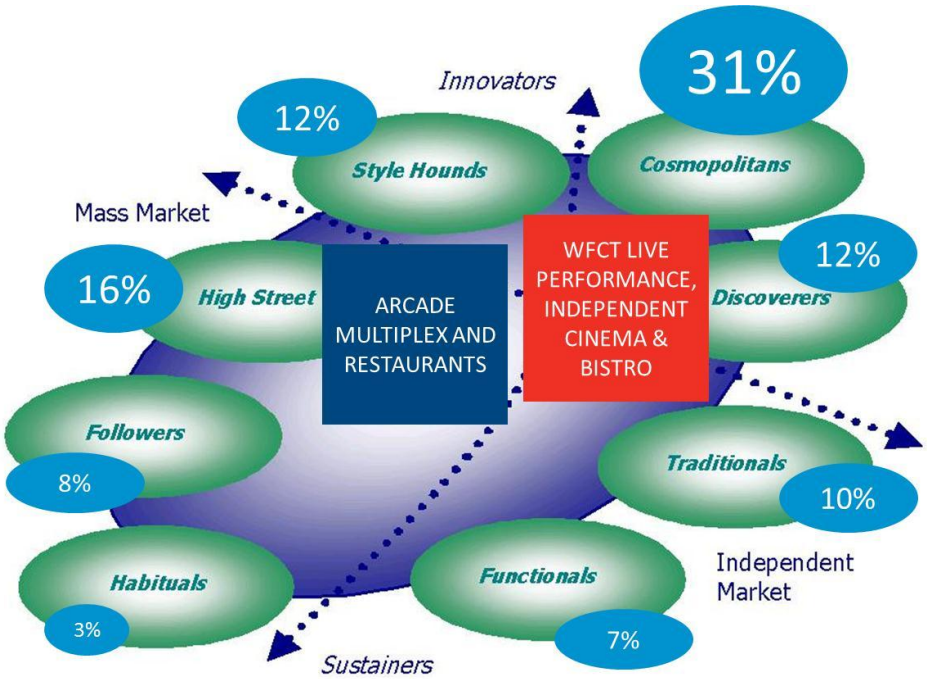


MAIN SEGMENTS IN THE ARKLEISURE SYSTEM			
STYLE HOUNDS	**HIGH STREET**	**FOLLOWERS**	**HABITUALS**
'Young Free Single', impulsive Fashion counts Brand counts Looking for fun with friends Most not seriously sporty	Main stream early adopters Followers of high street fashion Care what others think Happy to buy packaged options	Strongly influenced by what others will think Don't want to be seen as old fashioned Less active Slow to adopt Avoid risk	Largely inactive, low spending group Very traditional, strongly resistant to change Risk adverse Value relaxation, peace and quiet
COSMOPOLITANS	**DISCOVERERS**	**TRADITIONALS**	**FUNCTIONALS**
Strong, active, confident Style & brand important, but as an expression of their self made identity. High spenders especially on innovation and technology Looking for new challenges, new experiences, Globetrotters	Independent in mind and action Little influenced by style or brand but interested in new options Buy on function and value to them Looking for new and educational experiences	Self reliant internally referenced Slow to adopt new options Strong orientation towards traditional values Value individual attention & service	Self reliant Price driven Value function over style Traditional values, but interested in new experiences, not risk adverse

10 This is of relevance because the propositions put forward for the Arcade site and by WFCT each have a clear position in this framework. The Arcade Multiplex and its accompanying branded restaurants, would appeal directly to people on the left hand side of the model. Its centre of gravity would be the High Street segment, and it would have strong appeal to the youth orientated Style Hound segments. All of the elements of the WFCT scheme – live performance, cinema and bistro – would appeal to people on the right hand side of the model. Its centre of gravity would be Discoverers/Cosmopolitans, although elements – particularly watching classic cinema in the auditorium –

would appeal to Traditionals. It is because each has a clear, and different, position in the market that they are likely to form a good pairing.

Figure 20: Market Positioning of Arcade and WFCT Proposals



11 It is difficult to judge where the UCKG cinema would sit in this picture without knowing who the operator would be. It is unlikely, however, to have the same clarity or position in the market because the church/cinema mix is a muddled combination and it is not, unlike the others, a “package” combining cinema with other leisure elements.

12 I have undertaken major research studies for English Heritage on the way that businesses of different type cluster in towns and cities and especially how that is affected by the presence of historic buildings. The latest study (jointly commissioned by the Heritage Lottery Fund), just completed, has analysed the commercial uses in listed buildings in town and city centres in the UK.

13 The research shows that businesses group together in all town centres in line with the brand/independent, quality/value differentiations shown in the Ark Leisure model. This is visible in Walthamstow where almost all tenants of The Mall shopping centre (Selborne Walk) are national brands, and most shops outside it are independent.

14 The way that property is developed has much do to with this. Large new developments rarely feature independent businesses because the developers and their funders need the relative security that large company tenants provide and the relatively higher rents they are prepared to pay. That is why the commercial space in the Arcade development is likely to be largely occupied by branded restaurants. It will be the leisure equivalent of The Mall. It will respond

in doing so to a gap in the market because restaurant brands, with the exception of fast food and coffee shops, are currently absent.

15 Our research for English Heritage/HLF shows that places to eat and drink group together in every town and city, and they almost always group where there are older buildings present, to the edge of the main high street retail area. The nature of the property on Hoe Street, with lots of small units in property that is independently owned, suits it to an interesting retail and leisure mix, and that has already happened. There is an eclectic range of restaurants there mixed with an eclectic range of shops.

16 As the Area Action Plan for Walthamstow suggests, therefore, Hoe Street is the logical place in the town for the evening economy to evolve. Whereas the Arcade site is likely to be dominated by brands, Hoe Street is likely to remain dominated by the independent sector because of the nature of the property. Appropriate activity in the former Granada building would help it to do this partly through attracting customers and partly through creating a landmark presence and appealing street frontage.

17 The combination of the Arcade with mainstream cinema and branded restaurants, the Granada with bistro, live entertainment and independent cinema, and the rest of Hoe Street with eclectic independent restaurants and coffee shops would be outstanding. It would arguably be the best leisure quarter in London outside the West End.

18 The restaurants that will occupy the ground floor shops in the Arcade development are essential in providing a “bridge” between High Street and Hoe Street. It would, without them, be difficult, if not impossible, to achieve active frontages along that stretch and the Arcade would have negative street level impact. The cinema is essential in attracting the restaurants into those units.

19 There is another type of business clustering in the vicinity of the Granada that could be affected by what happens to the building. There is a group of creative industries businesses located in Hatherley Mews, which adjoins the building and runs parallel to Hoe Street. The developer/owner of the space there has long campaigned for the Granada to be restored for entertainment purposes because of its synergy with the businesses there. There is high probability that the WFCT scheme would have the side benefit of nurturing creative industries, especially in that section of Walthamstow.

6.3 ESTIMATED SPEND FROM DIFFERENT ENTERTAINMENT OPTIONS

6.3.1 CINEMA ALTERNATIVES

20 projected for the WFCT Cinema.

21 **Figure 21** estimates the total number of annual visits that might be expected for each of the venues that might be delivered in Walthamstow town centre. The main assumption that would make a material difference is the seat occupancy rate. I have assumed the same percentage for each of the cinema options, based on what I know of actual occupancy rates in other cinemas and what Curzon have projected for the WFCT Cinema.

Figure 21: Estimated annual visits to different venue possibilities

	Capacity	Screens	Annual Events	Seat Occupancy	Visits
INDIVIDUAL ELEMENTS					
UKCG Cinema	690	6	8,736	25%	251,160
Arcade Multiplex	1,073	9	13,104	25%	390,572
WFCT Auditorium (stalls only)	740	1	365	54%	146,000
WFCT Auditorium (stalls & circle)	1,008	1	365	50%	183,000
WFCT Independent Cinema	280	3	4,368	25%	102,200
COMBINATIONS					
WFCT Full Scheme	1,020	4	4,733		285,200
Arcade Multiplex + WFCT Auditorium (stalls only)	1,813	10	13,469		536,572
Arcade Multiplex + Full Scheme	2,093	13	17,837		675,772

Assumes 4 showings per day per cinema screen, 364 days a year

22 I believe that, in practice, the UCKG cinema would have lower occupancy than either the Arcade Multiplex or the Independent Cinema in the WFCT scheme. This is because the experience of going there would be less attractive, for reasons explained in Section 4.2. This is reflected in the estimated admissions of 150,000 that have been quoted by UCKG's advisors. That implies a seat occupancy rate of only 15%. While I have, therefore, treated the cinema options alike in terms of occupancy, it is probably being generous to the UCKG option.

