

CINEMA FEASIBILITY REPORT

The Belmont Cinema, Aberdeen

Report and Business Plan Prepared for Mark Bremner, Aberdeen City Council

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Supplementary Documents

Topline Results Presentation
Financial Model
Architectural Drawing Portfolio
Quantitative Surveyor Costings Portfolio

We prepared this report between 22nd February and 5th April 2023. Our analysis and recommendations are based on the data and other information available to us during this time. Where relevant data is missing, we have made our best estimates based on general knowledge of the sector. Our work is based on careful analysis and thought, but there is necessarily some speculation involved, so our conclusions should be taken as indicative guidance rather than explicitly predictive. The report is based on the expertise of four practitioners who have developed and operated multiple venues. Aspects of the report were also commissioned from experts in their respective fields, including QS, architecture, F&B and educators.

1 - Background

The Belmont Cinema has been a central element in the screen culture of Scotland's Northeast for two decades.

It has presented a diverse programme of films unavailable at nearby cinemas; delivered a range of educational services to school children and people of all ages; enhanced film's place on the cultural map by partnering with other Arts operators in Aberdeen and beyond; and supported moving image production by showcasing the work of local and regional filmmakers.

The Belmont was originally conceived as a state-of-the-art media centre and a regional hub for cultural cinema programming and related educational services. It opened in 2000 and was initially operated by City Screen, a subsidiary of Picturehouse Cinemas, a nationwide circuit of neighbourhood cinema venues often located in popular student towns. In 2013 that contract ended after Cineworld's acquisition of Picturehouse created a risk of monopoly in Aberdeen. In 2014, The Belmont was taken over by the Centre for the Moving Image (CMI), an Edinburgh-based cultural cinema organisation, to deliver a diverse range of film and media screenings. The Belmont ceased trading on 6th October 2022 due to the insolvency of its parent company, the CMI. Factors contributing to the closure include lower attendance post-pandemic, inability to exploit income generation, and increased energy costs and wages.

Aberdeen City Council (ACC) seeks to support the Northeast's screen culture by re-establishing The Belmont on a stable footing to renew and develop its important role in growing local and regional cine-culture.

This report and business plan is the product of a feasibility study commissioned by ACC and carried out by Mustard Studio in February–April 2023. The purpose of the study is to determine whether and on what basis The Belmont might operate in a financially sustainable manner, and to assess what kind of operator may give the venue the best chance of future success.

Since the purpose of this document is to inform ACC's subsequent efforts to engage a new operator for The Belmont – and we cannot know at the time of writing who that operator is, or the specificities of their trading framework – certain aspects necessarily remain speculative. We have developed analysis and options planning that we hope offers significant guidance towards re-launching and operating The Belmont, no matter who takes on that responsibility. We have kept the plan adaptable by describing and assessing multiple options around legal structure, renovation and ongoing operations.

The report should be read in conjunction with the supplementary documents listed in the table of contents.

2 - Vision and Objectives

The Belmont's vision is to be the focal point for screen culture in the Northeast of Scotland, changing people's lives for the better through access to and education in the full diversity of film culture.

Operating year-round, on a full-time basis if possible, The Belmont will express its vision by delivering four primary objectives:

- **extending the cultural range of films available to Aberdeen audiences** by presenting a diverse programme that extends well beyond the mainstream, exploring films from all around the world as well as from local filmmakers, and adding value through informative events and guest appearances.
- **partnering with key cultural providers** both locally and nationally to ensure that Film is properly represented in Aberdeen's wider culture and that other Arts operators have the resource and support they need to engage fully with Film.
- **developing cine-literate audiences for the future** through an extensive educational programme, both via schools engagement and wider community engagement both formal and informal.
- **bolstering film and media production** in the city by supporting or delivering additional educational activities, as well as providing a hub for local film and media practitioners.

To deliver these objectives, the immediate goal is to re-launch The Belmont in such a way that it can operate sustainably despite a number of challenges, and can deliver the full range of public goods entailed by its vision and identified by ACC as key deliverables. This initial requirement creates three further preliminary objectives, as follows:

- **Appoint an operator** capable of running The Belmont on a commercially viable basis while delivering its cultural and educational objectives.
- **Make the building good and refurbish the facilities** so as to maximise the new Belmont's ability to attract customers and serve its various stakeholder constituencies.
- **Plan and deliver a launch campaign** to ensure the new cinema gets off to a strong start.

Fulfilling The Belmont's vision and objectives requires a clear understanding of local market conditions; a robust operational plan to address several core trading challenges; and an understanding of options around legal structure.

3 - Market Analysis

3.1 Context

This section examines Aberdeen’s cinema market to assess whether and how the Belmont might find a commercially viable niche.

The analysis uses historical box office data and survey results from recent years; contextual information regarding the outlook for the overall cinema market in the UK; case studies and recent business data from cultural and community cinemas in other parts of the UK, as well as The Belmont’s mainstream competitors in Aberdeen; and Aberdeen-specific catchment analysis based on demographic profiling from The Audience Agency.

3.2 Local Area

Aberdeen has a population of approximately 227,450. The largest age cohort is 25–44 (74,894, 33% of total). The population skews marginally female at 50.2%. The projected population increase between 2018 and 2028 will likely be around 1.1%.

Cinema provision in Aberdeen City includes two Cineworlds (Union Square and Queen’s Lane) and Vue Aberdeen. The only full-time independent or cultural provision up until October 2022 was The Belmont. There is currently no other operator offering a culturally diverse film mix.

Aberdeen has a healthy Arts scene, including His Majesty’s Theatre, the Music Hall and the Lemon Tree. All these venues have potential crossover with The Belmont’s audience.

3.3 Historical Box Office Data

The historical box office data available to us show a drop after 2014, followed by a reasonably consistent trajectory for 2017–2020. Reports from the end of the Picturehouse era (2012/2013) indicate admissions of 80,735; the start of the CMI era (2014/2015) saw admissions of 77,297, which suggests reasonable continuity despite the change in management. After a short gap in the available data (2016), however, we see that admissions had declined and settled on a plateau of approximately 65,000 annually.

We have analysed Q1 data as representative of the box office. The first quarter is often the strongest for cultural cinemas as it usually has a good spread of award-winning films that have played major festivals from the previous year. It’s therefore a useful lens for this sort of cinema.

A comparison across Q1 of the years 2017–2020 helps to clarify the pattern. While we don’t have a complete picture of Q1 2020 as all cinemas closed in mid-March due to COVID, there is enough data to extrapolate a comparison with previous years. It seems that Q1 2020 would have aligned with 2018 had the sector remained open for business.

Table 1: Q1 Historical Box Office at The Belmont, 2017–2020

	JAN	FEB	MARCH	TOTAL
2017	8,431	8,123	6,673	23,227
2018	9,097	5,585	5,299	19,981
2019	8,169	5,393	3,888	17,450
2020	6,966	7,717	1,928 (est. 5,287)	19,970

Q1 admissions at The Belmont gradually declined over 2017–2019 and then recovered somewhat in 2020 (likely due to the phenomenal success of 'Parasite'). The Belmont's performance in Q1 during these years is slightly out of step with general industry trends. Data from the Film Distributors Association yearbook 2022 shows that the UK and Ireland 2018 box office was 0.2% higher than 2017. In 2019 the box office dropped 1.7% from 2018. The decline at The Belmont, then, was clearly steeper than the industry average in this period.

We note that the Belmont Café-bar closed in 2017. Anecdotal reports suggest that the Café-bar operation had been running at a loss and that this was the immediate reason for the closure. In general, we would expect the closure of a cinema's main F&B operation to negatively impact the overall experience of attending the cinema and thus to have a knock-on impact on the broader business, including ticket sales. The fact that the audience declined significantly from 2014/2015 levels by 2017 when the Café-bar closed, and that performance after the closure lagged the sector as a whole, bears out the hypothesis that the closure had that impact. This suggests that a new operator at The Belmont should ensure that a reliable and attractive F&B service is part of the offer.

3.4 Evidence of Previous Audience Sentiments

Several audience surveys have been conducted in recent years.

In 2014, Scotinform Ltd. surveyed Belmont respondents (survey only) and participants (focus group). In Spring 2022, the CMI conducted audience surveys for both their sites, Edinburgh Filmhouse and Belmont Aberdeen. The results of these surveys can be found [here](#).¹

For clarity, there are three surveys: 2014 (conducted by Scotinform), 2022 (conducted by the CMI) and 2022 'external' (conducted by Mustard Studio).

The 2014 survey was conducted by e-survey and participants in person; the 2022 CMI survey was conducted by digital and post; and the final 2022 'external' was via Survey Monkey and participants in person.

The 2022 'external' surveyed Aberdeen cinemagoers on behalf of CMI. Previous surveys since 2014 had tended to pool their participants across the CMI ecosystem (Edinburgh and Aberdeen). Mustard Studio took a different approach, trying specifically to understand the behaviour of people in Aberdeen who go to the cinema but whose first choice venue might be somewhere other than The Belmont.

Strikingly, both 2022 surveys revealed similar sentiments to the 2014 survey. In presenting evidence of audience sentiment here, we have pooled results from 2014 and 2022 to illustrate a consistent range of audience feeling across the period.

3.4.1 Survey Results: Respondents By Post (2022 only)

LAPSED AUDIENCES (last visit in the previous two years or over two years ago): Respondents tended to cite the pandemic as the primary reason for not returning.

INFREQUENT AUDIENCES (last visit in the previous 12 months): Respondents gave fewer uniform answers about why they had not attended more often. These typically included 'I am not interested in the films/events offered'; 'due to the pandemic, I'm not ready to go back to normal'; 'I don't have time'.

¹ https://drive.google.com/drive/folders/14oP_ImcyHKYOao0hflpYDciFdWZKqZnR?usp=sharing

Only ten people fell into the 'infrequent audience' category; three (30%) said they were uninterested in the films being shown.

FREQUENT CINEMAGOERS (last visit in the previous six months):

Most had visited within the previous month. These cinemagoers are Belmont ambassadors and often comment on the friendliness of the staff.

Survey respondents often mentioned Cineworld Union Square as an alternative to The Belmont.

3.4.2 Survey Results: Digital Respondents

LAPSED AUDIENCES (last visit in the previous two years or over two years ago):

Respondents tended to cite the pandemic as the primary reason for not returning.

Digital responses included more 'I don't have time' answers. In general, it can be hard for people to get back into the habit when they stop attending something regularly.

INFREQUENT AUDIENCES (last visit in the previous 12 months):

No respondents offered a single main reason for not visiting The Belmont, but 64% of this segment said they were going to the cinema less frequently overall. Of this segment, 71% had been to see a film at another venue in the last 12 months, with a fairly even split between the two Cineworlds and Vue.

The 2014 respondents mentioned similar reasons for lapsing or infrequently attending, using language such as 'lack of time' and 'I'm not interested in the films showing'.

Interestingly, this section of respondents tended to associate the programme of independent and alternative films with 'stuffiness'.

FREQUENT CINEMAGOERS (last visit in the previous six months):

In the 2022 survey, frequent cinemagoers comprised the largest segment. We have the following data from their responses:

- 42% visited about the same as pre-pandemic.
- 24% visited less frequently, and the remainder more frequently.
- The respondents' top three age ranges were 60-69 (23%), 20-24 (21%), and 50-59 (20%).
- 'Welcoming', 'Aspiring' and 'Fun' were this segment's top descriptors of The Belmont.
- Of the respondents in this segment, 69% had been to another cinema in Aberdeen.
- 53% walk to the cinema, and 22% use a car.

The 2014 survey found that 72% of current attendees were Filmhouse members at that time. Members are often the backbone community of a cinema and tend to be more adventurous with their film choices because that's one way to get the best value out of their membership benefits.

The surveys reveal some additional comments about the cinema seats being uncomfortable.

3.4.3 Mustard Studio Survey (2022)

In the summer of 2022, with audiences remaining depressed after the COVID pandemic, Mustard Studio surveyed audience sentiment and behaviour on behalf of the CMI. Unlike the survey conducted by CMI themselves, Mustard's survey eschewed the usual cinema

channels. Instead, it reached out to the broader community via 'Massive' and 'The Skinny' to seek wider coverage of people who might not already be engaged with the cinema.²

20% of the respondents for Aberdeen said that The Belmont was the main cinema they visited. In contrast, the rest tended to name more than one cinema, including Cineworld or Vue alongside The Belmont.

Another key finding from the Mustard survey is the films this audience had seen (at any cinema). The films most often mentioned by respondents had wide releases and would have been available in the multiplexes. The top three titles were 'Top Gun' (53%), 'The Batman' (52.9%) and 'Dr Strange in the Multiverse' tied with 'Elvis' (41.1%). Alongside this, respondents mentioned less mainstream titles such as 'Belfast' (23.5%), 'Cyrano' (25.3%) and 'Everything, Everywhere All at Once' (25.3%) – but we note that these also played multiplexes. Films that would have screened only at Belmont, such as 'The Quiet Girl', 'Drive My Car' and 'Flee' (all selected for the survey questions because they are awards nominated or winners), were not selected by respondents to this survey (0%).

This illustrates how cultural cinema often works. There is a core audience that supports the niche and specialised titles. That audience can be limited or inconsistent, though. While specialist films constitute the 'flavour' of the cinema, they are often not enough to sustain the cinema as a business. This doesn't mean that the operator has to turn entirely to mainstream content, especially given ample competition in the city. Instead, a curated programme should offer a mix with some first-run content that leans more mainstream sitting alongside and supporting a diverse range of quality events and specialist content, thus forming a distinct programming identity overall.

3.4.4 Conclusion about Previous Audiences

Cinemagoers who had attended The Belmont in the past spoke highly of the experience, with the programme of films being the primary reason for their attendance and, in particular, the ability to see the kind of films they couldn't see elsewhere. Inside the cinema, they found the staff welcoming and friendly, and this was often expressed in the survey responses. Delivering a diverse programme of films and ensuring that frontline staff offer a warm welcome must be important operational objectives for any future operator.

There were, however, numerous critical comments about the café being closed. This emphasises that the lack of a complete retail offer likely impinged on the cinema's overall commercial performance in the period from 2017. Access to a reasonable F&B offering is now generally recognised as part of the cinema-going experience across the sector; the survey responses corroborate this view, which aligns with our conclusions from the box office data.

In line with the experience of other cinemas across the UK, there is no one particular influence on audience numbers in the post-COVID period in Aberdeen, but rather several factors in play. Primary factors include:

Reluctance to return:

A proportion of 'older' cinemagoers (50+) were slower to return to regular attendance.

Lack of knowledge of the programme:

² 'Massive' is a UK-based BFI-funded initiative connecting audiences aged 16–30 with independent film. 'The Skinny' is an Edinburgh-based listings magazine with a digital audience.

Like many cinemas in the pandemic, CMI did not republish their printed brochure coming out of lockdown. Many survey respondents commented they could manage without the brochure by using digital platforms such as the website and e-newsletter. That said, we generally know that websites are usually used when wanting to *action* something (e.g. book a ticket), and e-newsletters are specifically a *sales* tool. A printed programme, by contrast, *contextualises* the films – which is especially important when the films being screened won't have the same exposure as mainstream content or benefit from the nationwide marketing campaigns implemented by larger distributors. We note that lack of knowledge about upcoming films is a problem across the industry, not solely for cinemas, as media advertising has decreased since the pandemic.

Experience:

69% of digital respondents in the CMI survey had seen a film in another venue. As the only other venues in Aberdeen are multiplexes, these cinemagoers either chose to see a mainstream film because Belmont wasn't playing it, or they went elsewhere because they preferred the experience. We know from the survey data that younger people, as one example, might opt for a multiplex cinema because of price, location and general offers such as more food options.

Of these factors, we know reluctance to return is a nationwide challenge across many art forms. Once the habit of attending the cinema is lost, it can be hard to revive.

Lack of knowledge of the programme reveals limitations in marketing. A less attractive experience arises from a lack of ongoing investment in the public-facing areas of the building, most likely combined with the lack of an attractive café/dwell area.

Generally, then, the survey data suggest that there is a level of appetite for a more diverse film mix delivered by a friendly, welcoming venue; but that making the cinema work viably requires more emphasis on marketing, a suitably curated programme, an improved overall experience that can compete with what's available elsewhere; and crucially, a complete retail offer that includes a café-bar element.

3.5 The Cinema Market: 2023 Onwards

The cinema market remains depressed but is recovering. Pre-pandemic annual admissions across the UK and Ireland were around 190 million. Admissions for 2022 were 128 million – well short of pre-pandemic levels but considerably stronger than the 2021 total of 80 million. In parallel, Comscore reported total 2022 UK and Ireland box office of £979m, representing a 64% increase over 2021. UK and Ireland was the 4th biggest cinema market worldwide in 2022.

