

Grey Paper No. 14 – Licence-to-hire Agreements

Why would you decide to let out your theatre?

- Financial gain?
- Improved Community Access?
- Local Authority request/requirement?

In deciding to hire out your theatre to either professional touring groups or local societies, there are a number of areas to be considered, best considered under the following four headings:

1. LEGAL

1.1. Do you have a contract for hiring out your premises?

Draw one up in conjunction with your legal adviser.

Other theatres have gone down this path and have agreements they may be prepared to share with you. It does not necessarily need to be a complicated document, some theatres hire out on a single sheet contract

1.2. Are there any restrictions on your hiring out?

Covenants on the building? Parking restrictions at certain times of the day both on your own premises and in local streets? Licensing hours?

Perhaps your own car park is already hired out during the day? Do you need to revisit this contract?

1.3. Have you considered Health & Safety?

Risk assessments will need to be completed in respect of hiring out the theatre.

1.4. Does your charitable status prevent you hiring out?

Some charities may be set up so as to preclude “trading”

2. FINANCIAL

2.1. Is your building insured for this purpose?

There may be restrictions on your ability to let the building out for commercial purposes.

2.2. Who will be taking the financial risk on the event?

Are you buying in the artistes – i.e. paying them up front and then relying on the box-office take to make your money? Or will you hire out the theatre to the artistes for a relatively small amount and take a percentage of the box-office? The enthusiasm of a member for a performer may not be matched by the enthusiasm of the paying public! There are people out there who will not want to hire your theatre but want you to pay them directly for their act. Don't be browbeaten.

2.3. Who will be doing the advertising?

The worst case scenario is that neither of you do, and end up with an empty house, and it could only be worse if you have bought the artistes in. If you will be doing the advertising bear in mind that you will want to charge the hirer appropriately.

If you have ‘bought in’ artistes, they have no incentive to sell the event!

2.4. Who will be selling the tickets?

Will your box-office sell the event, and if so what percentage will you take? You may want to have different rates for different groups, charities, commercial hirers etc.

2.5. Are you going to pay staff to carry out the work for the letting?

Some theatres already employ staff and you may need to consider some overtime payments. If you do not employ staff, you may need to consider doing so. Paying staff may involve Inland Revenue

and National Insurance, and when you consider rates for the job, remember to pass all staff costs, not just the rates of pay, on to the hirer.

2.6. Have you done your financial homework?

Have you actually worked out the costs of running the theatre on a weekly/daily basis, taking all overheads into account, including a profit margin? Do you want to take into account the notional costs of the hourly rates your own personnel would be worth for the time they are giving?

2.7. Will you hire out your theatre at different rates to different hirers?

Some theatres may choose to hire out to charities and or community groups at lower rates than commercial hires. Your local authority might look favourably upon a grant application if you provide beneficial rates for charities or community organizations.

3. HUMAN RESOURCES

3.1. Can you provide staff, either volunteer or employed, to ensure that the event can be staged and managed?

Your volunteers/staff will need to work with the hirers, who will often be used to working in professional theatres. This need not be a disadvantage; many professionals enjoy the more intimate experience of working with people who do it for the fun of it; and your members also gain the advantage of some professional experience.

3.2. Are your volunteers prepared for all the additional work that will be involved in the regular hiring out of your theatre?

This depends on the number of lettings you are considering. The enthusiasm of your volunteers may diminish if they are called upon to work on too many lettings. Having to strike your own sets at uncalled for times to accommodate hirers may prove onerous and difficult to deliver.

3.3. Between what hours will access be wanted?

Someone will need to let the visitors in and lock up behind them. Bear in mind that hirers will not know the building as your members do.

3.4. Will the hirers want other services?

Perhaps they will want coffee, a bar a kiosk or maybe food.

3.5. Will volunteers be required to staff the building during the hire period?

There may be a need for your volunteers to provide staffing in the auditorium, front of house, bar or kiosk.

4. BUILDING

4.1. Have you defined precisely what parts of your theatre are available for hire?

This needs very careful thought – usually it will be stage, auditorium, foyer, and dressing rooms – but it does depend on your circumstances. Who else needs to use it?

4.2. Will your own members still want to use part of the theatre during a hire period?

How accessible are your rehearsal rooms, wardrobe, workshop etc? Will you be able to get access during a letting?

4.3. What is the hirer expecting when he walks into the theatre?

Will they want a set, drapes or a black box? Will they need the pit? Access to the auditorium from the stage? Everything needs negotiation! You will be automatically aware of what your theatre can offer, the hirer will only gradually find out.

Beware of “hire creep” where the hirer gradually uses more of your resources and you have no way of recognizing or charging for the “extras”

4.4. Lighting and sound – who will operate your sophisticated equipment, supervised or not?

This is often a very contentious area to negotiate, and the resulting arrangement should be built into the fee to be charged. They may want to bring their own lighting or hire external equipment. Remember your equipment has been acquired at great cost – both personal and financial- and you should not let hirers use it in a way that you do not want, nor let them walk out the door with your equipment at the end of the period of hire.

4.5. What size set will the hirer intend using?

Remember that the set might be too big or too tall for your stage and in a limited get in period it can cause difficulties. Some professional stage sets can be over 16' tall.

One theatre had a visiting society who tried to put a West End size on to a stage that couldn't take it and they ended up with half the set and wasted money.

4.6. How long a period will you allow for a get in?

Visiting hirers will need different periods of time to prepare. Some will need only hours, some may need days. Will you charge for that period?

4.7. Are you going to have to invest to prepare for hirers?

If you put new equipment in place to accommodate hirers remember to make sure the costs get included in your hire charges. If you hire a car you have to sign a form showing you accept the condition of the car so do not be afraid of protecting your investment by making the hirer aware that you will be monitoring their behaviour.

4.8. Can your building cope with large numbers?

How many cast and crew will be coming in? Dancing schools will have large numbers.

One theatre took on a dancing school and found out on the day that 350 children were involved. It all went smoothly but the dressing rooms were left in a dreadful state and cleaners had to be brought in to tidy up! Deposits were insisted on in all future bookings.

4.9. Do you have facilities for children?

Hirers may well bring larger numbers of children than you are used to? Who will be responsible for providing the appropriate chaperoning?

5. **CONCLUSION**

Do not attempt to undertake a hiring of your theatre to anyone without the appropriate legal advice for your theatre.