23 I have made estimates of the amount of spend on tickets and on food and beverage, both within and without the venue, that each option might be expected to produce. I have not been able to find, unfortunately, any research data about the proportion of people who visit venues who have a meal, drink or coffee before or after, so I have made judgements based on my experience. I have concentrated only, for out of venue expenditure, on eating and drinking as that will represent the majority that is incremental to what people would spend anyway. I have also made estimates of the amount of expenditure that might arise from visitors that come from outside the borough.

24 The situation is complicated for the scheme proposed by WFCT because each element of its offer will have a different propensity to attract people who eat and drink before or after the meal and each will have a different propensity to attract visits from outside the borough. All the activities in their scheme are likely to have a greater propensity to attract people from outside the borough than the Arcade and UCKG proposals because they will be different to what is on offer

elsewhere in London. Figure 22 and Figure 23 show the estimated expenditure by visitors to the scheme for the first stage and the full development respectively. This does not include expenditure at the event itself (i.e. from auditorium bars or kiosks), but does include, for the full scheme, expenditure that might take place in the restaurant that WFCT proposes for the venue.

Figure 22: Estimated spend on eating and drinking[20] for visitors to the Granada, assuming Stage 1 development into 740 seat auditorium

	Admissions	% Spending on F&B	No spending on F&B	Average Spend	Total Spend	% from Outside Waltham Forest	Spend from Outside Waltham Forest
Event Cinema	11,100	40%	4,440	£16.00	£71,040	30%	£21,312
Other Cinema	34,006	15%	5,101	£8.00	£40,807	15%	£6,121
Live Broadcasts	7,400	40%	2,960	£16.00	£47,360	30%	£14,208
Comedy	62,160	40%	24,864	£16.00	£397,824	40%	£159,130
Live Music	6,660	40%	2,664	£16.00	£42,624	40%	£17,050
Pantomime	24,975	35%	8,741	£16.00	£139,860	30%	£41,958
Auditorium:	**146,301**	**33%**	**48,770**	**£15.16**	**£739,515**	**35%**	**£259,778**

Figure 23: Estimated spend on eating and drinking for visitors to the Granada, assuming full development

	Admissions	% Spending on F&B	No spending on F&B	Average Spend	Total Spend	% from Outside Waltham Forest	Spend from Outside Waltham Forest
Event Cinema	13,608	40%	5,443	£16.00	£87,091	30%	£26,127
Other Cinema	34,776	15%	5,216	£8.00	£41,731	15%	£6,260
Live Broadcasts	9,072	40%	3,629	£16.00	£58,061	30%	£17,418
Comedy	84,672	40%	33,869	£16.00	£541,901	40%	£216,760
Live Music	9,072	40%	3,629	£16.00	£58,061	40%	£23,224
Pantomime	31,752	35%	11,113	£16.00	£177,811	30%	£53,343
Independent Cinema	116,441	30%	34,932	£12.00	£419,187	20%	£83,837
Total:	**299,393**		**97,831**	**£14.15**	**£1,383,843**	**31%**	**£426,971**

25 Figure 24 shows the estimated spend by visitors to the different options, both within and without the venues. The most significant column in Figure 24, in terms of regenerative impact, is the one called "Total Spend on Food and Beverage". That gives an indication of how much would be spent in restaurants, coffee shops, bars and takeaways by people visiting the venues. Some of that spend, in the case of WFCT's scheme, would be at the venue itself. The rest would be in other local businesses.

26 I have assumed that the average spend per customer would be the same for the UCKG cinema as for the Arcade Cinema. The average spend would be

[20] A report by research company Mintel (Eating Out – the Decision Making Process, December 2010) found that the average spend per individual in Greater London for an "Everyday Meal" is about £16 The average for a "Special Occasion Meal" is about £36. Some of the eating and drinking will, however, take the form of going to a bar for a drink or to a coffee shop. This will particularly apply to daytime cinema visits.

higher for events in the WFCT auditorium mainly because many of them will take place at night (whereas cinema performances are across the day), but also because audiences for live performance are more likely to eat before or after the show, partly because they are more likely to have travelled a significant distance and partly because it is more of a special occasion. This, however, does not take into account the impact that a failure of the cinema in the Arcade to go ahead might have on restaurant and bar lettings in that scheme and, therefore, on spend on eating out. The main purpose of the cinema is, in commercial terms, to attract branded restaurants. My judgement is that the proposed UCKG cinema is unlikely to have the same impact as an anchor that will entice restaurant tenants to the Arcade development. This is partly simply because it will have less screens, less capacity and lower seat occupancy, and partly because it will be slightly more remote from the restaurants and provide a less enticing environment.

Figure 24: Estimated spend by visitors

	Spend per Head in Venue	Total Spend in Venue	% spending on Food & Beverage	Average Spend on Food & Beverage	Total Spend on Food & Beverage	Total Spend
INDIVIDUAL ELEMENTS						
UKCG Cinema	£8.00	£2,009k	20%	£7.50	£377k	£2,386k
Arcade Multiplex	£8.00	£3,125k	20%	£7.50	£586k	£3,710k
WFCT Auditorium (stalls only)	£18.00	£2,628k	33%	£15.00	£723k	£3,351k
WFCT Auditorium (stalls & circle)	£18.00	£3,294k	35%	£15.00	£961k	£4,255k
WFCT Independent Cinema	£8.00	£818k	30%	£12.00	£368k	£1,186k
COMBINATIONS						
WFCT Full Scheme	£14.42	£4,112k		£14.15	£1,329k	£5,440k
Arcade Multiplex + WFCT Auditorium (stalls only)	£10.72	£5,753k		£2.44	£1,309k	£7,061k
Arcade Multiplex + Full Scheme	£10.71	£7,236k		£2.83	£1,915k	£9,151k

Note:

Spend figures are turnover excluding VAT

Spend per head in venue includes ticket cost, kiosk and bar sales

Spend on food and beverage is in cafes, restaurants, bars and takeaways inside or outside the venue

6.3.2 GRANADA ROOMS ALTERNATIVES

27 It is even more difficult to project the impact of the Granada Rooms because so little is provided by the appellant about how it would be operated and who might use it for.

28 I believe that a reasonable projection, in the unlikely event that it was possible to manage it in the manner described, is that it might attract about 10 events per week of different sorts. The calculations shown in Figure 25 show this as resulting in about 23,000 visits annually.

Figure 25: Projected visits to Granada Rooms

	Capacity	Events per Week	Average Occupancy	Annual Visits
Room 1				
Seated Events	230	2	40%	9,568
Room 2				
Seated	20	4	80%	3,328
Standing	120	0.25	50%	780
Room 3				
Seated	20	4	80%	3,328
Standing	120	0.25	50%	780
Cross Lobby				
Seated	130	0.5	75%	2,535
Standing	275	0.25	75%	2,681
Total Annual:		585		23,000

29 A high proportion of visitors are likely to have food and beverage provided to them although, unlike with a cinema or entertainment venue, they are not likely to spend much outside the venue. Figure 26 estimates the total turnover from the venue to be just under £500,000 per annum. The combination of Granada Rooms and Multiplex on the Arcade site would produce turnover of just over £4 million.

Figure 26: Total Turnover Generated by Different Options

	Spend per Head in Venue	Total Spend in Venue	% spending on Food & Beverage	Average Spend on Food & Beverage	Total Spend on Food & Beverage	Total Spend
INDIVIDUAL ELEMENTS						
Granada Rooms	£12.00	£276k	75%	£12.50	£216k	£492k
Arcade Multiplex	£8.00	£3,125k	20%	£7.50	£586k	£3,710k
WFCT Auditorium (stalls only)	£18.00	£2,628k	33%	£15.00	£723k	£3,351k
WFCT Auditorium (stalls & circle)	£18.00	£3,294k	35%	£15.00	£961k	£4,255k
WFCT Independent Cinema	£8.00	£818k	30%	£12.00	£368k	£1,186k
COMBINATIONS						
WFCT Full Scheme	£14.42	£4,112k		£14.15	£1,329k	£5,440k
Arcade Multiplex + WFCT Auditorium (stalls only)	£10.72	£5,753k		£2.44	£1,309k	£7,061k
Arcade Multiplex + Full Scheme	£10.71	£7,236k		£2.83	£1,915k	£9,151k
Arcade Mulitplex + Granada Rooms	£8.22	£3,401k		£1.94	£801k	£4,202k

Note:
Spend figures are turnover excluding VAT
Spend per head in venue includes ticket cost, kiosk and bar sales
Spend on food and beverage is in cafes, restaurants, bars and takeaways inside or outside the venue

30 I estimate that about a quarter of that might be generated by people who live outside the borough.

Figure 27: Estimated Expenditure from Outside the Borough

	% of Visits	Spend in Venue	Spend outside Venue	Total
INDIVIDUAL ELEMENTS				
Granada Rooms	25%	£69k	£54k	£123k
Arcade Multiplex	10%	£312k	£59k	£371k
WFCT Auditorium (stalls only)	35%	£923k	£260k	£1,183k
WFCT Auditorium (stalls & circle)	35%	£1,157k	£343k	£1,500k
WFCT Independent Cinema	20%	£164k	£74k	£237k
COMBINATIONS				
WFCT Full Scheme	31%	£1,269k	£417k	£1,685k
Arcade Multiplex + WFCT Auditorium (stalls only)	17%	£1,236k	£318k	£1,554k
Arcade Multiplex + Full Scheme	19%	£1,581k	£475k	£2,056k
Arcade Mulitplex + Granada Rooms	11%	£381k	£112k	£494k

6.4 IMPACT ON JOBS

6.4.1 CINEMA ALTERNATIVES

31 Expenditure made by visitors in a local economy creates jobs in three ways. It creates them, first of all, in businesses where the money is spent. That is called direct impact. It secondly creates jobs in the companies that supply those businesses. That is called indirect impact. It thirdly creates jobs in businesses where employees spend money. This is called induced impact. Economists calculate the effect of indirect and induced impacts by applying a multiplier to the amount of spend. They then calculate the number of jobs that would be created by that spend by dividing it by an amount which is estimated to support each job.