Given the generally positive topline trend in the UK and other major markets, industry specialists such as Comscore and Gower Street Analytics now project that the global cinema box office will return to pre-pandemic levels by 2024. The [February 2023 Report](#) from Gower Street shows the global box office is currently tracking 30% ahead of 2022 but still 16% below the average of the three pre-pandemic years (2017–2019).³

A key driver for this trend is the recovery in the content pipeline, which was heavily impacted on the production side by pandemic lockdowns. This article from [Forbes](#) explores the topic in more detail.⁴ Once the content pipeline re-establishes itself, however, significant tent-pole

³ <https://gower.st/articles/no-quantum-leap-february-global-box-office-continues-recovery/>

⁴ <https://www.forbes.com/sites/scottmendelson/2022/08/22/movie-theaters-are-being-starved-to-death/?sh=77fd601a3294>

releases that encourage people out of their homes will be more consistently available. We expect this to strengthen and complete the sector's post-pandemic recovery.

While analysts working on these global or nationwide figures tend to focus on the studio (i.e. mainstream commercial) end of the market, similar considerations apply to the cultural mix The Belmont will aim to present. In particular, improved reliability of access to attractive content at the more 'popular' end of The Belmont's own programming spectrum will not just improve immediate numbers but should, we anticipate, help get people back into the *habit* of attending the cinema.

3.6 Competitive Analysis

Aberdeen has three other cinemas:

Cineworld Aberdeen 9 (Queens Link) – 10-minute drive from The Belmont.

Cineworld Aberdeen 10 (Union Square) – 10-minute walk from The Belmont.

Vue Cinema (Shiprow) – 8-minute walk from The Belmont.

With the closure of The Belmont, no full-time venues are screening independent and non-mainstream films in Aberdeen. As we have seen from the survey results, audiences are open to more than one kind of experience; they will often make choices based on personal preference at the time rather than ongoing loyalty to a specific venue. At the time of writing (Feb/March 2023), five films were playing across all three multiplexes, and between the Cineworlds, there was an overlap of eight duplicate titles. So while the multiplex operators increase the volume of what is on offer in Aberdeen, they do not fully use their many screens to diversify the film mix available to the city. Aberdeen still needs a wider range of cultural content.

Recent commentary has often predicted the demise of Cinema after the pandemic, with audiences initially slow to return across the board and particularly slow to return to arthouse cinema. There is no denying that Cineworld (along with its US subsidiary Regal Cinemas) filing for bankruptcy in 2022 has resulted in marketplace jitters. While current trading conditions remain challenging, however, a wholly pessimistic outlook may increasingly be at odds with the numbers. To better understand the landscape, we have sampled key recent numbers in Aberdeen and comparable locations to create a snapshot of cinema-going today.

In Aberdeen, the three multiplex venues saw mixed results for the first two months of 2023 compared to the same period in 2022:

- Cineworld Aberdeen 9 (Queen's Link) had a gross box office of £221,823 in 2023, compared to £258,421 for the same date range in 2022, representing a drop of 16%.
- VUE Aberdeen box office dropped by 3% from £115,776 to £112,602 for the same period.
- By contrast, Cineworld Aberdeen 10 (Union Square) saw a year-on-year increase of 12% for this period, with box office rising from £412,794 to £462,941.

This suggests that Aberdeen's market is steady at present, but not much more. More interesting for reimagining The Belmont is evidence from a range of independent and cultural cinemas across the UK, which have seen a pronounced box office increase in the same time frame:

Nottingham Forum +3%
Glasgow Film Theatre +13%
Brewery Arts Kendal +16%
Watershed, Bristol +27%
Jam Jar Cinema, Whitley Bay +29%
Showroom, Sheffield +30%

Glasgow Film Theatre (GFT), for example, has been enjoying a more consistent income result in 2023. We compared January 1st to March 5th between 2022 and 2023 in more detail to better understand the GFT's 13% box office increase. The top 10 films at GFT account for 5% of that increase, indicating that more titles are finding healthy audiences in 2023 than in 2022. This may partly be due to increased confidence from film distributors, who are less likely to disrupt cinema businesses by changing release dates than they were in 2022.

The GFT results and those from the other comparison sites represent an encouraging pattern of recovery across the UK in community-based and cultural cinemas, including those devoted to the kind of cultural range that The Belmont will seek to deliver. Given that Aberdeen's mainstream cinema market is seeing a neutral trajectory at present, the improved buoyancy seen at other cultural cinemas, in the context of an overall national and global trend towards audience recovery, suggests that a re-launched Belmont may see stronger admissions than it did in the post-pandemic zone of 2021–2022.

The cultural and community cinemas we've listed as showing a recent attendance increase have successfully created a local brand identity – significantly improving their position to create a more attractive local offer. All these venues benefit from locally engaged staff hooked into the wider national discourse.

3.7 Cultural Cinema Programme Analysis

Data published in February 2023 by the BFI in a report called 'Watching Films in the UK: How often and how many?' show a snapshot of decline in UK film and independent film (i.e. films not backed by U.S. studios). This nationwide survey has been conducted before, during and after the pandemic and aims to illustrate how consumer habits have changed.

According to the BFI data, from the first wave of the study, UK films have declined by 13%, animation by 13%, and independent films by 15%. Foreign language films have stayed level, however, with only a slight decline of 5%. Documentaries have also remained essentially unchanged.

Product is a key driver of consumer behaviour, and the study doesn't offer specific titles. The study does show that there has been increased activity for Hollywood films, action and adventure. This could easily be explained by the success of two major titles, 'Top Gun Maverick' and 'Dr Strange', which skewed younger and male.

We have looked at the top five films from the first five weeks of 2023 across three cultural venues for a more granular assessment of current trends in cultural cinema.

Table 2: GFT Top 5

TITLE	ENGLISH LANGUAGE	UK PRODUCTION
TAR	✓	
WOMEN TALKING	✓	
THE WHALE	✓	
ALL THE BEAUTY & THE BLOODSHED	✓	
ENYS MEN	✓	✓

Table 3: Sheffield Showroom Top 5

TITLE	ENGLISH LANGUAGE	UK PRODUCTION
TAR	✓	
EMPIRE OF LIGHT	✓	
AFTERSUN	✓	✓
WOMEN TALKING	✓	
THE FABELMANS	✓	

Table 4: Lewes Depot Top 5

TITLE	ENGLISH LANGUAGE	UK PRODUCTION
EMPIRE OF LIGHT	✓	✓
TAR	✓	
THE FABELMANS	✓	
WOMEN TALKING	✓	
PUSS IN BOOTS	✓	

In summary, notwithstanding the overall trends highlighted by the BFI study, granular detail at venue level indicates that there remains a commercially significant appetite for UK film. Independent film survey data is often impacted by the range of films on offer when the participants participate. The table data show that audiences remain curious and are open to stimulating content.

Additionally, in March 2023, Apple announced it would be investing heavily in releasing its slate of films theatrically, rather than keeping content on the streaming platform only ([Marketwatch](https://www.marketwatch.com/story/apple-may-spend-billions-on-theatrical-movies-premier-league-reports-5e3f9d6f#:~:text=Apple%20Inc.%20is%20planning%20to,a%20bigger%20player%20in%20Hollywood)).⁵ One of the lasting results of the pandemic has been a dearth of content in the theatrical market, so Apple's move – in parallel with positive movement by some other streaming companies – bodes well for strengthening programmes in a way that will interest more cinemagoers.

3.8 Cultural Cinema Case Studies

Various cinemas across the UK successfully show a range of cultural and independent films. We have selected three case studies. Two are from cities roughly comparable in scale to Aberdeen. These case studies allow comparison of key factors such as the breadth of the programme, the nature of educational delivery, the café and bar offer, and ways the cinema is rooted in the community.

⁵ <https://www.marketwatch.com/story/apple-may-spend-billions-on-theatrical-movies-premier-league-reports-5e3f9d6f#:~:text=Apple%20Inc.%20is%20planning%20to,a%20bigger%20player%20in%20Hollywood>.

Notably, all three of these examples have evolved from being primarily programme-led towards an increased emphasis on other areas.

3.8.1 Quad, Derby

Quad describes itself as a cultural hub with facilities that include cinemas, a gallery, a café-bar and workspaces. It operates as a charity. The programme is quite varied and, at the time of writing included a foreign language title ('Close'), a documentary ('Meet Me in the Bathroom'), an Oscar-winner ('Women Talking') and a British independent ('Allelujah'). In programming, it feels close to what Belmont would screen.

The café-bar has a range of homemade dishes with locally sourced ingredients and vegetarian, vegan and gluten-free options. The café-bar is work-friendly with free super-fast wi-fi.

Quad has also invested in becoming a leading centre for the creative development of digital technologies, including AR, VR and AI, interactive media etc., which they facilitate through major residencies, exhibitors, workshops, talks and projects.

They have also developed another strand, Tech: Squad, which is an in-house technical team that has specialised across several competencies so they can be hired for various digital projects, including indoor cinema events, outdoor cinema, gallery and exhibition builds and projection mapping.⁶

Derby's Quad illustrates how a cultural cinema can innovate and diversify its income generation.

3.8.2 Broadway Cinema, Nottingham

Broadway's cultural film programme broadly aligns with what we would expect to see at The Belmont, screening some foreign language titles and British independents such as 'Allelujah' and 'Rye Lane'. Broadway is also the lead organisation for Film Hub Midlands in partnership with Flatpack; they house the BFI Academy where they run short courses for practical filmmaking skills; specialist courses to develop skills and build careers; and Labs, a series of masterclasses, workshops and networking sessions.

Broadway has developed a creative community via their Near Now Studio, a scheme funded by the Arts Council. Near Now Studio is a 'creative community to support new ideas and collaborations'. Studio members are eligible for free desk and project space, regular workshops, access to support from a creative producer and benefits such as discounted hire, food and drink and complimentary tea, coffee and wi-fi. See also section 4.1.4.

Broadway had diversified its cinema offer before the pandemic by investing in its basement and creating meeting and office spaces. Since the pandemic, they have benefited from firms in the city downsizing their office space and thus seeking to use Broadway's assets. The cinema has a strong F&B offer which has helped them to keep people coming through the door, regardless of whether they are watching a film.

Broadway is an example of a cultural venue that has aimed to capitalise on a range of potential income streams. They have invested in and developed their offer for local artists

⁶ Projection Mapping uses lower-lumen projectors to present moving image on complex real-world surfaces; it's used by heritage sites, such as castle courtyards, cathedral quadrangles, and in other contexts like car parks.

and creatives in the region and, in November 2022, the Near Now programme received £330K of NPO Funding for the next three years from April 2023.

3.8.3 Depot, Lewes

Depot Lewes has built a community-led 3-screen cinema with a restaurant on site, ensuring it is a destination venue and not reliant on film alone.

Lewes has a population of approximately 100,000. The Depot is a thriving space that perfectly illustrates how an independent local venue can be innovative. It has a bold and ambitious programme and a strong hospitality strategy. Depot was conceived and operated along the principles of accessibility for all and environmental and social sustainability.

Depot's varied programme currently includes mainstream films such as 'Dungeons and Dragons' and 'Allelujah', and kids' titles such as 'Mummies', but balances this with rather more indie programming such as '1976', 'The Beasts' and 'Pearl'. They often create seasons and have events, such as 'Book to Film Club'; and educational courses, including 'Introduction to Film Language'. They have a young programmers group ('KINO Collective') and a discussion programme ('Cinemas of the Mind'), on which they partner with the Arts Forum of Psychotherapy in Sussex.

The restaurant has a range of brunch food for the daytime with a more adventurous dinner menu including around five main course options. This is clearly a popular part of their offer, and they source the food locally and have links to their suppliers on the website. The cinema prides itself on checking suppliers' credentials in terms of ethics, environmental impacts and locality. This focus on core ethical values has become part of the marketing hook for the venue. Depot is often highlighted as a venue with best practice aims for the industry.

The main relevance for The Belmont is the strong emphasis on a restaurant-level hospitality offer in the context of a cinema that delivers some cultural range.

3.9 The New Evolution of Independent Cinemas

The cinema industry is still in survival mode rather than chasing growth. We can discern a few common themes by looking sector-wide, including beyond culturally driven sites, to examine how independent cinemas are changing their operations and evolving to win over audiences:

- *Localised programming that offers a bespoke experience.* Because of the South-West connection, Plymouth Arts Centre saw several sell-out screenings of Mark Jenkins' 'Enys Men'. An operator for Belmont could look at regular Scottish programming via archive.
- *Increased focus on food and beverage as part of the cinemagoing experience.* The venue becomes the destination, not only a building in which to watch a film. The success and expansion of the Everyman group indicate a strong audience desire to have a 'whole night out'.
- *The architecture of the experience.* The cinema aims to offer a conceptual space to welcome visitors – pop-up guest vendors, or book sales, for example. The Belmont had already successfully experimented with pop-up food events before its closure.
- *Increased focus on customer experience.* This includes everything from marketing to hospitality, digital journey to the technical presentation. Picturehouse Cinemas are the latest circuit to invest in a hospitality programme that will elevate its customer service.
- *Increased focus on environmentally sustainable methods.* Cinemas, like everyone, need a healthy world to live in – and audiences respond well to venues that share their

values and concerns. Lexi Cinema in West London sets out its core values and commitment to sustainability through its website and daily practice.

The [Architecture Magazine 'Domus'](#) describes the current evolution of cinema as follows:

Now, at the time of the world's greatest cinema crisis, a new concept of cinema is making its way, starting with a different use of space aimed at revisiting the social function of cinemas. And the numbers seem to prove that this is the future of cinema. The owners call them 'premium cinemas' to differentiate these newly designed cinemas from the more traditional ones. They are usually facilities with fewer screens and designed to present themselves as premium experiences. They are more comfortable, have warm and custom-designed decor and feature study rooms, bookshops, bistros and cafés. And then there are screening rooms. The premium cinema is not just an improvement of the film offer but rather an expansion of the concept of the movie theatre, which goes from being a place to simply watch a movie to a cultural hub, a place to spend time without watching movies, a place where humanity and ideas can come together.⁷

The cinemas that are surviving and thriving are those that can offer a genuinely attractive overall experience around the film. The film is still central, but the end-to-end experience is increasingly critical to success.

⁷ <https://www.domusweb.it/en/architecture/2022/07/29/the-future-of-the-cinema-lies-in-the-evolution-of-its-architecture.html>

3.9.1 Audience Catchment Analysis

Understanding the potential audience for the Belmont requires a look at demographic catchment data. This section is based on profiles from the Audience Agency.

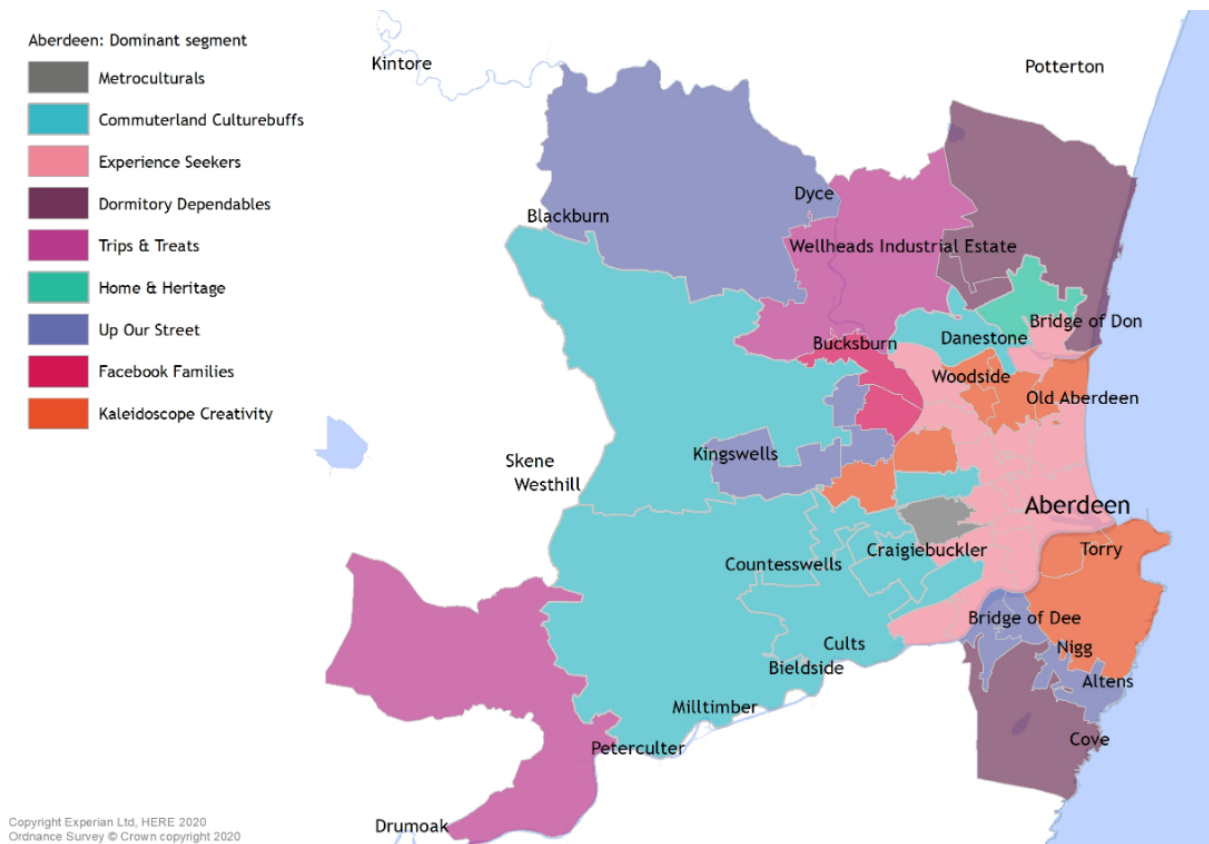


Figure 1. Aberdeen Catchment Area Map

The Audience Agency indicate that the primary cinemagoing groups relevant to developing an audience at The Belmont fall into the following categories (paraphrased from their work):

Primary:

EXPERIENCE SEEKERS

Based in a city centre location, these people like to be able to walk or cycle to the cinema, or may routinely use public transport.