32 I have sought advice from an economist that I work with regularly to give some guidance on what multiplier would be appropriate in this circumstance and how much expenditure would support each job. He advised that £185,000 per job[21], which is an average for 2008-2010 from the Annual Business Inquiry for the sectors including retail, accommodation & food, and arts & entertainment would be appropriate. He suggested using a multiplier of 2.24 based on a study done in Scotland[22], which is the only large scale study that has been done. Cinemas fall under 'recreational services' in terms of industry groups and the relevant regional employment multiplier is 2.24.

[21] This is conservative. I often work with the Scarborough Tourism Economic Assessment Model (STEAM), which is used in many places to calculate the economic impact of tourism. It typically attributes about 1 job to every £50,000 spend by tourists.

[22] Scottish Tourism Multiplier Study, 1992.

33 Figure 28 is an indicative estimate using those measures of how many jobs might be supported by each option. They apply to both the jobs in the venue and outside the venue. Some will be outside of the borough, but most will be local.

Figure 28: Indicative estimate of FTE jobs that might be supported by each option

	Total Spend	x Multiplier (2.24)	FTE (1 per £185,000)
INDIVIDUAL ELEMENTS			
UKCG Cinema	£2,386k	£5,345k	29
Arcade Multiplex	£3,710k	£8,311k	45
WFCT Auditorium (stalls only)	£3,351k	£7,506k	41
WFCT Auditorium (stalls & circle)	£4,255k	£9,531k	52
WFCT Independent Cinema	£1,186k	£2,656k	14
COMBINATIONS			
WFCT Full Scheme	£5,440k	£12,186k	66
Arcade Multiplex + WFCT Auditorium (stalls only)	£7,061k	£15,817k	85
Arcade Multiplex + Full WFCT Scheme	£9,151k	£20,498k	111

34 The assessment should also take into account **additionality,** which is the proportion of the expenditure that is additional to what would have taken place anyway. The additionality for all of the options is likely to be relatively high because there is currently no cinema or live performance in the town centre. Having it will reduce leakage of expenditure to other boroughs and also encourage people to spend more money in the local economy than they otherwise would have. The additionality will be highest for the WFCT scheme because it will, in addition to doing that, attract a large amount of expenditure from outside the borough.

6.4.2 GRANADA ROOMS ALTERNATIVES

35 I estimate that the Granada Rooms would support about 5 FTE jobs in the venue, and one outside the venue, 6 in total.

Figure 29: Estimated full time jobs originating from Granada Rooms

	Total Spend	x Multiplier (2.24)	FTE (1 per £185,000)
INDIVIDUAL ELEMENTS			
Granada Rooms	£492k	£1,101k	6
Arcade Multiplex	£3,710k	£8,311k	45
WFCT Auditorium (stalls only)	£3,351k	£7,506k	41
WFCT Auditorium (stalls & circle)	£4,255k	£9,531k	52
WFCT Independent Cinema	£1,186k	£2,656k	14
COMBINATIONS			
WFCT Full Scheme	£5,440k	£12,186k	66
Arcade Multiplex + WFCT Auditorium (stalls only)	£7,061k	£15,817k	85
Arcade Multiplex + Full WFCT Scheme	£9,151k	£20,498k	111
Arcade Multiplex + Granada Rooms	£4,202k	£9,413k	51

6.5 IMPACT OF HELP CENTRE USERS

36 This does not take into account impact that might result from spend by attendance at the UCKG Help Centre (or, equally, non-event related visits to the WFCT scheme).

37 This would not be great, however. This is because of the nature of the expenditure. UCKG has provided results from a survey of its congregation in Stratford. There were 225 respondents representing 502 worshippers. The results reported suggest that the survey was not done to a high standard and is superficial. It suggests that a large proportion of the congregation combine their visit to church with doing grocery shopping. Some also take refreshments, although this could be within the church.

38 The core reason why this will not make much difference is that most of this expenditure will not represent additionality. The expenditure would take place whether or not the people had gone to church. The survey says nothing about where the shopping is done, and I suspect that it is mainly in whatever supermarket is most convenient to the respondents.

39 The UCKG Help Centre, located in the former Rainbow cinema at Finsbury Park, provides proof that the church is likely to have minimal direct impact in terms of generating trade for local businesses, especially restaurants. Proof of this is that there is an almost complete absence of restaurants or cafés in its vicinity, despite the fact that there are many retail units that would be suitable for restaurants if there was the business to sustain them.

40 Fonthill Road, which faces the Rainbow across Seven Sisters Road, is an attractive retail street largely occupied by fashion shops. It has many units that are suitable for restaurants and probably would be if there was anything creating evening demand. It has only one café that opens in the evening. It is

close to the Rainbow. It is small. I spoke to the proprietor who told me that she was not aware of more than an occasional visit from people who were going or had been to the Help Centre. I asked her if she thought it was a significant source of business and she said no. I asked her if she noticed any form of wave of business before or after the evening service. She said there was none.

41 I also spoke to a member of staff working at Aubergine Café, a little further up the road, and Happy Days Grill, slightly further up again. Neither of those businesses open in the evening. Both said that they were not aware of business emanating from the Help Centre. The proprietor of Happy Days told me that he would not expect much business from it as they were too far away. Another restaurant, the Moon and Sub, is further up the street, marking the end of the retail parade. I did not speak to them because they were busy at the time, but they also do not open in the evening and it is unlikely that the Help Centre's congregation provides more than an occasional visit. There are a couple of small takeaways near the Help Centre, and a few more on the other side of the railway bridge. I did not speak to them as they were also busy at the time of my visit, but they were typical of what can be found in any similar circumstance and there is nothing to suggest that the proximity of the Help Centre makes any difference to their presence there.

42 The situation is similar with food stores. There is nothing to suggest that the Help Centre is stimulating business activity that would not otherwise take place. I spoke to the proprietor of a convenience store that is diagonally across the road from the Help Centre. He said that members of the congregation did come into his shop, but they would do anyway because they lived locally (he said this unprompted).

43 The situation adjoining the Ritzy and the O2 in Brixton is visibly different. They are on different sides of the town centre. Although the Ritzy has its own bar/restaurant, there is a group of restaurants clustered adjoining it. The restaurant chain Nando's has a large branch directly opposite the O2. There are no such brands currently in Walthamstow and none near the UCKG Help Centre in Finsbury Park.

6.6 EVALUATION

44 Walthamstow is an increasingly vibrant and popular place to live. The retail and leisure is, however, dominated by establishments that complete on price rather than quality, and it's cultural and entertainment offer is weak. Providing a better balance in both respects is important to Walthamstow developing into a truly desirable place to live and visit.

45 Cities in the United States, in particular, have shown that the most effective regeneration in such circumstances puts leisure, particularly the night economy, at the forefront. Traditional town centres, especially those, like Walthamstow,

which have many residents nearby and are easily accessible by public transport, can suit the evening economy because they have more atmosphere than modern malls.

46 A new multiplex would make a big impact in giving Walthamstow a night offer. Restoration of the Granada is perhaps the only venture that could seriously put Walthamstow on the map as an evening destination and attract people into the borough. Analysis of spend data shows the impact that would have.

47 It would probably not just become a successful venue in its own right, but would motivate others to invest in restaurants in the vicinity, not least in the Arcade development. It would anchor the creation of an attractive night time cluster.

48 The cinema proposed by UCKG would have some positive effect in this respect, but on a much lower scale. The greatest regenerative impact, by some distance, is likely to be achieved by a combination of the Arcade Multiplex and the WFCT scheme.

APPENDICES

1 PLANS DEVELOPED BY WALTHAM FOREST CINEMA TRUST

The figures on the following pages show the plans for the building developed by Ian Richie Architects on behalf of the Waltham Forest Cinema Trust.

Figure 30: Ground Floor

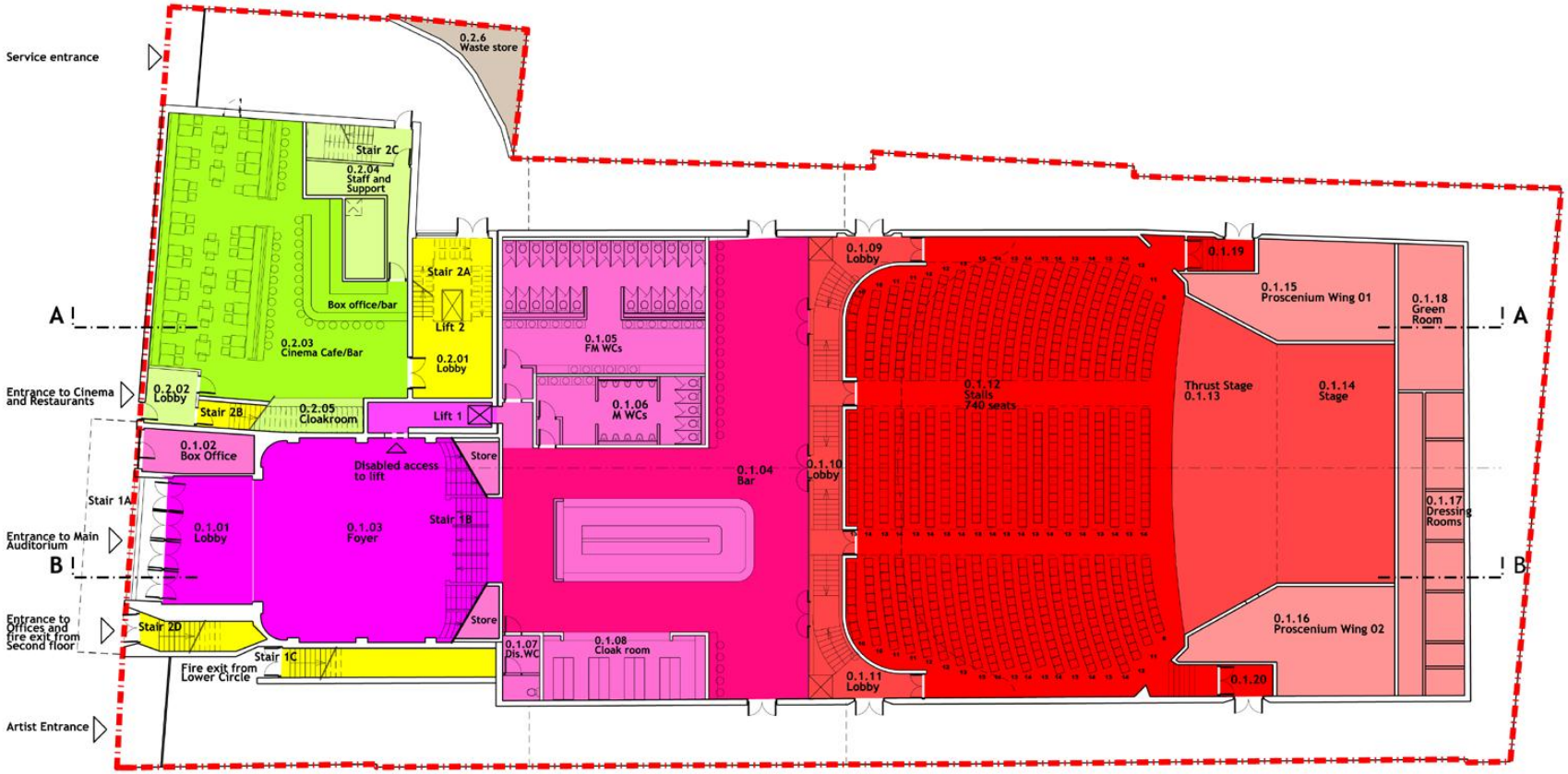


Figure 31: First Floor

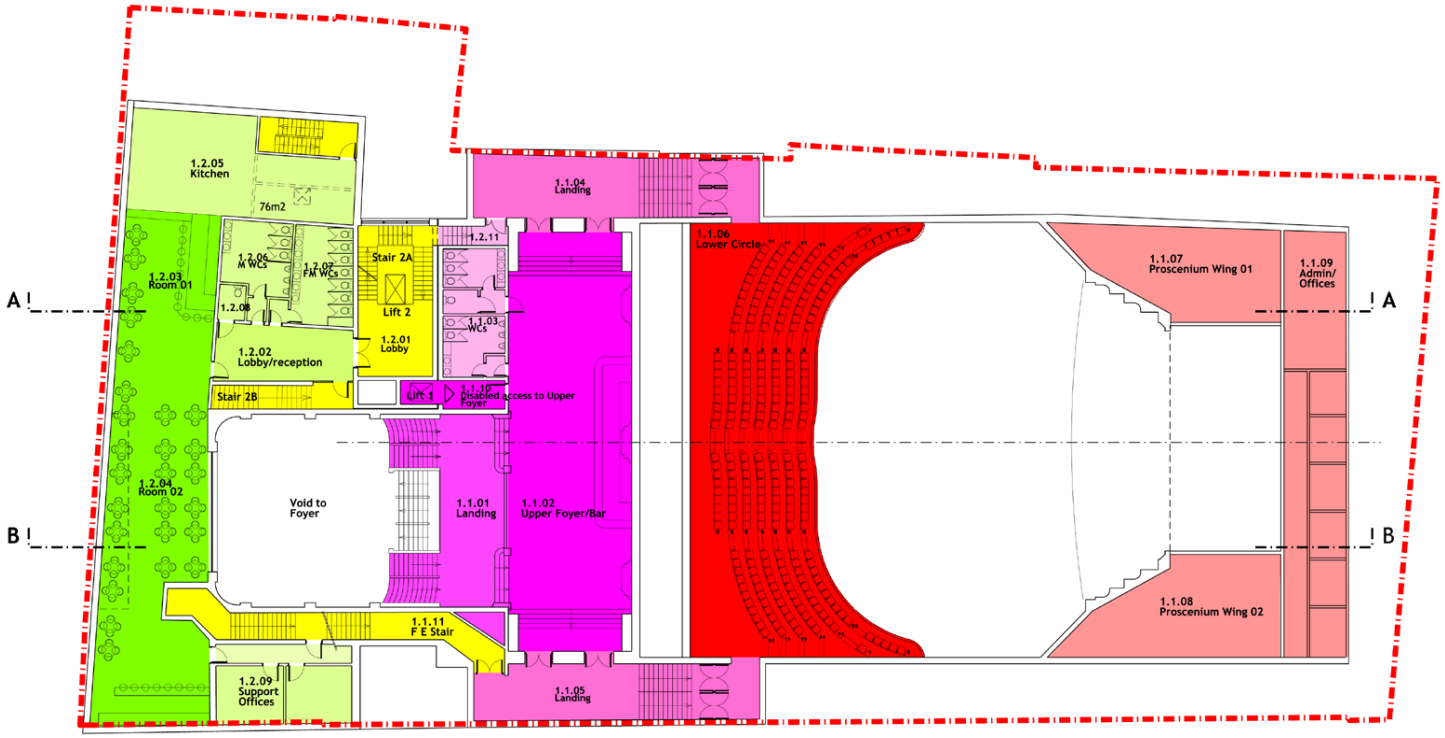
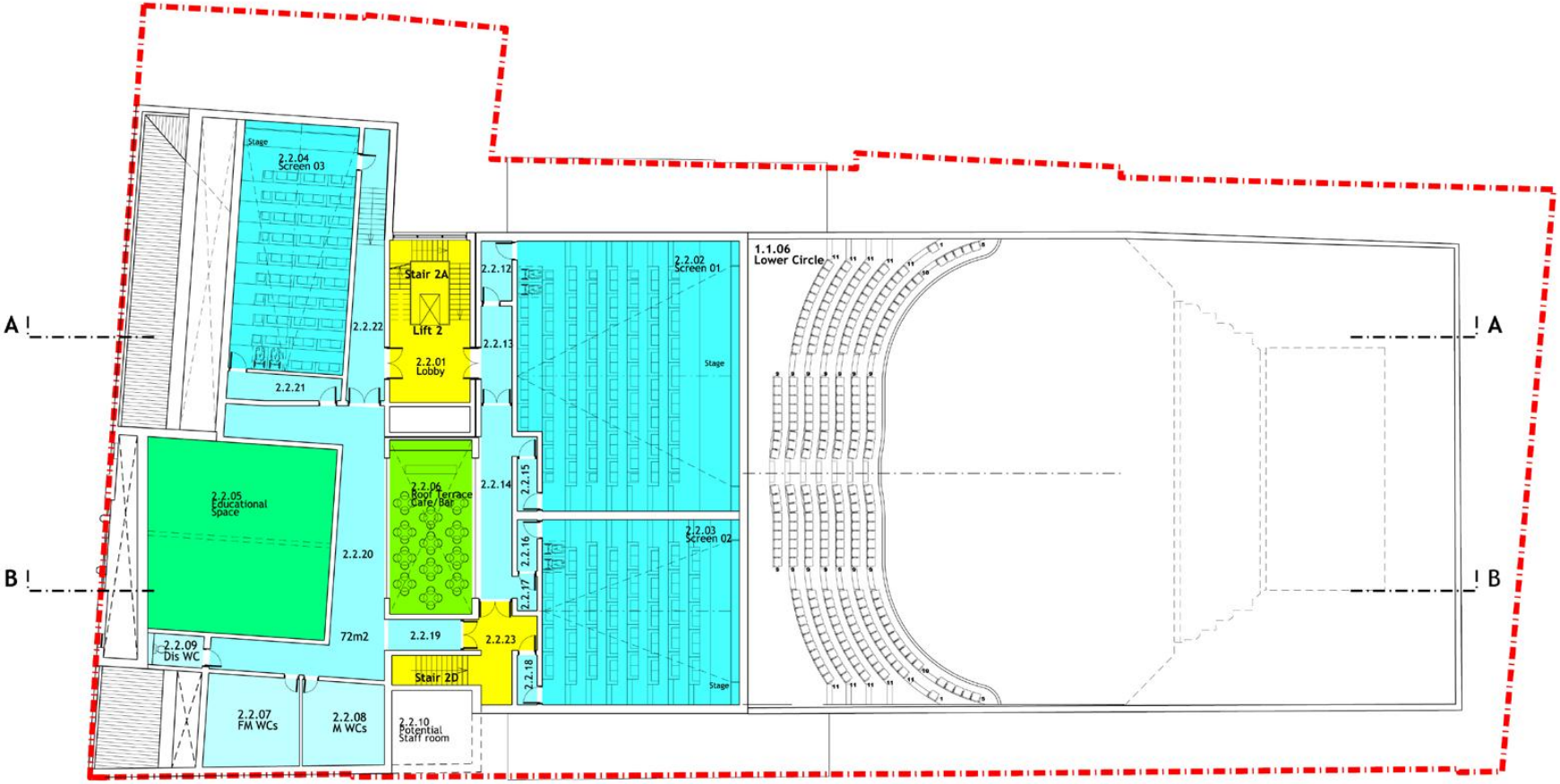
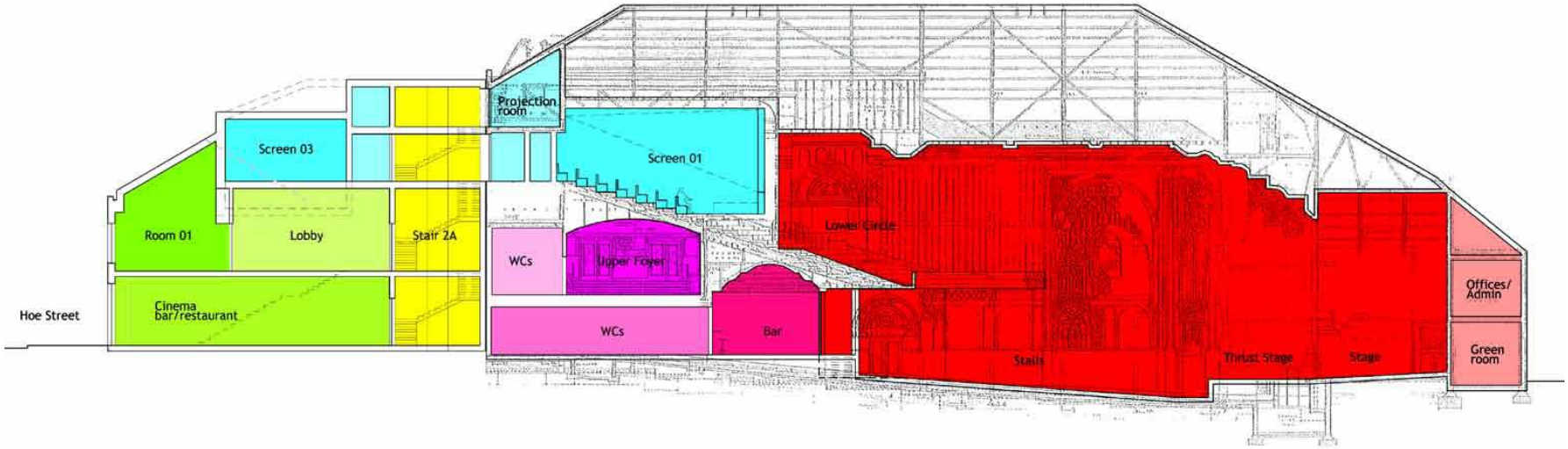