Highly active, diverse, social and ambitious regular and eclectic arts engagers. As well as being culturally and digitally savvy, these audiences tend to be early adopters, looking at how to spend their disposable income. It's important to note this audience catchment falls into two categories:

E1 – socially minded mid-life professionals with varied tastes.

E2 – students and graduates with adventurous attitudes in diverse urban areas.

It is likely that E2, and to some extent E1, will be affected by the cost of living crisis.

Secondary:

KALEIDOSCOPE CREATIVITY

This audience has pockets in old Aberdeen and Torry, with roughly a 12-minute drive time.

Mixed age, urban low engagers preferring free, local, culturally specific arts and festivals. This audience is the most ethnically diverse segment and is classed as seeking income-restriction leisure opportunities. This group is, therefore, more likely to attend free events.

Secondary:

COMMUTERLAND CULTUREBUFFS

Those living on the periphery of Aberdeen offer audience potential, too. Craigiebuckler or Danestone, for example, are within striking distance. Although the driving time for both areas is under 15 mins, public transport takes longer at 43 and 33 minutes respectively. These audiences will likely be motivated by special occasions rather than regular cinema trips.

CC is a predominantly middle-aged group of older families and empty nesters. It is likely that this audience decreased some of their cultural and artistic activity post-pandemic and has been slower to return to typical pursuits. This has been the case across the cultural sector, for example in theatre; however, they have recently been seen returning more frequently.

Aberdeen thus offers several demographic segments that The Belmont should focus on engaging.

3.10 The Belmont's Market

Aberdeen's cinema market currently lacks the sort of provision The Belmont would exist to deliver. The city's market currently appears to be at a plateau, but the outlook should be relatively promising based on wider industry trends. In particular, recovering performance over the past twelve months at cultural and community-focused independent cinemas around the UK may warrant cautious optimism that the market for a diversified film offer in Aberdeen will recover at least as quickly as the overall market.

Box office data and survey results indicate that The Belmont's cultural film mix appeals strongly to some people but not everyone. Many filmgoers choose their venue based on other factors, highly likely including the overall experience of visiting the cinema. In particular, historical data and anecdotal reports point strongly towards the closure of The Belmont's Café-bar as a significant factor in its below-trend box office performance since 2017.

The evidence available to us suggests that to maximise the chance of commercial sustainability, a re-launched Belmont should focus on improving the overall experience of visiting and, as a priority, should ensure an attractive food and beverage service with comfortable dwell space is part of its offer. By elevating the offer while keeping it welcoming, friendly, inclusive and accessible, it should be possible to attract more people not wedded to The Belmont by loyalty or film choice, but whose custom may make a significant difference to financial sustainability.

4. Partnership and Community

4.1 Education, outreach and professional development

The Belmont was initially conceived as a cinema with a media centre to deliver cultural cinema programming and related educational services. Two essential purposes of the venue are:

- 1) to provide an extensive educational programme aimed at both the formal sector and the community on a city-wide basis, so as to enhance the appreciation of cinema and media; and
- 2) to encourage the involvement and development of local cultural and media practitioners.

The BFI National Lottery Strategy 2023–2033 supports the crucial objective of ‘everyone experiencing screen culture’ by establishing an award of £34.2 million across education and skills. The BFI has said that within the first three years of their 10-year plan, they will publish an education strategy and work with exhibition partners to ensure that cultural cinemas across the UK are accessible, affordable and welcoming spaces for young people. This significant national effort will ensure that film education is not an afterthought in cultural cinemas but, rightfully, part of a core commitment to the community.

4.1.2 Education

We note that there is latent ‘soft’ educational benefit that arises simply from bringing a wider diversity of film culture to Aberdeen audiences. We must not ignore this positive, if passive, educational impact emerging from the basic delivery of good cultural programming. Beyond this, though, there is a lot of enthusiasm in Aberdeen for a more formal education programme at The Belmont. This might include a range of activities:

Schools Screening Programme

A schools screening programme to tie in with local curricula is a core learning activity at most independent cultural cinemas. Such activities cost relatively little to deliver but have broad impact because they reach a relatively large number of young people. We would expect The Belmont to continue running schools screenings in future on similar lines as previously. This might include screenings tying in with seasonal events such as National Holocaust Memorial activities and Black History Month; screenings to tie in with curricula for specific subjects such as French or Spanish language and culture; or collaboration with Into Film, the UK’s leading charity for film in education.

Small Group Learning

A fully effective Education programme would also include opportunities for small group learning. We spoke with Murray Dawson (SHMU) and several educators in the Save the Belmont group. Their perspectives raise a number of possibilities for small group learning activities, including some that have been delivered successfully in the past:

- Group and Individual filmmaking workshops.
- Student volunteering or internship opportunities.
- Young Programmers courses.
- Young Filmmaker's practical experience – this could go beyond just filmmaking to bring in craft elements.
- Content creation beyond films – podcasts, video and audio etc.
- Creating a hub for third party regional or national initiatives such as BFI Academy, etc.

Activities such as these impact a smaller number of people but the impact can be deeper if the engagement is more sustained and involved.

4.1.3 Outreach

An example of a successful outreach programme in the recent past was a year-long project with Northfield Academy. This was a Young Programmers project specifically targeted at reaching a poorer socio-economic group who were, on evidence and data, less likely to attend The Belmont. The Communities, Engagement and Education officer spent a full year (Sept–Aug) working fortnightly with 16-year-old students in order to nurture their understanding and experience of cinema. The programme culminated in a well-received screening at the Edinburgh International Film Festival.

Projects of this kind often need to be assessed on a more qualitative than quantitative basis. Anecdotal feedback about the Northfield project suggests that it generated positive outcomes for the participants. We suggest that a future operator of The Belmont should ideally continue and develop this kind of approach – bringing film education out into the community to create whole new opportunities that make a real difference in people’s lives. We note, however, that this kind of initiative would be atypical for a purely commercial operator. It’s likelier to happen if the operator is a not-for-profit with explicit public service objectives. See section 9, Legal Structures.

4.1.4 Professional Development

The Save the Belmont group includes several creative practitioners, including writers, filmmakers, and artists. Conversations with some of these individuals, as well as with Aberdeen University representatives, suggest a need for a hub that contributes to local professional development. Scotland’s central belt is felt to have many more facilities to encourage film production. We see potential for The Belmont to develop an industry-facing strategy, providing a place for practitioners and creatives to develop their skills to contribute to the filmmaking industry in Scotland.

In discussion, practitioners asked for:

- A space to edit
- Access to a green screen
- Podcasting studio

There are models elsewhere in the UK where a venue helps individuals to develop their creative practice. Broadway Nottingham, for example, has developed the Near Now Programme, a dynamic studio for arts, design and innovation. Near Now is funded by the Arts Council and receives approximately £104K annually.

The Near Now concept is structured around ‘The Future of Storytelling’, and a base eligibility requirement is that each practitioner’s work must have a technical element. In terms of film, this includes work in Augmented Reality (AR) and Virtual Reality (VR). Projects initially conceived at Near Now have been exhibited at MoMA, The Guggenheim and Tate Britain – an impressive example of an independent cultural cinema in the UK having a cultural impact internationally. As part of the delivery of Near Now, a full-time creative producer is on hand to oversee the programme and enable practitioners by connecting them with the industry.

Near Now works through three mechanisms:

- 1) a fellowship programme
- 2) a studio
- 3) a gallery

The Studio aims to build a community of creatives in the city. Studio space is given to practitioners who work in a cross-collaborative way. The Studio has technical equipment that can be loaned out to the practitioners: green screen, iPads, raspberry Pi, VR sets, and 2 PCs for game development. Beyond this, practitioners get free access to the space, plus monthly workshops and professional development events. They also get a discount on rental fees across the venue and other spaces, for example, for screen hire.

The Fellowship works somewhat differently. It is an opportunity for artists to work in the space for 12–18 months and use the time for prototyping and R+D activity for a product or service. Applicants for the fellowship apply with an *idea*, whereas the studio space application is based on the *individual*.

Considering possibilities at The Belmont, the studio programme seems the most relevant element of Near Now. It's a flexible concept and seems achievable since the main resource it requires is simply space.

Looking elsewhere, Bristol Watershed now operates the Pervasive Media Studio – a diverse community exploring creative technology, a home for early ideas and companies, and a studio offering space, events and opportunities. So we see the outlines of a trend for serious cultural cinemas in the UK to diversify into supported studio offerings that aim to foster individual development and collaborative achievement by creative practitioners.

In crafting an Education & Learning programme for Aberdeen, we suggest that the future operator of The Belmont look to some of the ground-breaking examples of professional development schemes being delivered by cultural cinemas elsewhere in the UK. The Near Now programme in Nottingham is a great example and might provide some core ideas to take forward in Aberdeen.

4.2 Partnerships

Some important Aberdeen organisations have expressed interest in working with a re-launched Belmont Cinema. These include:

The University of Aberdeen, possibly involving:

- A programme of events with speakers recruited by and in partnership with the University, and relating to the curriculum.
- Screenings of student films.

Station House Media Unit (SHMU), possibly involving:

- A strategic partnership encompassing screenings and production workshop activities.
- A studio space where film development could take place.

These organisations acknowledge that their suggested collaborations would likely depend on reciprocal partnership rather than providing an immediate source of revenue for The Belmont. This highlights that it can be challenging for a cinema to deliver significant

educational benefits while remaining financially viable. That said, reciprocal educational partnerships may yield real benefit in a commercial sense as well, as they help the cinema engage with a broader community and may help draw in the 'kaleidoscope creativity' audience outlined in section 3.9 – while also driving immediate footfall and therefore some additional F&B spend. In any case, there is clearly ample scope for The Belmont to engage with local educational partners to diversify the programme and amplify educational impacts for the community.

We also spoke to people and organisations in the city who have a more commercial perspective and who may be able to fulfill a central role in cinema operations, in partnership with other providers:

Aberdeen Performing Arts (APA)

APA's current priority is the continued governance and growth of its portfolio of venues: the Music Hall, the Lemon Tree and His Majesty's Theatre. Cinema is not an area where they have experience and they are still building back audiences for their existing venues, while dealing with ongoing maintenance issues and renewing energy contracts. That said, they know that The Belmont is a big part of the Arts sector, and was indeed previously a valued partner for them. There is crossover with their audiences so they would not rule out any conversations about future collaboration. They imagine working with a new operator at the Belmont in a manner similar to their past collaborations, specifically through event crossover and complementary programming. For example, APA curate the Granite Noir Festival and The Belmont concurrently ran a themed film series to complement the wider literary festival.

Craig Thom, Faffless

Craig Thom is a locally based hospitality entrepreneur who set up Faffless. This is a small venue hosting music and comedy, working with local artists and offering a range of spirits and small plates. In September, Craig worked with The Belmont to set up sold-out pop-up dinners in the basement. He is also consulting on the menu for Montrose Playhouse.

Craig is very keen to expand his brand and has expressed interest in operating, or contributing to operations of, The Belmont. He demonstrates an understanding that a new operator needs to create a cinema with personality, and a hospitality destination. He is also keen to expand trading income through the private hire of the cinema spaces. We were struck by his enthusiasm for the venue and a core desire to create something special for Aberdeen. He has some innovative ideas for events and programming and in particular seems to understand the younger demographic quite well.

4.3 Summary and Suggestions

There is clear appetite and potential for formal film education activities in Aberdeen, ranging from school screenings and small group learning activities, to extended community outreach programmes and structured professional development spaces. Some of this work (e.g. school screenings) can be delivered relatively cheaply. Other areas (e.g. production training) would probably require working in partnership with other organisations. Others still (e.g. structured professional development) would need to be done in-house and would demand significant resource, probably thus requiring dedicated funding.

In order to accommodate the many potential options for education, outreach, community and partners, we recommend regularly scheduled slots built into the programme and across the venue. We recommend the top floor be renamed as a Studio space (and we refer to it in this way for the remainder of the document) and configured to maximise flexibility and create spaces for the broader community. See section 6 and Appendix 1 on Renovation Scenarios.

We imagine the Studio space providing:

- Co-working spaces that can be hired on a fair rent basis Monday–Friday, aligned with the cinema opening hours.
- Sound-proof spaces that can be used for podcasting or with a green screen, or potentially AR or VR shooting; and used as a chargeable conference room at other times.
- Hot desks which can be used with occasional chargeable passes and also as a meeting space for the co-workers.
- Space for masterclasses and weekend craft workshops.

Meanwhile, cinema spaces would accommodate:

- School Screening Programme.
- Masterclass and Q+A schedule.
- Twice a week free of charge slots in the smaller auditorium for Young Programmers, or for hosting other screenings with an educational or community outreach focus.

The Studio would be a proof of concept in the first 18–24 months, to demonstrate local practitioners' use and needs. Provided the initial phase is successful and confirms demand, we would recommend a long-term plan to develop a programme like Near Now or Pervasive Media Studio, where grant funding could augment the project and incorporate tech elements that aim to future-proof careers for emerging artists.

5 - Core Trading Challenges

Several challenges arise from The Belmont's position in Aberdeen's broader cinema market.

Aberdeen is a mid-sized city with ample mainstream cinema venues and a limited history of locally managed grassroots cultural film exhibition. Historical data and new conversations indicate a core demand for the diverse programming that The Belmont has provided. Still, a full-time cinema in any city of this scale will also necessarily be commercially reliant on a mix of first-run content with rather broader appeal. Many of the broader appeal films at the Belmont will likely also play at the multiplexes. In other words, The Belmont's programme will be partially differentiated, but at the less specialist end of the spectrum, The Belmont must compete head to head with larger, well resourced cinemas nearby.

The fundamental concept underlying all cinema business models is to generate revenue by charging people to see films and selling them food and beverage. To extend their programming in directions that would not be commercially viable on their own, not-for-profit or mission-driven cultural cinemas augment their budgets through some combination of subsidy, grants, sponsorship, or philanthropic donation; and they practice commercial self-subsidy (i.e. using the profit generated by more popular films to cover the cost of showing culturally significant but loss-making films). To deliver its cultural vision, The Belmont must a) sustain a cinema business and b) ensure its objectives are satisfied across programme diversity, education, partner working and community engagement activities. To sustain a cinema business, The Belmont must i) sell enough tickets and ii) sell enough food and beverage. Even if available, public funding will never be enough to sustain the entire business and is not necessarily safe to rely on. Therefore, selling enough tickets and F&B is necessary for The Belmont to achieve its public-service cultural vision.

Historically, the Belmont operated on an apparently commercially sustainable basis under Picturehouse until 2014, seeing around 75K–80K annual admissions; and then since 2014, on a reportedly loss-making basis under CMI, with reduced admissions of 60K–65K annually over 2017–2020. One key change was the change in operator in 2014. A further key change was the closure of the Café-bar in 2017. While the audience decline may have had more than one cause, it's clear that the decline in admissions had a direct impact on commercial sustainability. To reverse the decline and thus assure commercial sustainability, The Belmont must *improve its offer* to survive and thrive in a competitive marketplace.