Figure 32: Second Floor



67 of 90

Figure 33: Section



68 of 90

2 OUTLINE BUSINESS PLAN FOR WFCT

2.1 INTRODUCTION

The appendix summarises the financial plan that has been produced by WFCT. It is based on work-in-progress material developed by their consultants that they submitted to me. I have reconstituted it in a form that I think is more appropriate. I have, in particular, divided it into two sections, one just assuming that the main part of the building is refurbished and that refurbishment does not include the Circle, the other involving the complete scheme. This is so that it is possible to have an understanding of the impact of delivering the scheme in phases. I have told WFCT of the changes I have made and they accept that they are reasonable and accord with the way that they would like to operate the building. The work of the consultants includes verification of assumptions, and I have checked them against information which we have for other venues.

2.2 STAGE 1: REFURBISHMENT OF THE MAIN BUILDING TO OPERATE AS 740 SEAT VENUE

2.2.1 INCOME

Figure 34: Income Calculations (Part 1)

Venue Capacity:		740
EVENT CINEMA		
Annual Shows		30
Average seat occupancy:		50%
Annual attendance		11,100
Av ticket income pp (inc VAT, credit card charge & concessions):		£14.00
Av ticket income pp (exc VAT, credit card charge & concessions):	25%	£10.50
Annual turnover		£116,550
Event Cost (% of turnover):	60%	£69,930
Gross Profit:		**£46,620**
OTHER CINEMA (CLASSICS AND SECOND RUNS)		
Annual Shows:		138
Average seat occupancy:		33%
Annual attendance:		34,006
Av ticket income pp (inc VAT, credit card charge & concessions):		£5.00
Av ticket income pp (exc VAT, credit card charge & concessions):	25%	£3.75
Annual turnover:		£127,522
Event Cost (% of turnover):	50%	£63,761
Gross Profit:		**£63,761**

Figure 35: Income Calculations, Part 2

LIVE BROADCASTS OF SPORT AND CULTURAL EVENTS		
Annual Shows:		20
Average seat occupancy:		50%
Annual attendance:		7,400
Av ticket income pp (inc VAT, credit card charge & concessions):		£14.00
Av ticket income pp (exc VAT, credit card charge & concessions):	25%	£10.50
Annual turnover:		£77,700
Event Cost (% of turnover):	60%	£46,620
Gross Profit:		**£31,080**
COMEDY		
Events per year		120
Average seat occupancy:		70%
Annual attendance		62,160
Av ticket income pp (inc VAT, credit card charge & concessions):		£15.00
Av ticket income pp (exc VAT, credit card charge & concessions):	25%	£11.25
Annual Turnover		£699,300
Event Cost (% of turnover):	70%	£489,510
Gross Profit:		**£209,790**
LIVE MUSIC		
Events per year		12
Average seat occupancy:		75%
Annual attendance		6,660
Av ticket income pp (inc VAT, credit card charge & concessions):		£15.00
Av ticket income pp (exc VAT, credit card charge & concessions):	25%	£11.25
Annual Turnover		£74,925
Event Cost (% of turnover):		£52,448
Gross Profit:		**£22,478**
PANTOMIME		
Events per year		45
Average seat occupancy:		75%
Annual attendance		24,975
Av ticket income pp (inc VAT, credit card charge & concessions):		£18.00
Av ticket income pp (exc VAT, credit card charge & concessions):	25%	£13.50
Annual Turnover		£337,163
Event Cost (% of turnover):	70%	£236,014
Gross Profit:		**£101,149**
BAR INCOME		
Per Event Cinema, Live Broadcast & Pantomime Event		£3.50
Per Cinema Event		£2.50
Per Comedy and Live Music Event		£5.00
Annual Turnover		£581,277
Cost of Goods Sold		40%
Gross Profit:		**£232,511**

Figure 36: Total Income/Gross Profit (i.e. turnover minus cost of goods sold)

EVENTS	365
ADMISSIONS	
Event Cinema	11,100
Other Cinema (Classic and Second Runs)	34,006
Live Broadcasts of Sport and Cultural Events	7,400
Comedy	62,160
Live Music	6,660
Pantomime	24,975
Total:	**146,301**
TURNOVER:	**£2,014,437**
GROSS PROFIT:	**£707,388**