Core Challenge: Attract enough film-goers at a workable price-point despite strong competition from much larger operators a few minutes' walk away.

Alongside external market conditions, there are additional challenges and limitations arising from the current condition and structural arrangement of the building itself. A recent dilapidations survey has identified roughly £250K worth of repairs needed simply to make the building good for future use. Beyond that, the decoration, furniture and fittings are now dated, giving the site a worn feel that is unlikely to attract new customers or retain old ones. Furthermore, the building layout, designed in the late 1990s, is not optimal for cinema audiences of the 2020s because there is virtually no dwell space at street level, and the bar is down a flight of stairs. The dilapidations, outdated décor and fittings, and structural layout make the site a less comfortable and welcoming place for people to walk in off the street. This represents a drag on The Belmont's commercial potential, especially stark when we consider the broader context of independent cinemas evolving towards a more attractive end-to-end offer as a way to attract new audiences and get people back in the habit of visiting.

In order to compete against well-resourced and nicely appointed cinemas nearby, the Belmont needs to be as comfortable and appealing as possible, so that visitors have a strongly positive 360° experience from walking through the door to leaving when they're done. This means ensuring sufficient dwell space when they walk in; configuring the layout for intuitive and efficient customer flow; and ensuring that the decorative state and fittings are not just un-dilapidated but genuinely attractive to today's consumers. Showing a brilliant cultural programme that also has sufficient commercial traction is one important side of the coin. It is also necessary to make the whole experience around the film as attractive as possible – though we caution against moving towards an outright 'luxury' offer, which would likely be inappropriate and counter-productive for a cinema with public service goals and a commitment to inclusivity.

Core Challenge: Improve the building's commercial potential by (where possible) repairing dilapidations, modernising decoration and fittings, increasing dwell space and improving customer flow. Invest in the customer's experience end-to-end.

Planning a viable future for The Belmont requires new thinking to address both of these core commercial challenges, while ensuring there remains the capability and focus to deliver the primary cultural and educational objectives expressed in The Belmont's cultural vision for the Northeast.

6 - Renovation Scenarios

Developing a truly attractive, inclusive and modernised 360° customer experience at The Belmont is a major plank in building its commercially sustainable future. This will require capital expenditure prior to relaunch. Since a new operator has not yet been appointed, we cannot determine what level of CapEx may be possible, in practice. In order to assess and illustrate the building's potential, and to clarify why capital expenditure at some level may be warranted, we have developed four renovation scenarios.

Each renovation scenario has implications for future operations within the site and for the associated financial modelling. The remaining sections of this business plan, plus the detailed financial model provided with it, are structured around the four scenarios, which are:

- Scenario 1: Status quo.
 - o *Minimal CapEx scenario.*
 - o Minimise CapEx and prioritise speed to re-opening; allowing for professional surveys, servicing, and making good, only.
 - o The space remains much as it has been; major problems, such as out of date heating and ventilation plant, are stored up for future.
- Scenario 2: Refurbishment
 - o *Low CapEx scenario.*
 - o Make good all dilapidations noted in the recent survey; replace heating and ventilation plant (which expired in 2015).
 - o Replace or refresh FF&E and decoration throughout, including new cinema seats.
- Scenario 3: Improvement
 - o *Middle CapEx scenario.*
 - o Make good all dilapidations noted in the recent survey; replace heating and ventilation plant (which expired in 2015).
 - o Refresh furnishings and decoration throughout, including new cinema seats.
 - o Open up ground floor lobby for café-style dwell space by removing kiosk, office and projection room.
 - o Revamp basement as speakeasy bar with option for live performance.
 - o Open up top floor into more flexible co-working space for local creatives.
- Scenario 4: Transformation
 - o *Higher CapEx scenario.*
 - o Make good all dilapidations noted in the recent survey, except where rendered irrelevant by wider reconfiguration; replace heating and ventilation plant (which expired in 2015).
 - o Refresh furnishings and decoration throughout, including new cinema seats.
 - o Convert ground floor to full restaurant with open kitchen by removing kiosk, office, projection room and Cinema 1; reinstate windows to allow natural light. Café-style dwell space still also available on ground floor.
 - o Install a small cinema in the basement and reconfigure other spaces on that level, allowing additional dwell space, a unisex WC and breakout space for private hires.
 - o Open up top floor into more flexible co-working space for local creatives; reinstate windows and expand into the roof void to add space, and create roof lights to bring in more natural light.

Additional descriptive detail about each of these scenarios, including granular operational aspects, is available in Appendix 1. The detailed financial model accompanying this business plan illustrates the impact each scenario would have on business viability. See also section 8, 'Financial'.

The nature of what a cinema offers to its customers and other stakeholders has a direct bearing on its projected financial viability. Each renovation scenario has different implications for the character of The Belmont's offer.

7 - The Belmont's Offer

This section sets out The Belmont's 'offer' under each of our four renovation scenarios. See also Appendix 1.

Scenario 1: Minimal Change

Programme: A balanced programme meeting ACC's specific cultural diversity requirements, but possibly trending more towards offbeat eclecticism than has been the case in recent years. As a first-run cinema, there will inevitably be overlap in programming with the larger commercial sites, but the emphasis will be on differentiation. In this scenario we recommend somewhat less than full-time operation, with 16 showings per screen per week.

Food and Bev: Café-bar operating in basement whenever the cinema is open, as this is critical to sustaining cinema audiences even in the sub-optimal building configuration. In this scenario, we recommend that the cafe is run by a third party until there is a step up to the next scenario – someone like Craig Thom from Faffless might be well placed, for example, as might BaxterStorey. The cinema, meanwhile, operates a kiosk on the ground floor.

Education: School screenings tying in with local curricula; small group activities in partnership with an external organisation; an allowance of weekday screen time to support collaboration with local media / production workshop partners.

Studio: Apart from trying to rent the top floor rooms cheaply to media sector parties, media activities may be limited to a reciprocal arrangement for use of facilities with an outside specialist agency such as SHMU. The top floor is not currently well configured.

Customer Experience: The customer experience is basically the same as in recent years, with the main exception being that the bar will be open for business. Scenario 1 perpetuates some longstanding negatives: lack of ground floor dwell space combined with inconvenient location of the main F&B area render the site less attractive to potential customers; the top floor spaces remain difficult to deploy due to room layout, lack of natural light etc.; and the building remains in a somewhat dilapidated condition.

Membership: A standard membership offer, as additionality is limited.

Scenario 2: Refurbishment

Programme: Same as for Scenario 1, except in this scenario we recommend somewhat fuller operation with 20 showings per screen per week.

Food and Bev: In this scenario, we recommend that the cinema operate its own Café-bar in order to realise the potential for live events in the basement area. A simple menu of snacks and light bites is designed to appeal to people who are visiting to watch a film. The cinema also operates the kiosk on the ground floor.

Education: Same as for Scenario 1.

Studio: Same as for Scenario 1.

Customer Experience: The customer experience is improved relative to recent years by the general repair and refresh of decoration, furniture and fittings. The basement bar in particular should be transformed into a speakeasy venue that feels more attractive despite the lack of windows. New ventilation plant ensures customers are comfortable throughout their visit. Reseating the cinemas further improves the experience. Projection and technical aspects should be maintained at industry standard to ensure a top quality experience of the films, matching or exceeding that of local competitors. Notwithstanding these positives, Scenario 2 still perpetuates some longstanding negatives: lack of ground floor dwell space combined with inconvenient location of the main F&B area render the site less attractive to potential customers; the top floor spaces remain difficult to deploy due to room layout, lack of natural light etc.

Membership: Same as for Scenario 1.

Scenario 3: Improvement

Programme: Same as for Scenarios 1 and 2, but now potentially including occasional live performance elements in the basement speakeasy. In this scenario we also recommend a full-time operation with 28 showings per screen per week. Overall, the eclecticism and diversity of the programme are used to amp up The Belmont's sense of personality.

Food and Bev: Café-bar operating in the basement whenever the cinema is open, but now complemented with a small café-style dwell area at street level, with a coffee dispense bar/kiosk in the lobby near the entrance of cinema 1. The menu is upscaled relative to Scenarios 1 and 2, so as to encourage attendance by people not initially planning to watch a film. The basement speakeasy bar has the option of live performance.

Education: Same as for Scenarios 1 and 2.

Studio: A reconfiguration of the top floor into a more flexible Studio workspace now promotes *ad hoc* usage and collaboration by local creatives; flexible use for community meetings; and additional private hire opportunities.

Customer Experience: All the improvements outlined in Scenario 2, but now with a significant further improvement regarding the core structural challenge arising from lack of dwell space at street level exacerbated by poor customer flow. The possibility of popping in off the street into a really attractive small café with comfy seating, without having to navigate winding steps and go down a level, will boost footfall and therefore both F&B spend and cinema attendance.

Membership: Full membership scheme.

Scenario 4: Transformation

Programme: Same as for Scenario 3, with additional potential for live events in the restaurant.

Food and Bev: The street level café-style dwell area (as in Scenario 2) is now the frontage for a large restaurant with open kitchen operating at street level from mid-morning and whenever the cinema is trading. Menu is upscaled relative to Scenarios 1-3, so as to encourage use of the café by people not initially planning to watch a film,

and to make The Belmont a destination venue by offering a much more comprehensive all round experience. Street level restaurant has option of live performance, for example Jazz Sundays.

Education: Same as for Scenarios 1–3.

Studio: Same as for Scenario 3, with further enhancement to private hire opportunities.

Customer Experience: There is no longer a core structural challenge arising from lack of dwell space at street level exacerbated by poor customer flow. The possibility of popping in off the street into a comfortable dwell area or a really attractive large restaurant and bar with comfy seating, suitable for a proper meal and forming a central element in the all-round 360° experience of visiting the Belmont, may boost F&B spend. Natural light in the street level café-bar and in the top floor co-working space will make the building a much nicer place to visit and use – as a customer, member, private hire guest, or user of upstairs work facilities.

Membership: Same as for Scenario 3 but now with the possibility of a higher value membership offer.

These scenarios require very different levels of initial CapEx, but offer substantially different pathways to financial sustainability. The central concept underlying the four scenarios is that attracting audiences, and generating film admissions and trading revenue, depends on improving the overall experience of visiting The Belmont. In other words, investing in all the stuff *around* the films can lead to better business performance overall.

- Scenario 1 is cheapest, but offers least potential gain.
- Scenario 2 would render the cinema more usable but carries only limited upside potential.
- Scenario 3 would represent a major step forward with significant business implications.
- Scenario 4 would create a whole new type of business.

Our initial hypothesis was that more investment in renovation would lead to better experience and therefore higher operating margins. This is partly born out by our operational and financial modelling, but with some variance.

8 - Financial

This report is accompanied by a financial model that provides detailed projections around CapEx, profit & loss, and cashflow for all four renovation scenarios, and for the operational landscapes that they create. For granular insight into the financial implications of different CapEx and operational scenarios, please refer to the model, including the detailed assumptions outlined in the 'Assumptions' tab.

We have designed the model on the basis that a local not-for-profit entity will operate the site, since this seems attractive in various ways (see section 9, Legal Structures). Drawing conclusions for other types of operator would require adjusting a number of model inputs, for example property costs and staffing levels.

The Studio Offer

This section outlines how we think about pricing and trading income generation from the reconfigured top-floor Studio space. We offer this summary text here because The Studio is a less conventional concept than the main cinema and F&B operations, so a summary financial implications may be needed more for the Studio than other areas. See also detailed revenue workings in the 'Studio' and 'Room Hire' tabs of the financial model.

Based on our research for this project, we believe the concept of a practitioner space in The Studio could be a popular and viable concept. In this model, you bring together creative and industry practitioners, giving them a collective space for idea generation and collaboration, and build on this blueprint in future to potentially add funding for seed projects, creative producers and equipment.

Revenue projections are based on expected usage for Studio space in the different renovation scenarios. There is no internal re-configuration in Scenarios 1 and 2, so we have assumed light rental opportunities for the space, only. That said, in Scenario 2 there will be some internal redecoration and 14 desk spaces, so there is some additional potential. In Scenarios 3 and 4, there are 16 desk spaces and a meeting table/hot-desk option for occasional use and day passes. There is also a conference space which can be hired for masterclasses, corporate training days and presentations. As the offer improves, we project more income.

The fees for the co-working space follow a sliding scale so that SMEs, freelancers and artists can use the space, with different options for different budgets.

The meeting table spaces could be rented on an *ad hoc* basis or booked if needed for creative and workshop meetings, community groups and so forth. As a guide, this could be around £10 per day per desk.

Developing the studio space should also generate some additional income beyond the immediate rental revenue. This can be derived from the practitioners having meetings in different parts of the venue, buying F&B, and booking screening space for their projects. Practitioners would automatically become cinema members and receive the usual member discounts, thus helping to build a community of loyal cinema-goers, as well.

The Studio can thus offers a modest but meaningful financial contribution to the business, alongside the non-financial benefits around community engagement.

Key Levers

Key levers affecting overall operational receipts include:

- Cinema attendance and F&B footfall, calculated via an occupancy percentage.
- Spend per head (SPH) on film tickets and F&B.

Attendance, footfall and SPH values in the model are based on our market research and our assessment of potential compared to historical data, and then benchmarked against our understanding of these key variables at comparable sites in the present day.

Key levers affecting operational expenses include:

- Cost of sale proportions.
- Staffing costs.
- Energy costs.
- Property costs.

Cost of sale proportions are benchmarked against comparable operations elsewhere and sense checked against historical data from The Belmont, where available.

Payroll costs are based on a detailed staffing plan developed for each scenario in view of our knowledge of cinema and F&B operations at a range of comparable cinemas, and sense checked against historical staffing levels.

Energy costs are our best estimate under current publicly available energy market info, based on a 50% increase over pre-COVID levels and ignoring energy efficiency gains made by CMI through new lighting installations in 2022, and additional gains assumed to be made in any new renovation work.

Property costs are hard to project since ACC may vary their rental offer according to the type and intentions of the lessee; so we are leaving property costs as £0 in the model, for now. This is consistent with the core modelling assumption of a local not-for-profit operator, as per this first paragraph of this section, since such an operator would likely be able to negotiate a cheap rent.

Sources of Capital

The four scenarios assume different levels of capital expenditure in order to positively transform the experience of visiting The Belmont, to a greater or lesser degree. See the 'Renovation' and 'Assets Plan' tabs in the financial model, and the Quantity Surveyor Costings, for more detail of the CapEx required by in each scenario.

How funds may be sourced for capital expenditure is a broad question and the answer depends in practice on many factors that we cannot know just now, including what sort of entity the operator will be (see section 9). Table 5 briefly sets out some of the ways in which capital might be accessed for a new cinema development. This table is not exhaustive and is intended only as a starting point for someone to begin the process of seeking funds.

Table 5: Sources of Capital

Source of Capital	Legal / Operator Framework	Notes
Bank	Any	A cinema operator may be able to secure bank finance. This normally requires a trading record and a solid business plan; for a brand new operator it may also require some form of guarantee from an established entity in order to reduce the bank's perception of risk.
Own funds	Any, but circuit operators most likely	Some cinema operators already have ample funds and may choose to invest their own money. This seems likelier to be possible with a large circuit operator, for example, than a new local company – though if the cinema is to be run on a commercial for-profit basis, then it's conceivable a local entrepreneur would invest in it.
Community-driven funding organisations	Not-for-profit structures geared to serve their community	Organisations such as Social Investment Scotland or Scottish Communities Finance may be able to provide grants, investment or soft loans to help a community-focused cinema get started. A cinema that shapes itself as a social enterprise may be more likely to secure this kind of support.
Philanthropic Fundraising	Any, but most likely not-for-profit structures geared to serve their community	A new not-for-profit cinema operator may be able to raise funds from private donations.
Crowdfunding	Any	Given the level of public support for The Belmont, a crowdfunding campaign stands a chance of generating a meaningful amount of money towards renovation or re-opening.
Commercial Fundraising	For-profit structures	A new for-profit cinema operator may be able to attract commercial investment if their business model suggests ample scope for a good ROI. In this situation, aiming for EIS eligibility can be important.
Government Funding Initiatives	Most likely community-led ownership structures	Schemes such as the UK Government's Community Ownership Fund may offer opportunities to acquire or renovate assets that are of value to a local community. ⁸
City Council	Any	City councils sometimes choose to provide funds to assist a new cinema development, since cinemas are generally thought to bring cultural, economic and social benefits to city centres. Council support might take the form of direct investment or a soft loan.