Note: event costs include all staff, including bar staff

2.2.2 OPERATING EXPENSES

Figure 37: Staff Costs

	Position	Salary
1	Directorial staff (provided on PT basis by Soho Theatre)	£25,000
2	Operations/Building Manager	£30,000
3	Front of House/Functions Manager	£25,000
4	Bar Manager	£25,000
5	Sales/Admin/Marketing Officer	£25,000
6	Bookkeeping (shared with Soho Theatre)	£8,000
7	Box Office	£20,000
8	Technician	£25,000
	Total Full Year Posts	**£183,000**
	Salary on costs (18%)	£32,940
	Total	**£215,940**

Figure 38: Overheads, Marketing & Total Expenses

OVERHEADS	
General	
Energy	£50,000
Insurance	£30,000
Rates (assumes 100% charitable relief)	£0
Refuse Collection	£5,000
Water	£3,000
Building/Technical	
Building Maintenance	£10,000
Casuals/Changeovers	£3,000
Cleaning (inc contract/wages)	£15,000
Maintenance Contracts	£5,000
Technical Consumables	£3,000
Technical Maintenance	£5,000
Office/Administration	
Audit	£5,000
Bank Charges	£3,000
IT	£4,000
Legal	£4,000
Recruitment Costs	£1,000
Stationery/Photocopying	£2,000
Telephone	£4,000
Event Management	
Box Office IT etc	£10,000
Miscellaneous Front of House Costs	£2,000
Licences	£3,000
Bar Costs	
Bar Maintenance and Equipment	£15,000
Secure Cash Collection	£1,000
Sundry	£52,000
Total:	**£235,000**
MARKETING	**£60,000**
Total Expenses:	**£510,940**

2.2.3 PROFIT/LOSS

Figure 39: Profit/Loss (Excluding Depreciation & Finance Costs)

Gross Profit	£707,388
Expenses	£510,940
Profit/Loss:	£196,448

2.3 STAGE 2: FULL SCHEME

2.3.1 INCOME

Figure 40: Income Part 1

SECTION1: AUDITORIUM		
Venue Capacity:		1008
EVENT CINEMA		
Annual Shows		30
Average seat occupancy:		45%
Annual attendance		13,608
Av ticket income pp (inc VAT, credit card charge & concessions):		£14.00
Av ticket income pp (exc VAT, credit card charge & concessions):	25%	£10.50
Annual turnover		£142,884
Event Cost (% of turnover):	60%	£85,730
Gross Profit:		**£57,154**
OTHER CINEMA (CLASSICS AND SECOND RUNS)		
Annual Shows:		138
Average seat occupancy:		25%
Annual attendance:		34,776
Av ticket income pp (inc VAT, credit card charge & concessions):		£5.00
Av ticket income pp (exc VAT, credit card charge & concessions):	25%	£3.75
Annual turnover:		£130,410
Event Cost (% of turnover):	50%	£65,205
Gross Profit:		**£65,205**
LIVE BROADCASTS OF SPORT AND CULTURAL EVENTS		
Annual Shows:		20
Average seat occupancy:		45%
Annual attendance:		9,072
Av ticket income pp (inc VAT, credit card charge & concessions):		£14.00
Av ticket income pp (exc VAT, credit card charge & concessions):	25%	£10.50
Annual turnover:		£95,256
Event Cost (% of turnover):	60%	£57,154
Gross Profit:		**£38,102**
COMEDY		
Events per year		120
Average seat occupancy:		70%
Annual attendance		84,672
Av ticket income pp (inc VAT, credit card charge & concessions):		£15.00
Av ticket income pp (exc VAT, credit card charge & concessions):	25%	£11.25
Annual Turnover		£952,560
Event Cost (% of turnover):	70%	£666,792
Gross Profit:		**£285,768**
LIVE MUSIC		
Events per year		12
Average seat occupancy:		75%
Annual attendance		9,072
Av ticket income pp (inc VAT, credit card charge & concessions):		£15.00
Av ticket income pp (exc VAT, credit card charge & concessions):	25%	£11.25
Annual Turnover		£102,060
Event Cost (% of turnover):		£71,442
Gross Profit:		**£30,618**

Figure 41: Income (Part 2)

PANTOMIME		
Events per year		45
Average seat occupancy:		70%
Annual attendance		31,752
Av ticket income pp (inc VAT, credit card charge & concessions):		£18.00
Av ticket income pp (exc VAT, credit card charge & concessions):	25%	£13.50
Annual Turnover		£428,652
Event Cost (% of turnover):	70%	£300,056
Gross Profit:		**£128,596**
BAR INCOME		
Per Event Cinema, Live Broadcast & Pantomime Event		£3.50
Per Cinema Event		£2.50
Per Comedy and Live Music Event		£5.00
Annual Turnover		£746,172
Cost of Goods Sold		40%
Gross Profit:		**£298,469**
SECTION 2 - NEW BUILD		
CINEMA SCREENS		
Screens		3
Capacity		280
Shows per screen per day		3.8
Annual Shows		1,386
Average seat occupancy:		30%
Annual attendance		116,441
Av ticket income pp (inc VAT, credit card charge & concessions):		£7.00
Av ticket income pp (exc VAT, credit card charge & concessions):	25%	£5.25
Annual turnover		£611,314
Distributor Fee (45%)		£275,091
Gross Profit:		**£336,223**
RESTAURANT INCOME		
Live Performance/Live Broadcast/Event Cinema Patrons eating in the restaurant	15%	22,226
Cinema Patrons eating in the restaurant	5%	40,598
Outside Patrons per day	50	18,250
Total covers:		81,074
Spend per head:		£12.00
Turnover:		£972,893
Gross Profit (minus staff costs)	**15%**	**£145,934**
FUNCTIONS		
Events per year		25
Profit per event (including commission on outside catering)		£4,000
Gross Profit:		**£100,000**
TOTAL		
EVENTS		
Auditorium		365
Cinemas		1,386
Total:		1,751
ADMISSIONS		
Event Cinema		13,608
Other Cinema (Classic and Second Runs)		34,776
Live Broadcasts of Sport and Cultural Events		9,072
Comedy		84,672
Live Music		9,072
Pantomime		31,752
Auditorium:		**182,952**
Independent Cinema		116,441
Total:		**299,393**
TURNOVER:		**£4,282,201**
GROSS PROFIT:		**£1,486,068**

Note: event costs include all staff, including bar staff

Figure 42: Expenses

PERMANENT STAFF		
	Position	Salary
1	Directorial staff (provided on PT basis by Soho Theatre)	£25,000
2	Operations/Building Manager	£30,000
3	Front of House/Functions Manager	£25,000
4	Bar Manager	£25,000
5	Sales/Admin/Marketing Officer	£25,000
6	Bookkeeping (shared with Soho Theatre)	£8,000
7	Box Office	£20,000
8	Box Office 2	£20,000
9	Box Office 3	£20,000
10	Technician	£25,000
	Total Full Year Posts	**£223,000**
	Salary on costs (18%)	£40,140
	Total	**£263,140**
OVERHEADS		
	General	
	Energy	£70,000
	Insurance	£40,000
	Rates (assumes 100% charitable relief)	£0
	Refuse Collection	£10,000
	Water	£5,000
	Building/Technical	
	Building Maintenance	£15,000
	Casuals/Changeovers	£4,000
	Cleaning (inc contract/wages)	£25,000
	Maintenance Contracts	£10,000
	Technical Consumables	£5,000
	Technical Maintenance	£8,000
	Office/Administration	
	Audit	£7,000
	Bank Charges	£5,000
	IT	£6,000
	Legal	£6,000
	Recruitment Costs	£1,500
	Stationery/Photocopying	£3,000
	Telephone	£5,000
	Event Management	
	Box Office IT etc	£12,000
	Miscellaneous Front of House Costs	£2,500
	Licences	£3,000
	Bar Costs	
	Bar Maintenance and Equipment	£25,000
	Secure Cash Collection	£1,000
	Sundry	£150,000
	Total:	**£419,000**
MARKETING		**£100,000**
Total Expenses:		**£782,140**

2.3.2 PROFIT/LOSS

Figure 43: Profit & Loss (Excluding Depreciation and Finance Costs)

Gross Profit	£1,486,068
Expenses	£782,140
Total	£703,928

3 CASE STUDIES

3.1 O2 ACADEMY BRIXTON

The Grade II* listed O2 Academy was built as the Astoria Cinema and opened in 1929. It closed as a cinema in 1972 and came close to being demolished, before being opened as a venue in 1981. It has since become iconic. It won the NME "Best Venue" award on twelve occasions between 1994 and 2007 and, in 2009, received the Music Week 'Venue of The Year' Award. It has a capacity of almost 5,000, which is because all of the seating has been removed from the stalls and 3,750 can stand there. The capacity would be about 2,900 if seating was reintroduced in the stalls. It combines the feeling of an arena size atmosphere with great views because of its sloping floor and capabilities for production. The atmosphere is created by that and the art deco interior, framed by an elaborate proscenium arch, based on the design of the Rialto Bridge.

Figure 44: Pop concert at O2 Brixton

3.2 HAMMERSMITH ODEON

The Grade II* listed former Gaumont Palace opened in March 1932, with 3,487 seats. It was equipped with a large stage that is 35 feet deep, which has proved to be the buildings reason for survival.

The width of the site allowed the architect, Robert Cromie, to provide a fan shaped auditorium which is intimate for its size. The circle only overhangs the stalls by 10-12 rows, providing excellent sightlines from all parts of the house.

It screened its last regular film in 1984. It became the Labatt's Apollo in 1992 and, in that decade, staged long running production like Riverdance and Dr Doolittle.

A major alteration in 2005 by the then owners, US entertainment giant Clear Channel Entertainments, enabled the stalls to be removable, allowing for both standing and fully-seated events. Capacity became 5,039 (standing) and 3,632 (sitting). The venue was equipped with 2K digital projectors and a collapsible screen in 2009.

It is owned by the German/American company Stage C and the main programming is currently popular music.

Figure 45: Pop concert audience at the Hammersmith Odeon

3.3 THE TROXY, LIMEHOUSE

Information provided by Deepak Sharma, Managing Director.

The Troxy is a Grade II* listed former cinema that now operates as a conferencing and events venue. It is located in Limehouse, a short walk from Limehouse DLR station, which is between the City and Canary Wharf.

It opened in 1933 with 3,520 seats. It closed in 1960 as a result of war time damage and the general decline of the area, and was used as the London Opera Centre, a school for the training of opera singers between 1963 and 1977. It was then converted for bingo, with the stalls flattened.

Figure 46: Banquet layout at the Troxy, Limehouse

The current owners bought it in late 2005 for just over £1 million. They spent some money on refurbishment but, other than removal of the bingo seating (except in the front of the circle), it is largely in the form that the bingo operation required. It currently has a capacity of 2,600, although they are trying to increase capacity to 3,000 because they believe that there is an opportunity in the London market for a venue of that size. It is used for a mix of conferencing, functions, banquets, exhibitions and live events. A separate space, the White Room can hold 250 people standing. There are four bars, two of them on either side of the stalls (to the rear). The original idea of the owners was to concentrate largely on Asian weddings, and that remains an important part of the business, although they say that the market has become more competitive as new venues have opened targeting the same market. They concentrate on weddings of 500+ because they find that smaller functions in the 250-300 are not very profitable for them.

Other types of business have developed. They now entertain a wide variety of events, martial arts such as cage boxing, pop concerts and some community events. They accommodate about 150 events per year, all of them in the main auditorium. They accommodate about 20 corporate events a year. Although they are theoretically well located for conferences and banquets, being close to both the City and Canary Wharf, they say that it is not easy to win this business because corporations prefer the prestigious venues like Billingsgate (capacity 1,200), are wary of the shabby environment of Limehouse and the fact that it is served by DLR rather than Underground. The largest corporate dining event they do is 1,200. They charge between £6,000 and £12,000 for venue hire. They accommodate about 20 of these events annually. Catering is outsourced to outside caterers.

There is a warm up kitchen under the stage. The venue charges 8-10% commission on the food. The venue makes its money from the venue hire and from drinks. They provide drinks packages at £35 per person. They make a margin of 65% on the drink.

3.4 THE FORUM, BATH

Information provided by Ross Fussell, Operations Director.

The grade II* listed Forum in central Bath opened as a super cinema in 1934 with 2,000 seats. The building closed as a cinema in 1969 and was converted into a bingo hall and dance school. It was bought in 1988 by its current owners, the Bath Christian Trust who use it for the Bath City Church on Sundays and some weekday evenings.

Figure 47: The Forum, Bath


The auditorium was reopened in 2001 as a 1,700 seat auditorium. The ballroom and ancillary facilities were completed in 2004. The venue is used for conferences, classical concerts, graduation ceremonies and corporate functions. Its flexibility is reduced by the fact that there is fixed seating throughout. There are about 130 uses a year, most of them using the smaller rooms rather than the main auditorium. The main event hosted is the Bath International Music Festival. The building has the advantage of being in the city centre, close to rail station and ample parking. Its main selling point, however, is the low charges it makes compared to other venues.

The functions hire is a secondary activity and only generates £55,000 gross annual revenue (i.e. before staff costs etc.). Income from donations by congregation and other donations is about £1 million annually. The congregation numbers about 500. The circle is not used by the congregation, and is rarely used at all.

They are careful about the type of event they will allow. All acts must be “family friendly”. Jimmy Carr was, for example, refused. The only pop concerts they have hosted have been American Christian Groups.

They lease part of the building to an organisation that specialises in helping the homeless. This has caused some difficulty with organisations using the venue.

3.5 THE PLAZA, STOCKPORT (GREATER MANCHESTER)

The Grade II* listed Stockport Plaza opened as a cinema and live performance venue in 1932. It operated successfully until 1965 when it was sold to Mecca for conversion into a bingo hall. It was sold in 2000 to the Stockport Plaza Trust, a registered charity. Stockport Metropolitan Council provided £450,000 towards the purchase of the building as well as £50,000 for urgent repair works. An extensive renovation project started in 2005, staged over two phases. The building reopened fully in December 2009 having received £3.2m in investment from the Heritage Lottery Fund, NWDA, Stockport Metropolitan Council and public donations.

Figure 48: Summary of capital investment

Grant provider	*Amount*
Heritage Lottery Fund	£1.9m

Grant provider	*Amount*
North West Development Agency	£745,000
Stockport Metropolitan Council	£300,000
Public Donations & Fund Raising	£255,000
Total	£3.2m

The Trust has strong public support. Fund raising still continues with schemes such as sponsoring a seat or tile. A donation of £250 receives a named plaque on the back of a seat whilst £50 provides a named wall tile. An extensive network of volunteers act as staff and members of the Friends Group pay an £10 annual membership fee for discount tickets. The programme in the newly refurbished building is a mix of live acts, music, theatre, comedy and film.

The annual pantomime has been the most successful element. It had an average audience of 836 for 45 performances in the 2011/12 season. Live projection of arts events has also been strikingly successful. A recent projection of the National Theatre production of The Last of the Haussmans, starring Julie Walters, attracted an audience of more than 600. A café in the first floor lobby has been a big success. The auditorium is used for all shows, films and event hire. It has a capacity of 1,171.

Figure 49: Stockport Plaza after refurbishment

3.6 SHOREDITCH TOWN HALL, LONDON

Shoreditch Town Hall was a functioning municipal centre until 1995 when the council offices moved to Hackney. The building fell into disrepair and was put on the Buildings at Risk register in 1996. To remedy the situation, Hackney LB organised a steering committee which created the Shoreditch Town Hall Trust in 1998. Its purpose was to return the building to viable community use. The Trust took a 99 year lease from the Council in 2002. The Trust raised funds from the

Heritage Lottery Fund, European Regional Development Fund and Bridge House Estates Trust to create a functions and events venue that opened in 2005. Development plans and funding are still on-going with a planned Phase 2 that will complete the works. The Trust is managed by a group of voluntary trustees with five key permanent staff members running the events operation.

The Town Hall offers five spaces for hire, as well as a series of small office spaces to let. The Assembly Hall is the primary space (21m x 18m) offering a large flat floored room with balconies that can accommodate up to 800 standing, 600 seated theatre style or 400 seated for dinner. The other spaces include the Council Chamber, the Mayor's Parlour and three Committee Rooms. Typical uses include weddings, corporate dinner functions, concerts and exhibitions such as the East London Design Show.

Figure 50: Assembly Hall

Figure 51: East London Design Show in Assembly Hall

3.7 TYNESIDE CINEMA, NEWCASTLE

The Tyneside Cinema, originally opened in 1937, reopened in 2008 after a £7m refurbishment. It now has 4 screens, a café and a bar. Heritage Lottery Fund provided £6.5 m. There were also donations from the regional development agency and over 700 individual members of the public. The venue has state of the art digital projection facilities alongside traditional film projection. The cinema is operated by a charitable trust. Alongside its regular core program of cultural and independent cinema, it holds daily free screenings of archive newsreel footage and guided tours. The cinema allows young producers and digital artists to network and present their work. It receives funding to pay for this non-commercial activity from Newcastle City Council, Northern Film + Media, UK Film Council, and Procter & Gamble. The Tyneside runs a membership campaign and has about 1,800 registered Friends. Membership costs £25 per year allowing discounted tickets and café/bars items. Spaces are also available for hire for private and corporate events. The Digital Lounge can be hired, for example, at a cost of £15 per person plus £80 licensing at a capacity of 30.