⁸ <https://www.gov.uk/government/publications/community-ownership-fund-prospectus/community-ownership-fund-prospectus>

Financial Highlights

Our financial modelling is based on our assessment of the local market, our understanding of the current and near term outlook for the wider sector, our analysis of The Belmont's historical position, and context from comparable sites. The four scenarios we have modelled represent four different points on a wide spectrum of possibilities. This is a matrix of topline financial highlights for each renovation scenario, from a trading perspective:

Admissions	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	62,117	62,738	63,365	63,999	64,639
Scenario 2	78,719	79,113	79,508	79,906	80,305
Scenario 3	99,186	99,682	100,180	100,681	101,185
Scenario 4	98,271	99,254	100,247	101,249	102,262

Net Sales	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	£549,134	£570,940	£587,851	£605,266	£623,200
Scenario 2	£968,906	£1,002,823	£1,027,850	£1,053,504	£1,079,798
Scenario 3	£1,528,760	£1,582,168	£1,621,547	£1,661,908	£1,703,274
Scenario 4	£1,860,154	£1,934,373	£1,992,031	£2,051,416	£2,112,578

Gross Profit	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	£340,457	£353,981	£364,471	£375,274	£386,399
Scenario 2	£600,120	£621,136	£636,646	£652,545	£668,840
Scenario 3	£966,009	£999,699	£1,024,521	£1,049,960	£1,076,033
Scenario 4	£1,182,451	£1,229,483	£1,265,979	£1,303,565	£1,342,273

Payroll	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	£228,459	£235,313	£240,019	£244,819	£249,716
Scenario 2	£415,326	£427,785	£436,341	£445,068	£453,969
Scenario 3	£613,671	£632,081	£644,723	£657,617	£670,770
Scenario 4	£948,680	£977,141	£996,684	£1,016,617	£1,036,950

EBITDA	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	(£193,952)	(£196,593)	(£197,252)	(£195,145)	(£195,574)
Scenario 2	(£133,813)	(£134,929)	(£134,656)	(£136,803)	(£136,367)
Scenario 3	£16,132	£21,150	£26,222	£29,011	£34,526
Scenario 4	(£119,274)	(£111,710)	(£102,465)	(£95,188)	(£84,859)

We can also look at a matrix of key proportions:

GP as % of Sales	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	62%	62%	62%	62%	62%
Scenario 2	62%	62%	62%	62%	62%
Scenario 3	63%	63%	63%	63%	63%
Scenario 4	64%	64%	64%	64%	64%

Payroll as % of Sales	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	42%	41%	41%	40%	40%
Scenario 2	43%	43%	42%	42%	42%
Scenario 3	40%	40%	40%	40%	39%
Scenario 4	51%	51%	50%	50%	49%

EBITDA as % of Sales	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	-35%	-34%	-34%	-32%	-31%
Scenario 2	-14%	-13%	-13%	-13%	-13%
Scenario 3	1%	1%	2%	2%	2%
Scenario 4	-6%	-6%	-5%	-5%	-4%

Here is the expected CapEx for each scenario:

CapEx	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	£215,531	£155,000	£205,000	£166,400	£175,000	£145,000
Scenario 2	£1,275,134	£30,000	£30,000	£30,000	£30,000	£0
Scenario 3	£1,804,470	£30,000	£30,000	£30,000	£30,000	£0
Scenario 4	£2,537,753	£30,000	£30,000	£30,000	£30,000	£0

Costs of Capital	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	(£32,152)	(£37,400)	(£47,280)	(£58,659)	(£65,341)
Scenario 2	(£196,811)	(£183,627)	(£170,599)	(£157,581)	(£144,440)
Scenario 3	(£272,502)	(£258,586)	(£245,191)	(£232,155)	(£219,332)
Scenario 4	(£372,736)	(£354,074)	(£335,933)	(£318,125)	(£300,477)

And here is an internal view of topline figures for each scenario, separately:

Scenario 1	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Admissions		62,117	62,738	63,365	63,999	64,639
Net Sales	£0	£549,134	£570,940	£587,851	£605,266	£623,200
Gross Profit	£0	£340,457	£353,981	£364,471	£375,274	£386,399
Capex	£215,531	£155,000	£205,000	£166,400	£175,000	£145,000
Opex	£34,931	£534,409	£550,574	£561,722	£570,419	£581,973
EBITDA	(£34,931)	(£193,952)	(£196,593)	(£197,252)	(£195,145)	(£195,574)
Net Profit	(£34,931)	(£226,105)	(£233,993)	(£244,532)	(£253,804)	(£260,915)

Scenario 2	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Admissions		78,719	79,113	79,508	79,906	80,305
Net Sales	£0	£968,906	£1,002,823	£1,027,850	£1,053,504	£1,079,798
Gross Profit	£0	£600,120	£621,136	£636,646	£652,545	£668,840
Capex	£1,262,634	£30,000	£30,000	£30,000	£30,000	£0
Opex	£51,458	£733,933	£756,065	£771,303	£789,348	£805,208
EBITDA	(£51,458)	(£133,813)	(£134,929)	(£134,656)	(£136,803)	(£136,367)
Net Profit	(£51,458)	(£330,625)	(£318,556)	(£305,255)	(£294,385)	(£280,807)

Scenario 3	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Admissions		99,186	99,682	100,180	100,681	101,185
Net Sales	£0	£1,528,760	£1,582,168	£1,621,547	£1,661,908	£1,703,274
Gross Profit	£0	£966,009	£999,699	£1,024,521	£1,049,960	£1,076,033
Capex	£1,786,470	£30,000	£30,000	£30,000	£30,000	£0
Opex	£69,552	£949,877	£978,549	£998,299	£1,020,949	£1,041,506
EBITDA	(£69,552)	£16,132	£21,150	£26,222	£29,011	£34,526
Net Profit	(£69,552)	(£256,370)	(£237,436)	(£218,970)	(£203,143)	(£184,805)

Scenario 4	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Admissions		98,271	99,254	100,247	101,249	102,262
Net Sales	£0	£1,860,154	£1,934,373	£1,992,031	£2,051,416	£2,112,578
Gross Profit	£0	£1,182,451	£1,229,483	£1,265,979	£1,303,565	£1,342,273
Capex	£2,497,753	£30,000	£30,000	£30,000	£30,000	£0
Opex	£92,550	£1,301,726	£1,341,192	£1,368,444	£1,398,753	£1,427,132
EBITDA	(£92,550)	(£119,274)	(£111,710)	(£102,465)	(£95,188)	(£84,859)
Net Profit	(£92,550)	(£492,011)	(£465,784)	(£438,398)	(£413,313)	(£385,336)

Analysis

It's clear from the numbers that finding a sustainable operating model for The Belmont will be challenging. This is unsurprising given that it faces strong competition from nearby mainstream operators in a small city, and that even after differentiating its programme it will need to rely on more popular tentpole features that will likely also play elsewhere. There is of course a core audience who will attend a diverse cultural programme no matter what; but to reliably survive as a business, The Belmont must attract a wider audience as well.

We know that the overall experience of visiting the cinema is a critical element in many customers' choices about where to watch films. It's not the only element, but it is a centrally important part of how The Belmont can attract a large enough audience to sustain itself commercially.

We now see this born out in the financial projections, but only up to a point. In scenarios where there has been more investment in the building, we can comfortably project higher occupancy and SPH levels. This translates clearly into higher net sales, and on balance tends to offset the higher cost of delivering an enhanced offer. Interestingly, these gains reverse in the highest CapEx scenario, where the business is more like a restaurant with cinemas attached. The only scenario showing a positive EBITDA on our current inputs is Scenario 3, where the building is significantly refreshed and where the ground floor is opened up and the top floor converted to a flexible Studio space.

Scenarios with more complex F&B and hospitality offers tend to need more staff. Delivering these more elevated offers without causing payroll to balloon is a challenge, and we note that our projected payroll is quite high in all scenarios, around 40% of net sales in scenarios 1–3, and closer to 50% in Scenario 4.

So, Scenario 3 is our most promising vision. The increased dwell space on the ground floor, the more ambitious refresh of the basement into a speakeasy bar, and the conversion of the top floor into a more useable co-working and conferencing Studio space allow a more bullish view on revenue potential from F&B, ticket sales, and ancillary income streams. Scenario 3 does require more staff than Scenarios 1 or 2, but this is offset by the increased trading revenue. The equation clearly sours somewhat in the more radical Scenario 4. It seems that Scenario 3 is near a sweet spot.

This makes sense on first principles, given our understanding of audience behaviour and the development of independent cinemas in recent times. Cinemas that offer a genuinely attractive end to end experience tend to thrive; those that do not, decline. This is true even of community-focussed and cultural cinemas that are strongly supported by their local people. Audiences may love their local independent cinema in theory, but if the experience of visiting it is materially inferior to that of other nearby venues, they may choose to spend their money elsewhere.

One frustrating aspect of the situation in Aberdeen is that The Belmont building has not enjoyed a programme of ongoing physical and decorative improvement in recent years. There is therefore much to be done to bring it up to a standard that can hold its own against its better resourced competitors nearby. This requires relatively high capital expenditure – a cost stored up over a number of years.

We note that the model currently assumes that the cinema finances 100% of the initial capex in all scenarios. The discrepancy between EBITDA and net profit in all scenarios arises from depreciation and interest payments. Likewise, the cashflow projections in all scenarios are

depressed by repayment of loan principal and payment interest. If capital repayment and the costs of capital are removed, then a cinema under Scenario 3 looks very close to year-to-year financial viability. This suggests that while the cinema needs significant initial CapEx in order to become viable from a trading perspective, it still does not reach a point where it can fully bear the repayment and costs of that initial capital outlay. The obvious conclusion is that for The Belmont to re-open on a financially sustainable footing, there needs to be an initial injection of capital from an external source that is not looking for a normal ROI or even full repayment.

It is unsurprising that the cinema finds itself in this position, since to the best of our knowledge it has not had a major refit or renovation in two decades.

Our financial projections illustrate that re-opening the Belmont will carry a significant level of risk. Even in our most favourable renovation scenario, there is very little range for downside variation before the business goes underwater – unless we factor in revenue from public grants or fundraising, which are not currently included. Similarly, there does not appear to be meaningful scope to repay initial capital from trading revenue, so any party investing the initial funds will likely need to be public sector or philanthropic, as we do not anticipate that a normal commercial investor would approach this cultural project with confidence.

We are nevertheless hopeful that with determination and creative thinking, and adequate support, there may be a path to viability for The Belmont under something that looks like Scenario 3. Please see Section 10, Recommendations, for our overall conclusions and for some ideas for how a potential operator might think about addressing the challenges around CapEx and OpEx to make re-launching The Belmont a viable proposition. See also Appendix 5 for risk weighting.

Before developing recommendations from the analysis so far, we need to examine options around legal structure and operating context. Choices in this area may have a significant effect on The Belmont, both for its commercial viability and for its ability to deliver cultural and educational value to Aberdeen.

9 - Operating Concept and Legal Structure

9.1 Background

A key question for any new cinema is what legal structure to adopt – all the more so in the context of cultural provision, where the fundamental goal of providing a public good must sit alongside the commercial realities of operating a sustainable business.

Delivering substantial public benefits may at times create pressures in conflict with the raw commercial needs that arise from operating a cinema in a competitive marketplace. To deliver the cultural benefits sought by ACC, the cinema operator must be capable of striking the right balance between public service objectives and commercial necessities. Operating concept and legal structure have a fundamental bearing on what balance an operator will strike, in practice.

This section provides an overview of the likeliest legal structures and some considerations that may help a new operator navigate the range of options. Nothing in this document constitutes legal advice; we recommend that anyone setting up a new company seek legal and accountancy advice to ensure they comply with the law and other regulations.

9.2 Synopsis of common and relevant legal structures

The most common and realistic legal structure options available to a new cinema operator, and the basic characteristics of each, are as follows (and see Table 6):

Private Company Limited by Shares

- Governed by shareholders.
- For-profit trading, i.e. shareholders may withdraw profits.
- No special restrictions on trading.
- Assets not locked; can be disposed of flexibly.
- Light-touch regulatory reporting.
- Possible to attract commercial investment.
- Normally exposed to corporation tax and business rates.
- Cannot register as a charity.
- Restricted access to public funding.

Company Limited by Guarantee and Registered as a Charity (or, a SCIO)

- Governed by guarantors/members and regulated by OSCR.
- Not-for-profit trading, i.e. profit cannot be withdrawn.
- May only trade to serve the charitable objects defined in its constitution.
- Asset-locked, so fixed assets can only be disposed of to serve the charitable objects.
- Heavier regulatory reporting (to OSCR).
- Not possible to secure commercial investment.
- Exempt from corporation tax and business rates.
- Best access to public funding.

Community Interest Company (CIC) Limited by Guarantee

- Governed by guarantors/members and regulated by the CIC Regulator.
- Not-for-profit trading, i.e. profit cannot be withdrawn (assuming liability is limited by guarantee, not shares).
- Must serve a clearly defined 'community' but fewer trading restrictions than for a charity.
- Asset-locked, so fixed assets can only be disposed of to serve the defined community.
- Mid-level regulatory reporting (to the CIC Regulator).

- Not possible to attract commercial investment.
- Normally exposed to corporation tax and business rates.
- Some access to public funding but less widely than a charity, e.g. no Gift Aid.

There are other legal structures which we will leave aside, as being plainly inappropriate or unlikely to be a prudent choice for a full-time multi-screen cultural cinema in this context. These include: unincorporated structures; CICs limited by shares (uncommon); cooperative structures; trusts; etc.⁹

Table 6: Features of some likely legal structures.

	Private Company Limited by Shares	Company Limited by Guarantee and Registered as a Charity (or, a SCIO)	Community Interest Company (CIC) Limited by Guarantee
Governance	By shareholders.	By guarantors / members and regulated by OSCR.	By guarantors / members and regulated by the CIC Regulator.
Profit Motive	For profit.	Not for profit.	Not for profit.
Trading Restrictions	None.	May only trade to serve the charitable objects defined in its constitution.	Must serve a clearly defined 'community', but fewer trading restrictions than for a charity.
Asset Lock	None.	Fixed assets can usually only be disposed of to serve the charitable objects.	Fixed assets can only be disposed of to serve the defined community.
Regulatory Reporting	Light touch.	Most burdensome.	Middle level.
Tax and Rates	Full exposure.	Exempt.	Normally full exposure.
Commercial Investment	Possible.	Not possible.	Not possible.
Public Funding	Limited.	Best availability.	Partial availability.

Deciding about legal structure requires attention to other considerations:

- Operating concept: Is the cinema operated locally, or by an outside party? Part of a larger corporate structure, or fully independent?
- For-profit versus not-for-profit: What is the cinema's driving purpose? Maximising profit or delivering other objectives?
- Unitary versus Complex Structure: Should the cinema be one single entity, or should it run elements such as F&B as a trading subsidiary?
- Consortium or Partnership: Will the cinema operating company be a simple company formed by its individual directors, or a partnership between other established entities?

⁹ For more guidance on choosing between a CIC and a charity, see <https://www.charityexcellence.co.uk/Home/BlogDetail?Link=Starting A Nonprofit Social Enterprise Or Charity>

We will assess each of these topics in turn before focussing on The Belmont in particular.

9.3 Operating Concepts

The question of a cinema's legal structure depends in part on the basic operating concept. By 'operating concept', we mean the type of operator that runs the cinema.

The three most plausible operating concepts for The Belmont are:

- Circuit operator.
- 'Like-minded' independent cultural cinema operator.
- Dedicated local company.

A circuit operator is a company that already operates multiple cinemas elsewhere, and which has the capability to run the cinema viably while, possibly, delivering the cultural impact sought by ACC. Examples of circuit operators with a history of delivering cultural benefit are Picturehouse and Curzon Cinemas. See however section 9.8 for a survey of the most relevant circuits operating today.

A 'like-minded' independent cultural cinema operator is an existing independent entity that is not part of a wider circuit, but which has a track record of delivering significant cultural impact, including through film education. Examples in Scotland include GlasgowFilm, DCA – or indeed the CMI, until recently.

A dedicated local company would be a NewCo formed by either:

- a) a group of local individuals, or
- b) a single established Aberdeen entity, or
- b) a consortium of established Aberdeen entities.

We assume that any local group that takes on The Belmont would have an interest in film, media, or the Arts more broadly; would be committed to delivering cultural cinema in Aberdeen; and would therefore wish to deliver the public service goals they share with ACC. We assume that they would set up a NewCo to operate the Belmont, and that they would likely appoint specialist third party service providers to access any industry-specific professional expertise that is not available on the ground in Aberdeen.

Considerations around legal structure for the Belmont differ in certain respects for each class of potential operator.

9.4 For Profit versus Not for Profit

The choice of legal structure embeds a specific relationship to profit. Is the cinema's primary purpose to maximise profit for shareholders, or is profit-generation a means to another end? This fundamental choice informs the cinema's core motivations and objectives. This in turn affects the balance it will find between cultural delivery and commercial pressures.

For profit

The majority of mainstream cinemas are private companies limited by shares trading on a for-profit basis. They rely on commercial investment to become established and must then prioritise returns for their shareholders.

Circuit operators (e.g. Picturehouse, Curzon Cinemas, Odeon etc.) are almost always private limited companies trading for profit. If a circuit operator takes on The Belmont, then they will

most likely create a new private limited company as a trading subsidiary in Aberdeen, and it will operate on a for-profit basis.

Some independent cinemas are also for-profit (e.g. The Dominion in Edinburgh). If a local entity operates The Belmont independently, then a for-profit model is possible; but various considerations may argue in favour of a not-for-profit approach for a local operator, as the following account suggests.

Not for profit

Many independent cultural cinemas and community-focussed cinemas are not-for-profit. They identify specific objectives for the public good. They aim to achieve those objectives in part by generating trading profit that can be deployed towards their public service goals.

Independent cinemas specifically dedicated to broadening film culture regularly choose a not-for-profit model. This embeds their cultural mission and allows the cinema more easily to orient itself towards public service objectives, to the extent that this is commercially possible. The majority of leading cultural cinemas in the UK are companies limited by guarantee registered as charities (or, CIOs/SCIOs). Examples include GlasgowFilm/GFT, HOME Manchester, Bristol Watershed, Tyneside Newcastle, and indeed CMI/Filmhouse as was.

Comparison

A 'for profit' approach can allow valuable cultural impact – as it did, for example, in cities where Curzon or Picturehouse used to diversify the film offer in a market otherwise served only by mainstream operators (see 9.8); or in captive markets like Fort William, where the Highland Cinema now broadens cine-culture by making cinema available where it does not otherwise exist, at all.

Generally speaking, though, a purely commercial company may have less inclination to push the boundaries in areas that can cost a lot to deliver while yielding little financial gain. This might include: education and skills development; engagement with diverse local and national curation partners; presenting commercially risky but artistically crucial films; and so forth. Cinemas dedicated to goals like these normally choose a not-for-profit model, in order to allow them to push beyond the market to the extent they can.

Aberdeen is well served by mainstream commercial multiplex operators but does not currently benefit from a cinema pushing into more diverse areas of film culture, or engaging with local partners and the community to deliver educational objectives. Given the lack of cultural diversity in Aberdeen's current cinema marketplace, it is plausible that value could be added by either a for-profit or a not-for-profit operator, in one of the following ways:

- A) A for-profit circuit operator with a track record of delivering a more diverse mix than mainstream cinemas could enhance Aberdeen's film culture simply by differentiating their programme from the multiplexes.
 - a) Hard-wiring a commitment to cultural and educational delivery in the terms of ACC's operating contract would guard against the risk that a for-profit operator's lack of innate public service mission would lead them to steer too far back towards the mainstream under market pressure, as Curzon and Picturehouse have done in most of their non-London sites (see 9.8).
- B) A local NewCo operating as a charity with cultural and educational objectives could similarly diversify Aberdeen's film offer to the extent the market allows, and potentially also push beyond what would make sense on a straight commercial basis.

- a) Lacking a circuit's economies of scale, it's crucial that a local entity have a robustly viable trading model.
- b) They may be able to access specialist support and some approximation of economy of scale by engaging third party service providers in the cinema sector.

A circuit operator's choice of legal structure will be determined by their wider corporate framework. It will almost certainly be for-profit. The challenge for ACC is how to ensure that a for-profit operator consistently delivers cultural and educational goods that may at times go against the commercial flow.

A local entity has more flexibility of choice. Based on current information, we envisage that a local entity taking on the Belmont would select a not-for-profit charitable structure, for the following reasons:

- It embeds cultural and educational goals at constitutional level, in line with ACC's public service objectives.
- It opens up funding opportunities that may allow the cinema to push farther into uncommercial areas, across both cultural delivery and education.
- A local operator will lack economies of scale, so the financial benefits from tax and rates relief, lower property costs, and improved access to public funding (including Gift Aid) are likely to be all the more important for the cinema's financial health.

Any cinema operating on a not-for-profit basis must nevertheless behave in a commercially astute manner in order to survive and thrive in a relentlessly competitive marketplace dominated by large for-profit players. Cinemas with not-for-profit legal structures may be better positioned to prioritise activities that are culturally valuable but commercially sub-optimal, to the extent that trading conditions allow. They are fundamentally mission-driven, not profit-driven; generating a profit is a means to achieve a public-service end, not the end in itself.

9.5 Unitary versus Complex Structures

The initial choice of legal structure – in particular, about charitable status – may carry further implications for how the company needs to be set up. These implications arise from the fact that UK law allows charities to trade only in direct connection within their primary charitable aims, not solely to raise funds. At the same time, cinema charities normally do need to trade in F&B (and often other areas such as merchandise, corporate hires, etc.) in order to fund their charitable objectives; yet these areas are usually secondary to the charitable aims themselves, since they do not directly consist of connecting people with film.

A charitable cinema may generate crucial trading revenue while still complying with the law if it sets up one or more trading subsidiaries to handle secondary commercial activities. The subsidiary might be a regular for-profit company, or could be set up as a CIC or a social enterprise with a constitutionally embedded community focus in its own right. Provided the trading subsidiary covenants 100% of its profit up to the parent charity, it will enjoy the same exemptions on tax and rates as the parent charity.¹⁰

A cinema operating as a charity will be just as reliant on F&B revenue as any other cinema and will therefore need a complex legal structure that includes a trading subsidiary. A cinema

¹⁰ For more context on how charities use trading subsidiaries, see here: <https://www.diycommitteeguide.org/charities-trading-tax-and-subsidiaries/>

operating on a for-profit basis, however, may choose a unitary legal structure since there is no special restriction on its ability to trade commercially.

In view of all this, if the Belmont is run on a for-profit basis it may well have a simple, unitary legal structure – unless the operator prefers to segregate F&B trading for operational or accounting reasons of its own. It might, however, be only one component of a large and complex structure if the operator is a circuit. If, by contrast, The Belmont is run as a charity by a local company or a like-minded cultural operator, then it will (locally) need a more complex legal structure that allows an F&B operation to feed trading revenue into the overall business.

9.6 Partnership Working

Local Operating Partnership

In recent decades, Aberdeen has not had a full-time cultural cinema operated by a local party. There is, therefore, no entity or group that is a 'shoe in' to take on Belmont as a local operator, in the current situation. Nevertheless, Aberdeen does have much relevant expertise on the ground in the form of experienced former managers and staff of The Belmont, whom a new operator may be able to recruit. It also enjoys an enthusiastic community of support for cultural cinema, with more than 3,500 members in the Save the Belmont campaign group, whose steering committee includes a number of impressive individuals. Moreover, Aberdeen's Arts, media and education landscape is ably supported by strong entities that have core competencies directly applicable to operating a cinema like The Belmont, should they take an interest; and the city has motivated and culturally aware F&B operators who might have a role to play.

We cannot know at this time who, if anyone, will step forward locally with a credible plan to re-open The Belmont. One plausible scenario is that two or more existing entities with complementary objectives and skillsets form a partnership to run The Belmont. For example, let's imagine that:

- an established entity that knows how to run venues (not necessarily cinemas) partners with an established entity that knows how to deliver film and media education;
- they access cinema-specific operational expertise by
 - hiring experienced local individuals for on-site roles, and
 - contracting specialist support from third-party service providers;
- they engage the pool of grassroots support currently incarnated as the Save the Belmont group to spread awareness and buy-in throughout the local population.

Such a partnership might have a strong case for becoming the operator. Another variant might include a film-interested local F&B entrepreneur.

A partnership between multiple established entities could take various forms depending on the deal they work out between themselves. We cannot explore every possible permutation here but will draw a few broad outlines.

One approach would be to form a joint venture, in the sense of creating a new free-standing legal entity with its own governance structure, in which each of the founding partners has a direct governance role; and then deploying relevant resource and expertise from each of the partners at operational level, to develop and run the new cinema.

Another approach would be for one of the partners, only, to set up the Belmont NewCo; and engage with the other(s) on a service contract basis to bring in specific expertise.

Either way, if The Belmont is run by a local partnership, it is likely best to set it up as a separate legal entity with its own governance structure, so as to insulate the founding partner entities against risk.

Circuit Operator Partnership

If, by contrast, a circuit operator takes on The Belmont, they may have the capability to deliver a broader range of content in their core programming than the existing multiplex operators; but it's likely that they will lack either the capability, or the commercial will, to extend as far as ACC would like into the areas of cultural partnership or film and media education. They may also be committed to a higher price point, thus potentially limiting the innate educational potential of the core programme itself. While a circuit operator is unlikely to enter into a formal joint venture with a local entity, since this would be inconsistent with their corporate framework, it might still be worth their while to consider a service partnership with a local provider of film and media education services.

A mixed model of this kind might have the benefit of putting the cinema operation in the hands of a lower-risk operator whose economies of scale will help it thrive commercially while ensuring that the less commercial work in education, partnership and media development is delivered by a mission-driven entity with personal and professional roots in the local community; and allowing the education side to seek financial support restricted to not-for-profit entities.

A mixed model might indeed be structured in different ways:

- Two totally separate entities each lease part of the building from ACC and contract to deliver specific services;
- The cinema operator leases the building from ACC and contracts to deliver all Belmont requirements, but sub-contracts education and outreach to a local operator;
- The cinema operator leases the Belmont building and operates it; the education entity is based elsewhere; the education entity and the cinema simply collaborate for the use of screen space when appropriate.

There is a wide range of possibilities for partnership working, which may be relevant across the spectrum of possible operating concepts for The Belmont.

9.7 Structures in Use for Cultural Cinemas in the UK

Many leading cultural cinemas in larger cities operate as charities. For example, cinemas like GlasgowFilm/GFT, HOME Manchester, and Bristol Watershed operate on a charitable basis to deliver significant cultural impact to their communities. Their cities are otherwise well served by cinema, so to have a meaningful impact, the cultural cinema operators need to push as far as they can into territory not served by the commercial market. A charitable structure makes sense in this context since the focus on educational services and pushing beyond the market tends to require funding support, and charities are better placed than for-profit entities to attract both public subsidy and private donations.

There are also larger towns where operators working on a straight commercial basis generate significant cultural impact. Oxford is an example, where the Ultimate Picture Palace (a community-owned private company) continues to generate a richer cine-culture than would

be delivered by VUE and Odeon alone, now that Phoenix Picturehouse and Curzon Oxford have drifted more towards the mainstream (see 9.8).

Some culturally significant cinemas in smaller towns operate as private companies limited by shares. The Highland Cinema (Fort William) falls into this category. In such cases, the cinema operates in a market that is not otherwise well served for cinema. It has a mostly captive audience, albeit a small one, and produces significant cultural impact for its community simply by trading successfully and presenting a varied programme. Since it is locally owned and operated, it also enjoys strong relationships with its audiences and close stakeholders, and is thus able to increase engagement and respond to local interests.

There are not many examples of full-time urban cinemas operating as CICs, perhaps partly because the CIC structure is a relatively new option. CIC structures sometimes are used by film societies and smaller film exhibitors like local film festivals.

9.8 Boutique Circuit Operators

This section looks at those nationwide circuit operators that seem likeliest to consider opening in Aberdeen. We have focused on three key indie cinema circuits because each of these has past form for driving their growth through the acquisition or occupation of existing venues, rather than building new. All three have strong brand recognition and their headquarters cover functions such as finance, HR, technology, programming and marketing – so circuits such as these might potentially offer a solution for an immediate operational takeover. See the previous sub-sections in this section 9 for a broad general assessment of possible legal structures and operating frameworks for The Belmont; what follows here is a specific market analysis of three relevant commercial circuits.

9.8.1 Curzon Cinemas

Curzon Cinemas operate 17 venues and a successful streaming platform, Curzon Home Cinema. Ten of their venues are in London, where the programming team are based. Curzon's three central London sites – Bloomsbury, Mayfair and Soho – programme a diverse range of films, including arthouse, world cinema and quality independent titles. These three venues also host numerous events, with Soho, in particular, attracting A-list talent for their premieres. Curzon's London venues outside of those three, and their regional sites, tend to show a more mainstream content mix.

Curzon Oxford, the most successful regional site, has five auditoria. At the time of writing it was screening one arthouse title, 'The Beasts' (a Curzon film release), but the rest of the programme was more mainstream: 'John Wick 4', 'Allelujah', 'Puss in Boots', 'Rye Lane', 'Shazam', and 'What's Love Got To Do with It?'. Curzon's trend to more mainstream programming has evolved over several years and has seemingly been exacerbated by the pandemic.

In recent years Curzon has developed an F&B offer in all its new sites. Although it is a relatively small menu, it is based on a quality offer such as pizza, small plates such as tapas, and traditional staples such as hot dogs and nachos.

Curzon does not have an education remit or partner with providers to deliver an education programme at its cinemas. Pricing is based on an upmarket night out. In London, one peak ticket can be up to £18, whereas in Sheffield, it's £10 and in Knutsford, which was renovated in the last five years, £14.50.

9.8.2 Everyman

Everyman operates 40 cinemas. In their September 2022 'Interim Report and Financial Statement', they say the 'pipeline for 2023 is well-developed, with four further venues confirmed and another two nearing exchange'. They also state, 'The Board is constantly evaluating new opportunities to grow the Everyman estate, be that a new build, the conversion of an existing building or the acquisition of other cinemas'.

Everyman have created a position for enhancing experiences and have partnerships with Apple TV+ and Jaguar. They have been very innovative in taking over spaces to amplify their brand at pop-up events. Their programme is mainstream, although their events are often quite broad. Still, by their very nature, these tend to be one-offs rather than core to the programme. Everyman don't provide a cultural cinema offer unless there happens to be a breakout hit. At the time of writing, their film mix was the same as Curzon's in Oxford, although 'Beasts' wasn't programmed.

Everyman have invested heavily in their F&B offer and added handheld devices to their technology strategy, allowing customers to order seamlessly from their seats. Everyman's SPH on F&B remains one of the highest in any circuit. They were also the only circuit to post revenue growth in 2022, indicating a strong appetite for the elevated experience they offer.

Adult peak tickets at Everyman venues in Glasgow and Edinburgh are £15.90 and £14.90, respectively.

There is no evidence of any education partnerships or related activity across their estate.

9.8.3 Picturehouse

Picturehouse describes itself as a neighbourhood cinema with a distinct local identity. They have 26 venues, with three more coming soon, and they have traditionally located venues in university cities such as Cambridge, Brighton and York.

Cineworld acquired Picturehouse in 2012, giving rise to a risk of monopoly that led Picturehouse to relinquish the Belmont in 2014. Cineworld's shares have slumped in recent years following the pandemic and it has recently been attempting to liquidate assets. It has been reported that the original founder of Picturehouse, Lyn Goleby, was proposing to buy back Picturehouse from Vue – if VUE had been successful in a takeover. On 16 March, however, it was reported that Vue was frozen out of the sales process by Cineworld's advisers. On 24 March, Screen International reported that Curzon had confirmed interest in buying Picturehouse. The outcome for Cineworld and Picturehouse remains uncertain, but it seems plausible that a third party will acquire Picturehouse in the coming months, possibly thus removing the competition concerns that forced Picturehouse out of The Belmont in 2014.

For as long as Picturehouse remains part of Cineworld, it's hard to guess their future strategy for new venues but they seem unlikely to expand significantly given the financial distress at their parent company; and in any case they cannot take on the Belmont while they are part of Cineworld, due the competition concerns.

On paper, Picturehouse is a circuit offering a breadth of cinema content beyond mainstream film. They have slots including 'Discover' and 'Rediscover', with the former screening cultural cinema and the latter classics and rep cinema. It should be noted these are individual slots rather than an integral part of their weekly programming, and like the other circuits we've looked at, their operations are based in London.

The larger and more modern Picturehouse venues have restaurants and comfortably designed dwell areas. Even the smaller venues will usually have cafés with a range of food and speciality beverages. There is less emphasis on taking food into the screen than in the other two circuits we're considering.