3.8 THE REX, BERKHAMSTED

The Rex is a 1930's art-deco cinema in Berkhamsted, Hertfordshire, which re-opened as an operational cinema in 2004. Berkhamsted is a town of about 16,000 population, close to Hemel Hempstead, 40 miles north west of central London. The balcony was divided in the 1970's into a 2 screen cinema, with the ground floor used as a bingo hall. It closed in 1988 and lay derelict until local enthusiasts formed a campaign to reopen it. The new operation shows 30 films per month of second run, late releases and classics movies priced around £8 per normal seat. The new cinema has 350 seats, as opposed to the original 1,100. Each film is

introduced by an announcer who comes on stage. The front stalls area is now flattened to provide table seating and a bar. Table service for wine and beers is available throughout screenings. Table seats are £10. The Gatsby restaurant is in same building. It is an upmarket dining experience with cocktail piano bar and a French/European menu. Main courses range from £15-25.The cinema is great success – most performances are sold out.

Figure 52: "Cabaret Style" seating at the Rex in Berkhamsted

3.9 THE REGAL CINEMA, EVESHAM

The Regal is a recently restored Grade II listed art deco cinema building which reopened for business in January 2012.

It originally opened in 1931 with 945 seats. It closed in 2003 after years of underinvestment. It continued to deteriorate while not used and was placed on English Heritage's Buildings at Risk register.

A local family, the Wipers, acquired the building in 2008/2009 and set about restoring it to create an independent cinema and multi-purpose events business.

They were assisted by grants from Advantage West Midlands[23] (the Regional Development) and from the Heritage Lottery Fund via the Evesham Townscape Heritage Initiative. It cost about £2 million. It was delivered with substantial local support both in terms of labour and fund raising.

It was shortlisted for the English Heritage Angel Awards[24] 2012 in recognition of the achievement.

The venue is now set up with tables in the stalls area, and sofas, luxury seats and boxes in the circle. There are 112 table seats, arranged as 28 tables of 4, in the stalls. There is a central block of 25 sofas in the circle, with 90 luxury seats to the sides, as well as four boxes. The bar at circle level sells beers and wine throughout the viewings and the ground floor café/gallery also acts as a licenced bar in the evening. Two cinema screens of 60 and 40 seats are being added in the roof.

[23] The Regional Development Agency for the West Midlands.

[24] Which recognises the efforts of groups and individuals that succeed in restoring buildings on the English Heritage Heritage at Risk register.

The film programming is a mix of blockbusters, family favourites, classics and independent/art house films. The Regal also hosts a broad range of events including art exhibitions, lectures, live music, Sunday Sessions of acoustic live music, comedy and other live performances, live sports feed, fashion shows, exhibitions and corporate events.

Figure 53: Coffee Shop

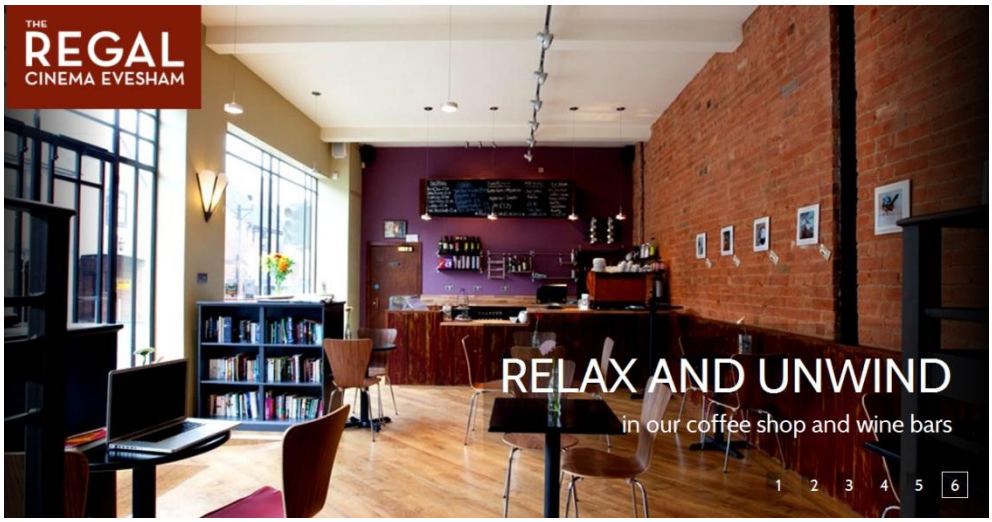
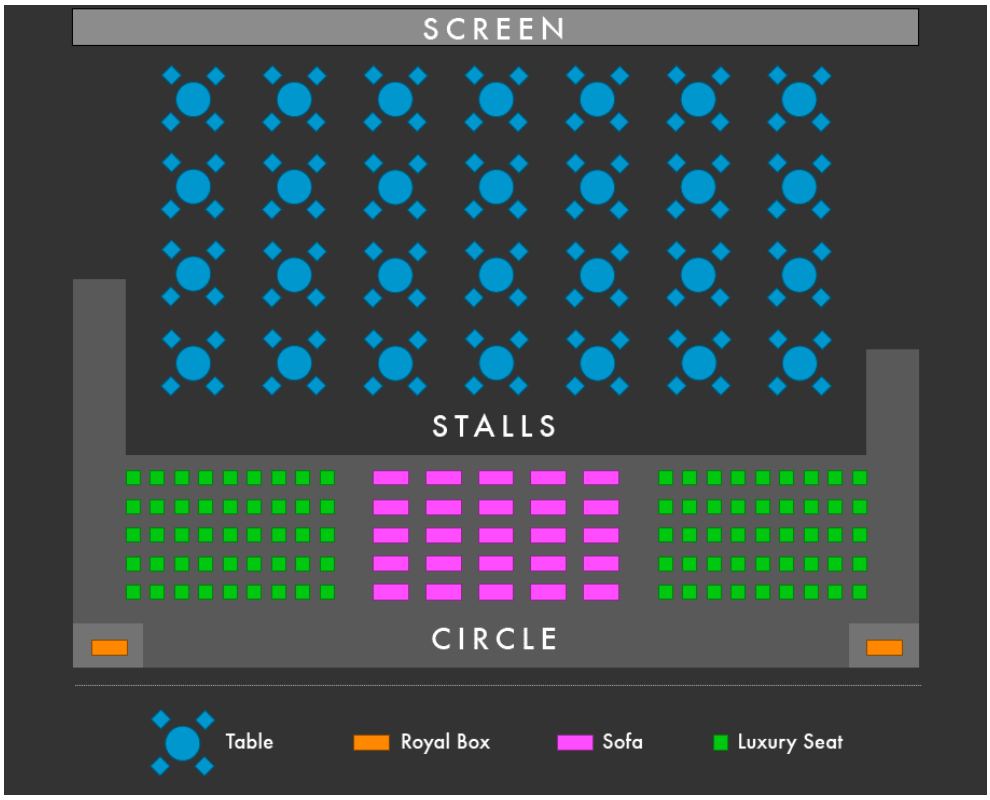


Figure 54: Seating plan in auditorium



3.10 MCMENAMINS BAGDAD THEATRE & PUB, USA

McMenamins is a group of pubs, microbreweries and hotels, owned by two brothers, located across the North West USA, mainly in Oregon and Washington. The group started as a single pub in the 1970's and soon expanded to create microbreweries that sold their beer onsite, and often included hotel accommodation. They specialise in converting old buildings, from former primary schools to mental hospitals, and doing so with an imagination and panache that makes them unique and exceptionally successful. One of the main features of their approach is that they make limited structural alteration to their historic buildings – they instead work with the spaces that are available. This means, for example, that some of their hotel rooms do not have en-suite bathrooms, which is abnormal in the modern world but does not lessen their popularity. It also means that they convert buildings at relatively low cost.

The Bagdad theatre is a landmark 1929 super cinema in Portland's Hawthorne district. McMenamins bought it in the early 1990's and introduced a more varied programme of show comedy, music, lectures, documentaries as well as new and classic movies. It is the best managed and most imaginative example we know of a super cinema that is operated as a multi-use venue. The core revenue of the business is the pub which serves food, drink and own brewed ales. The menu is a mid-range family offer with burgers, sandwiches, salads, pizza and pasta. Main courses range from £5-7**.**

Figure 55: Bagdad Theatre, Portland, Oregon

Figure 56: Auditorium & Seating

The Bagdad theatre has a restored heritage auditorium of distinct unique style. The seating includes tiers of arm chairs and informal sofa soft chairs.

Figure 57: Dining pub and outside seating

Outdoor seating is used to animate the building and draw visitors in from the street through a permeable façade.

CONTACT DETAILS

Tel: 0207935 4499
Dir: 020 7344 6582
david.geddes@colliers.com

Colliers International
Destination Consulting
9 Marylebone Lane
London WIU 1HL

www.colliers.com/uk