Out of all the relevant circuits, Picturehouse is the only one with an education offering. With a web page aimed at teachers and students, they clearly have a lively school screening programme in many sites. Unlike other independent venues we have looked at, however – who have firm educational aims – Picturehouse's education offer feels quite process-driven.

Picturehouse has a sustainability policy focusing on responsible and ethical suppliers, choosing UK products where possible and working to improve all their waste and recycling streams.

An adult peak ticket price at Cameo, Edinburgh, is £12.90.

9.8.4 Summary

Boutique cinemas have tended to be able to weather the pandemic better than the multiplexes. If one of these circuits were interested in taking on The Belmont, they would offer a different experience to the other venues in the city with their focus on design, dwell space, in-screen service and a comprehensive F&B offer. It's likely that alongside this offer, the ticket price would rise beyond £10.

Out of all the circuits, Picturehouse fits The Belmont's model most closely, not least in that it actually has a film education programme. It is perhaps unsurprising that it is a better fit, since it was the original operator. It's important to note, however, that Picturehouse's programming has trended more mainstream since 2014, and its education offer seems more process-driven. There is therefore no guarantee that they would deliver the same cultural impact as they did up to 2014, if indeed the competition concerns can be resolved through a separation from Cineworld. That said, a focus on sustainability is arguably a positive strategy that differentiates them from the other circuit brands.

Everyman present a mainstream programme and are unlikely to extend the cultural range for Aberdeen in the way that ACC seek. It is not hugely likely that either Curzon or Picturehouse would go much farther, given the trends we have seen in their non-London programming in recent years. All three of these circuits offer parent and baby screenings. Picturehouse also offers relaxed and dog-friendly screenings, and Everyman does a silver screen programme.

All three circuits are based in London, where head office staff will feel removed from the day-to-day operations of the cinema. Curzon and Picturehouse both offer an alternate model whereby they programme the key films and events, but the cinema operates as an independent local business and can diversify the programme on a local level. Our evidence finds that local operations and local programming tend to support a more diverse slate because the team are usually on the ground, able to build up audiences and do the grassroots work needed to amplify the venue's engagement. An approach such as this might be a good solution for The Belmont, if a local entity is prepared to take responsibility for the cinema.

9.9 Aberdeen

Aberdeen is well served by cinemas, with two Cineworld sites and a VUE in a city of only about 250K people. The possibility of Everyman opening elsewhere in the city centre remains

on the horizon. On any analysis, The Belmont, therefore, lacks the 'captive market' conditions that allow the cultural impact of small-town for-profit operators such as The Highland Cinema.

Moreover, the Belmont building is owned by ACC. ACC has clarified that any operator they appoint will be expected to deliver a range of cultural and educational objectives. Simply extending the range of what films are available to cinemagoers in Aberdeen is necessary but not sufficient. There is a clearly defined expectation of delivering extensive educational services and working in partnership with other local cultural bodies. This goes well beyond what is likely to make sense on a purely commercial basis.

In the event that a local company forms to operate the Belmont, it will be a small-scale independent company in a crowded commercial marketplace. A mission-driven outlook protected in a charitable structure is more compatible with such a company delivering cultural and educational benefit to Aberdeen, much as we find with the home-grown fully independent cultural cinemas in Manchester, Glasgow and Bristol. Such an entity would raise additional funds through the commercial activities of its trading subsidiary; through public grants and funding; and where possible through philanthropic giving.

A similar analysis might apply if the new operator is a 'like-minded independent cinema', by which we understand a cultural cinema operator from outside Aberdeen that is already working on a mission-driven basis. This is similar to the operating concept applied in recent years by the CMI.

In the event that a circuit operator takes on the site, then the legal structure for The Belmont would need first and foremost to fit into their wider corporate framework. Since the majority of circuit operators are for-profit trading companies, it is likely that they would set up the Belmont in the same way. In this context, then, the choice of legal structure is secondary to the immediate question of whether the proposed operator has the capability to deliver the ACC's requirements for the public good. Our survey of the most relevant major circuits suggests that it may be difficult to secure a sufficiently strong commitment from them to deliver cultural and educational benefits that push beyond the market.

In any scenario, exploring ways to build on Aberdeen's existing capabilities will potentially add value. A local partnership between a venue operator and a film & media education specialist, supported on the cinema side by third-party service providers, seems attractive in principle but depends on suitable local parties taking the initiative. At the other end of the spectrum, a circuit operator might be able to elevate its educational impact by partnering with a local entity on a service contract basis.

Please see Appendix 2 for a breakdown of risks and benefits around a few more likely operating concept / legal structure options.

10 - Recommendations

Aberdeen is a small city with a crowded market for mainstream cinema. There is clear appetite in the city for a different kind of venue – one that diversifies the films on offer and delivers a range of cultural and educational benefits to the community; one with a distinctive identity and a unique sense of atmosphere. For such a cinema to thrive, it must push beyond the market to deliver real cultural range, while still competing successfully against larger, well-resourced commercial operators.

10.1 The Belmont Offer: Cultural Cinema, F&B, Studio, Education

Our market analysis, sector research and financial modelling all strongly suggest that meeting its cultural and educational goals is not in itself enough to ensure The Belmont's financial viability. Community-focussed education activities are not generally all that profitable (though they can be funded; see below), and the core audience for a culturally diverse programme in Aberdeen is highly likely insufficient to sustain the cinema commercially. The Belmont must therefore attract a wider audience – people who want a distinctive and welcoming venue, and who might sometimes experiment with a wider range of films, but whose choice of cinema will also be largely driven by the overall experience of visiting. In other words, the film is at the core, but the whole experience around the film matters very greatly indeed.

The Belmont has historically earned top marks for the warmth and enthusiasm of the welcome its staff have offered customers. That has to be part of the future. The venue has been let down, however, by years-long under-investment in the physical and decorative state of the building. Closure of the Café-bar, while perhaps done for reasons that appeared sound at the time, has clearly had a negative impact on overall performance. Improving the condition of the building, including by re-seating the cinemas and ensuring that an attractive Café is part of the offer, should be a priority for any new operator.

A Belmont that re-opens with an enhanced customer offer should continue to push beyond the other cinemas in town in terms of cultural range. We imagine a programme that might have a slightly stronger bias towards culty eclecticism, and a slightly reduced emphasis on more 'highbrow' arthouse fare. Broadly speaking it should continue to present a diverse range of films from all over the world, a mix of fiction and documentary, features and shorts; it should support local filmmakers and aim to host live events, guest appearances, festivals, and other added-value programming. It can be genuinely hard to deliver such a diverse programme and survive as a business, but The Belmont should pursue this ambition, since that is its core purpose.

The path to making this work for the long term lies through a renewed investment in the overall customer experience.

Beyond the core programme and the revival of a Café-bar, we recommend that a new operator looks to innovators elsewhere in the country in order to develop a Studio space that delivers real value for local media practitioners and other creatives. Broadway Nottingham's 'Near Now' programme is an inspiring example. There are others.

For Education and Learning, The Belmont should continue to produce a series of regular school screenings and workshops, and ongoing programmes such as those for Young Programmers. The recent example of a Young Programmers scheme with students at Northfield Academy is an excellent example of how this sort of activity can generate a real and direct impact on individuals beyond the cinema's four walls, and is something any City Council or funding agency should be proud to support. The Belmont can further amplify its

educational impact through partnerships with other Aberdeen parties that have serious expertise in the film and media space. The University of Aberdeen and Station House Media Unit are two obvious examples.

A cinema that can do all this will continue to earn the loyalty and enthusiasm of its local community – the sort of invaluable support we currently see expressed through the Save the Belmont campaign. Crucially, by making the overall experience of visiting the cinema more attractive, it will also have a better chance of securing enough trade to survive as a business.

10.2 Operating Framework

It is possible to imagine various types of operator running The Belmont and doing so credibly. A circuit operator or a local independent; a for-profit or a charity; a standalone entity or a joint venture partnership.

One approach that seems particularly attractive is for The Belmont to be run by a locally operated charity. This is for several reasons:

- Local ownership and management tend to attract the greatest loyalty.
- When decisions are taken locally, the community tends to be better served.
- We are not fully confident that any of the circuit operators who might realistically take on the site would have the commercial will to diversify into cultural film to the extent that would most benefit the people of Aberdeen; and they are unlikely to deliver the same educational value.
- A charitable entity will be better placed to raise funds.
- A local company can buy in specialist cinema-specific support on a services basis.
- A local company will be best placed to draw on the many strengths in Aberdeen's wider arts, culture and media sector by partnering with others in the city.

We cannot know who will take on operation of The Belmont. It is entirely possible that a non-local or non-charitable entity will do so, and that they'll and make a brilliant job of it. For The Belmont to become a truly local cinema, however – rooted in its community in a way that it has never fully been before – a local party would need to step forward, make a business case, and take responsibility.

10.3 Financial Outlook

Our financial modelling corroborates our other analysis by indicating that investing in the overall customer experience and including a really attractive F&B offer is highly likely the best route to an operationally viable business (see section 8 'Financial Highlights'). There are two serious challenges around this:

- 1- Bringing the building up to a good standard will require significant capital expenditure.
- 2- Even in our best performing case, Scenario 3, the operating margin appears to be thin.

How should ACC, Creative Scotland, potential operators and others address these challenges? Can The Belmont actually work, given the evidently challenging financial outlook? Or is the risk too high to justify the attempt?

We'll look at CapeEx, then OpEx, but first we want to emphasise that our four scenarios are not built in stone. They are simply four points on a spectrum – four specific arrangements in a complex landscape of possibilities. A future operator might find a position that successfully mixes elements from more than one of our scenarios.

Our Scenario 3 gives a sense of direction. It has the following merits:

- The best financial performance of our four scenarios.
- Improved dwell space and overall improvement in the building makes the cinema generally more attractive so there is potentially greater upside than the model reflects.
- A transformed Studio space opens up possibilities for real innovation.

In assessing how to tackle CapEx requirements to realise Scenario 3, a future operator might seek to reduce expenditure by taking measures such as these:

- Take a risk on HVAC:
 - o The HVAC installation should have been replaced in 2015, but it is apparently still operational. Choosing not to replace it now (thus saving £290K in initial CapEx) would soften the upfront financial burden – though we note it would likely store up pain for future.¹¹
- Stagger the work:
 - o It's possible that some elements included in the renovation costings could be done in stages. For example, maybe the HVAC or other repairs and improvements could be phased over several years. Fully assessing this would require detailed consultation with specific contractors but could be worth exploring.
- Get creative:
 - o The renovation budgets we have provided are professionally costed by an experienced cinema-specialised architect and quantity surveyor. They are not over-priced, by any means – but could a local operator achieve savings through creative sourcing of goods and labour? An eclectic mix of second-hand but stylish tables in the bar, for example? Are there any tradespeople in the Save the Belmont group who might be willing to contribute free work, or pass on savings from their suppliers? Can the cinema re-seating be done using second-hand seats in good condition?
- Fundraise:
 - o A local not-for-profit operator would be well placed to mount a grassroots fundraising campaign to supplement whatever capital they can access via more formal sources. From crowdfunding to major philanthropic donation, there is scope to find support. It will be essential to have a clear vision and a coherent business case.

If the capital can be raised to renovate and re-open The Belmont under Scenario 3 or something similar, then the next challenge is to deal with the thin operating margin revealed by our modelling. On the face of it, based on the numbers and the character of the local market, The Belmont is a high risk proposition. A future operator might explore various ways to address the financial challenge, such as:

- Seek grants and subsidy:

¹¹ For the record, Mustard does not recommend taking a risk on the HVAC. It's better to replace it now, if at all possible.

- We have described (and modelled) a cinema that makes a serious cultural and educational contribution to its city and region. We have not, however, included any grants, subsidy or fundraising monies in the financial model. It would be normal in Scotland and the UK for a cinema that delivers this level of cultural and educational benefit to seek and receive public grant support. A conversation with ACC and Creative Scotland might reveal whether our Scenario 3 projections are close enough to viability that sufficient subsidy could be found to push it over the line.¹² Additional options might open up for a cinema that positions itself explicitly as a social enterprise.
- Use volunteers:
 - Payroll is a major cost and it may be possible to reduce this, while further driving community engagement, by recruiting some volunteer support. This might be frontline workers to assist at Front of House, or non-executive directors willing to give their time and expertise to support key functions such as financial management or HR.¹³
- Fundraise, permanently:
 - We have been thoroughly impressed with the breadth and depth of grassroots support for The Belmont, and we know that there are people in and around Aberdeen with plenty of money. A locally run arts charity that develops a habit of sustained and effective advocacy with stakeholders, and that consistently makes the case for why its work matters in the community, stands a chance of raising a meaningful amount of ongoing fundraising income.
- Invest in energy efficiency:
 - Given high energy costs for the foreseeable future, it would be prudent for The Belmont to assess its insulation (roof, walls, doors and windows) and energy consumption so that a plan for system efficiency can be employed to reduce energy costs. The Belmont could switch its energy use to renewable sources, not just by using a green energy supplier but also by generating energy on-site, with solar panels on the roof and air source heat pumps. These solutions would, in time, reduce expenditure on energy from the National Grid and deliver a return on investment for the installation costs.

These are the ways we'd be thinking if we were trying to re-launch The Belmont, ourselves. Aberdeen is a challenging market, and delivering culturally diverse film programming is hard at the best of times. Our financial projections are challenging from a straight commercial perspective, and the most promising scenarios require significant CapEx. Any new operator will need to develop a robust plan for risk assessment and mitigation (see also Appendix 5). On the positive side, though, there is widespread support in the community, and the operational finance numbers for Scenario 3 are close enough that a bit of creativity and hard work by a potential operator may well make the difference.

10.4 A Phased Approach?

¹² Adding a grant subsidy amount to cell H30 on the tab called 'Inputs A', and then checking results on Dashboard 1, may be a useful exercise to assess the funding gap.

¹³ We note that there may be ethical concerns about relying on volunteer labour, and we do not pro-actively suggest or condone it. That said, we are aware that other cinemas in Scotland and the UK have successfully relied on volunteer staff and that their volunteers reportedly find their work very rewarding. We flag the possibility here in the interest of contributing to a creative discussion about how to make The Belmont workable.

We recognise that the CapEx required to implement Scenario 3 may be impossible to access all at once. With careful planning, creativity, and a lot of dedicated support from individuals in the community, there may be a way to open more cheaply, keeping Scenario 3 as an ambition to work towards over a few years.

The more limited CapEx in Scenario 1 means that opening is easier. The challenge in Scenario 1 is sustaining a business. Our results show that it is hard to run a cultural cinema which has had chronic underinvestment over many years. Given no improvement in the space, we've kept the staff to an absolute minimum to reduce costs; kept the ticket price at £8 and under to reflect the experience; and cut out some costs and overheads that are not strictly essential. So it's already a bare bones operational plan. But, it might offer a bridge to get the cinema open and operating for a couple of years while funds can be raised for significant improvements. For this to work, there would likely need to be significant volunteer labour involved on the frontline, with non-executive directors also taking on some executive responsibility without pay. Trimming operating costs in this way in a low rent context while seeking bridging subsidy from public funding sources in the short term could allow the cinema to trade, and thus buy time.

A highly motivated local group who were running the cinema might also succeed in driving occupancy up through local outreach and engagement and networks. Higher occupancy would lower the financial gap.

The medium term ambition in this storyline would be to raise funds to make improvements to the building, thus pushing the cinema towards more sustainable ground over time. Our financial projections indicate that Scenario 3 is the sort of position to aim for, but improvement to the building might to an extent be rolled out incrementally as funds are secured. This is reflected in the financial model's 'Assets Plan' tab for Scenario 1.

This kind of approach would require a truly dedicated team and genuine ongoing support from the community. From the Save the Belmont Campaign and elsewhere, it appears to us that the conditions may be in place for this to happen. It depends on someone stepping forward to lead it and take responsibility.

10.5 Conclusion

Our conclusion is therefore that running a cultural cinema business on Belmont Street is challenging and carries significant risk, but may be potentially viable under the right conditions. In order for The Belmont to survive and thrive, there needs to be initial and ongoing investment in the overall customer experience by renovating and improving the building. Innovative thinking around education and community outreach can be part of the picture, too, including a re-imagined Studio offering for local media practitioners.

An organisation that can find a pathway to re-open The Belmont along these lines has a real chance of enriching the Northeast's film culture for many years to come.

APPENDIX 1: Operational Plans by Scenario

This appendix sets out a more granular view of the operational vision for each of the four renovation scenarios.

Shared Operational Assumptions

All four scenarios share certain operational assumptions, including:

- Business success relies on harnessing the existing local sentiment and love of the cinema with a strong marketing plan.
- The atmosphere should be welcoming and down to earth with an engaged and enthusiastic team of staff.
- Excluding Scenario 1, all items flagged in the schedule of dilapidations are dealt with, including acoustic wall coverings and carpeting in the screens; and crucially, the heating and ventilation plant. This means that in Scenarios 2–4 the building is up to a better baseline standard, whereas in Scenario 1, it is not.
- A core objective for The Belmont is to deliver a cultural mix of films not available elsewhere, including foreign language films, documentaries, and local filmmaking. In order to approach commercial viability, it is necessary to balance this cultural offer with more popular content, providing audiences with a variety of choice.
 - o We suggest introducing a greater sense of eclecticism, including a selection of cult or eccentric films and events.
 - o This will include working to gain a new following for 35mm screenings by creating a sense of discovery for the audience and featuring well known world cinema and cult cinema titles that audiences are unlikely to have seen on the big screen.
 - o The programme will incorporate close captioned screenings and community focused screenings, as well as autism-friendly and dementia-friendly screenings.
- A core value is inclusivity; a core business aim is to engage with as many people as possible; and a core goal is to deliver cultural/educational benefits to as much of the community as possible. While commercial reality may in certain scenarios argue in favour of higher ticket pricing, this should always be accompanied by cheaper options for those who need them – whether through reasonable concession rates, special offers or an ‘On the House’ comp ticket allowance at each screening for those who cannot afford the price of a ticket.
- All screens will present digitally for the most part but Screen 2 should retain 35mm projection, so that analogue screenings can be a regular part of the programme.
- Old and new members will be welcomed. This includes individuals, joint memberships and the student and young person membership offer. Standard membership benefits include:
 - o a free ticket (for a standard screening).
 - o priority booking.
 - o a 10% discount on F&B and merchandise.
 - o exclusive membership comms.
 - o the cinema could work with a local artist to collaborate on membership merch.
- All customers are encouraged to book online, and walk-in sales are also possible via the ticket ATMs in Scenarios 3 & 4 and via the Kiosk in Scenarios 1 & 2.
- Where possible, The Belmont should seek to offer opportunities for young people through paid work placement or paid internship opportunities on an ongoing basis for FoH, restaurant, bar and kitchen roles.

SCENARIO 1 - *Minimal Change*

Concept

This scenario involves opening as quickly as possible, with minimal repairs and improvements to the building; and it does not make significant structural changes to the building. The building configuration is essentially the same as it has been historically, and the site will still suffer from a range of dilapidations including ventilation and heating plant that expired in 2015. Staffing is kept to an absolute minimum to reduce costs.

VISION	The concept is to open the cinema much as it was before, with 'essential only' investment and a quick timeframe to re-opening.
OPERATING HOURS	<p>MONDAY / TUESDAY - CLOSED Wednesday / Thursday: 5 pm onwards. Friday / Saturday / Sunday: 12 pm onwards</p> <p>For Scenario 1, we recommend opening the venue only 5 days per week. The key reason for this is staff costs and payroll management. Monday and Tuesday tend to be lower attendance days, so pushing the wage bill into the naturally busier times of the week makes the smaller budget work harder. Over time, once the rest of the week has been established and there is a clear sense of the audience, it could go to a 7-day-week and use Mondays and Tuesdays for student offers or cheaper tickets. (16 screenings / screen / week = 48 screenings / week)</p>
TICKET PRICES	<p>Standard: £8 (£6 concession). Event Cinema, special events: £10. Student and Young People members: £5. Repertory screenings: £5. Weekday cheap ticket offer, e.g. Weds all tickets £7.</p> <p>For context, note that the standard ticket price at Cineworld Aberdeen is £10.40.</p>
MEMBERSHIP	Standard offer only.
FRONT OF HOUSE	To aid customer flow and reduce queues at the Kiosk, the Box Office will sell concession items like sweets. The Kiosk will sell canned or bottled drinks, popcorn, coffee and tea, and some sweet options like muffins, cupcakes and slices of cake.
CAFE-BAR	<p>To keep costs low in this scenario but to maximise the use of the cinema we would recommend partnering with a local hospitality operator who can run the cafe bar when the cinema is open, create pop up events and potentially bring in local live performers for evenings such as stand-up comedy, small acoustic music gigs, bingo nights and DJ events.</p> <p>One local F&B operator, Elixir, has indicated that The Belmont basement is not a sufficiently attractive prospect on current numbers to take on. Others, Faffless and BaxterStorey, are more confident in the outlook.</p> <p>The hospitality partner could rent the space allowing additional income or create a profit share scenario.</p>

AUDITORIA	The current seating is soiled; some are broken. In this limited CapEx scenario, it is not possible to reseat the cinemas or otherwise improve the viewing experience. Capacity is 266, 142 and 61. The rather worn in-auditorium experience will leave Belmont struggling to compete against the existing multiplex offerings in the city, thus discouraging new audience engagement and forfeiting ongoing loyalty.
THE STUDIO	The potential for use of the top floor space remains limited due to the awkward layout and lack of natural light.
STAFFING	<p>Staffing in this scenario is kept as low as possible. Since we are modelling on the basis of a free-standing local independent operator, we allow some head office type functions like Finance on a part-time basis. We include dedicated staff for film education the GM is the main programme liaison as well as business manager. Frontline staffing is the minimum viable, and since the Café-bar is franchised out in this scenario, there is no allowance for dedicated F&B roles. For a detailed staff list, see the payroll tabs in the financial model. To reduce costs, we have pushed the staffing in this scenario down to a level that might require some additional volunteer support, in practice.</p> <p>The Belmont will be a Real Living Wage Employer.</p> <p><i>Staff benefits</i> All staff should be offered opportunities and training for upskilling and career development with an annual budget for training, plus discounts with local partners like APA, a local gym, restaurants and wellness centres etc.</p>
INDICATIVE TIMEFRAME	We anticipate a minimum three-month timeframe from greenlighting the project to launch. This allows for operational set-up, recruitment, POS installation, grassroots marketing etc. This timeframe assumes that the operator already exists as a legal entity and has a bank account and basic company elements in place before the lease is signed.

Scenario 1 Conclusion

With a bare-bones refresh, The Belmont will open much as it was before and is thus likely to miss out on opportunities for greater audience engagement and business success.

SCENARIO 2 – Refurbishment

Concept

This scenario involves repairing dilapidations as required by the Schedule of Dilapidations and refreshing the decor and fittings throughout, but does not make significant structural changes to the building. Since the building configuration is essentially the same as it has been historically, a key goal is to make all available spaces as active as possible.

<p>VISION</p>	<p>The concept relies on using paint and refreshed furnishings rather than significant structural changes. All public areas would be re-painted and carpets replaced and there is new seating in all three screenings, bringing the total number of seats to 249.</p> <p>The basement bar would be redecorated to create a speakeasy décor, harnessing the moodiness of darker colours, quietly glowing through table lights and sconces. There would be mixed-use furniture to create different levels but with the flexibility to allow for cabaret-style seating, theatre-style seating or restaurant seating. A speakeasy is a perfect way to lean into the windowless space – allowing that intimate, ultra-secret bar vibe.</p> <p>The lobby mural would also be used as part of the brand and marketing materials and celebrate the unique identity of the venue.</p> <p>See architect drawings: Figure 00 FLOOR SCENARIO 2 Figure 01 FLOOR SCENARIO 2 Figure 02 FLOOR SCENARIO 2 Figure B1 FLOOR SCENARIO 2</p>
<p>OPERATING HOURS</p>	<p>Monday: 12 pm to close (access/community shows from 12 pm – 5 pm). Tuesday / Wednesday / Thursday: 5 pm onwards. Friday: 12 pm to close. Saturday / Sunday: 10 am to close.</p> <p>The programme includes a minimum of two screenings per screen per day Tuesday, Wednesday, and Thursday; and a minimum of four screenings per screen per day on Friday, Saturday, Sunday and Monday. (20 screenings / screen / week; total of 60 screenings / week).</p>
<p>TICKET PRICES</p>	<p>Standard: £10 (£8 concession). Event Cinema, special events: £12. Student and Young People members: £5. Repertory screenings: £7. Weekday cheap ticket offer, e.g. Monday + Tuesday all tickets £7.</p> <p>For context, note that the standard ticket price at Cineworld Aberdeen is £10.40.</p>
<p>MEMBERSHIP</p>	<p>Standard offer only.</p>
<p>FRONT OF HOUSE</p>	<p>To aid customer flow and reduce queues at the Kiosk, the Box Office will sell concession items like sweets. The Kiosk will sell canned or bottled</p>

	<p>drinks, popcorn, coffee and tea, and some sweet options like muffins, cupcakes and slices of cake.</p> <p>We expect a Kiosk SPH of £1.50.</p> <p>See architect drawing: Figure 00 FLOOR SCENARIO 2</p>
<p>CAFÉ-BAR</p>	<p>See architect drawings: Figure B1 FLOOR SCENARIO 2 Figure B1 FLOOR SCENARIO 2 - CABERET-STYLE</p> <p>The Basement should be revived as a fully licensed café-bar serving cocktails, with an active kitchen serving lite bites like hotdogs, toasties, salads and soups (in winter), and a menu including plant-based options. A simple menu, easy to prepare. The café-bar should operate fully from 5 pm Monday–Friday and from midday Saturday and Sunday and be available as an <i>ad hoc</i> dwell space any time the building is open, with guests using the Kiosk for refreshments when the Café-bar is not in operation.</p> <p>Guests are invited to order at the bar/counter and will receive a table number for any items that need to be prepared. Otherwise items will be dispensed there and then. In all Scenarios 1–3, FoH staff are able to work across Box Office, in the Café-bar as servers and bartenders as well as ushers. A FoH server will serve the items to their table. FoH staff are also responsible for welcoming guests, ensuring the Café-bar is inviting at all times by clearing tables and keeping the space neat and tidy.</p> <p>Figure 'B1 FLOOR SCENARIO 2' shows the Café-bar space with 52 covers, plus lounge seating for 12, and 8 bar seats. The lobby space of the stairwell has lounge seating to allow for additional dwell space and extend the speakeasy bar vibe.</p> <p>Figure 'B1 FLOOR SCENARIO 2 - CABERET-STYLE' illustrates alternative use for live performances. The furnishings will allow for multi-purpose use in this way.</p> <p>The Café-bar should be available for private hire during the day and used whenever possible for live performances like stand-up comedy, small acoustic music gigs, bingo nights and DJ events. Various board games might be provided for guests to entertain themselves and encourage longer dwell times and opportunities for more F&B sales.</p> <p>We expect a £3.50 SPH in the café-bar space, the industry average for limited F&B offerings (i.e. less skilled staff required). For comparison, Electric Birmingham has an F&B SPH of £4.</p>

<p>AUDITORIA</p>	<p>See architect drawings: Figure 00 FLOOR SCENARIO 2 Figure 01 FLOOR SCENARIO 2</p> <p>The existing seating is soiled; some are broken. For this reason, we have replaced them with Ferco Opus seats. This will improve the customer experience while reducing cinema capacity from 272, 146 and 65 to 133, 81 and 35 respectively. Alternatively, second hand seating can be sourced at a much reduced rate, though with obvious longevity implications.</p> <p>A better in-auditorium experience will bring The Belmont up to a similar standard to the existing multiplex offerings in the city, thus encouraging new audience engagement and promoting ongoing loyalty.</p>
<p>THE STUDIO</p>	<p>See architect drawing: Figure 02 FLOOR SCENARIO 2</p> <p>Refreshed with new décor and furnishings, this space will be offered to the local community, education groups, or those requiring meeting rooms. The potential for use of the top floor space remains limited to the awkward layout and lack of natural light.</p> <p>The Studio offers 2 meeting or seminar rooms for 8–10 people, as well as 4 office spaces for 10–30. The meeting rooms can be hired by the day and the office spaces hired on a more permanent basis by community groups or small businesses.</p>
<p>STAFFING</p>	<p>Staffing in this scenario starts from the minimal level established in Scenario 1 but given the widening of the operation to include the Café-bar operation, which is no longer franchised out, we also add in an Assistant General Manager plus additional frontline staff to deliver the F&B offer in the Café-bar. For a detailed staff list, see the payroll tabs in the financial model.</p> <p>The Belmont will be a Real Living Wage Employer.</p> <p>Staff benefits: As in Scenario 1.</p>
<p>INDICATIVE TIMEFRAME</p>	<p>We anticipate a minimum four month timeframe from greenlighting the project to launch. This allows for operational set-up, HVAC replacement and other improvements, recruitment, POS installation, grassroots marketing etc. This timeframe assumes that the operator already exists as a legal entity and has a bank account and basic company elements in place before the lease is signed.</p>

Scenario 2 Conclusion

By repairing and refreshing the building, The Belmont will offer a better experience than previously and may thus see meaningful gains in audience engagement and business performance.

SCENARIO 3 – *Improvement*

Concept

This renovation scenario opens up the ground floor and top floor, allowing for improved operational efficiency and more dwell space and encouraging customers to enjoy the building at all times, even outside film showings. Thus Scenario 3 envisages more operational activity throughout the day and week, offering scope for additional income generation and community use.

<p>VISION</p>	<p>See architect drawings: Figure 00 FLOOR SCENARIO 3 Figure 01 FLOOR SCENARIO 3 Figure 02 FLOOR SCENARIO 3 Figure B1 FLOOR SCENARIO 3</p> <p>The Box Office is replaced by self-serve ticket devices so that guests can purchase and collect tickets without queuing and with less obstruction of new entrants to the building. Using the self-serve machines for basic transactions frees staff to focus on customer service.</p> <p>The Ground Floor lobby space is opened by removing the cinema office, kiosk and Cinema 1 projection box. This produces a larger and more inviting café-style dwell space at street level. The current kiosk area becomes a Kiosk-bar for drinks and snacks on the way into the screen. Popcorn, sweets and cinema snacks will be available here, as will cinema tickets. Opening the space allows for an extra 26 covers of dwell space and approximately 4–8 seats at the Kiosk-bar.</p> <p>A sofa, armchairs and tables are placed along the lobby and in the corner space. Guests sitting in these spaces can be seen from the street, giving passers-by a sense of occupancy and busyness.</p> <p>Seating capacities are as in Scenario 2 and the cinemas benefit from refreshed décor and new acoustic fabric on the walls. The projector in Cinema 1 is housed in a ceiling pod and can be programmed centrally or via a tablet in the screen.</p> <p>The rear stairwell allows staff back of house access to all floors (previously there was no through flow on the 1st or 2nd floor). Opening up access allows staff to carry out their work without doing so in the guest areas – like emptying bins or carrying stock to all floors.</p> <p>The creation of ample dwell space at street level, on top of the refitting and redecoration of the lobby and Cinema 1, makes The Belmont a significantly more attractive place to visit.</p>
<p>OPERATING HOURS</p>	<p>The building's increased usability and attractiveness justify longer trading hours and a defined opening framework for The Studio.</p> <p>Monday–Friday: Ground Floor: 8 am to 11.30 pm. 1st Floor: 12 pm to 11.30 pm.</p>

	<p>2nd Floor Studio: 8 am to 7 pm (unless private hire or events). Basement: 12 pm to 11.30 pm.</p> <p>Saturday Ground Floor: 9 am to 11.30 pm. 1st Floor: 10 am to 11.30 pm. 2nd Floor Studio: 10 am to 5 pm (unless private hire or events). Basement: 11 am to 11.30 pm.</p> <p>Sunday Ground Floor: 10 am to 10 pm (last film out). 1st Floor: 12 pm to 10 pm. 2nd Floor Studio: 10 am to 5 pm (unless private hire or events). Basement: 11 am to 10 pm.</p> <p>The programme caters for a minimum 4 screenings per screen per day in all screens (28 screenings / screen / week; total 84 screenings / week).</p>
TICKET PRICES	<p>Given the improved customer experience and overall enhanced offer, standard ticket prices can increase – though we note that offering cheaper options through reasonable concessions, special offers, and an ‘On the House’ comp ticket allowance will help ensure inclusivity and engage a wider community.</p> <p>Standard: £10 (concession £8). Event cinema, special events: £12. Student and Young People members: £7.50. Weekday cheap ticket offer, e.g. Monday + Tuesday all tickets £8.</p> <p>For context, note that the standard ticket price at Cineworld Aberdeen is £10.40.</p>
MEMBERSHIP	<p>A full suite of membership options. Any practitioner of The Studio will also get membership at a reduced price.</p>
FRONT OF HOUSE	<p>See architect drawing: Figure 00 FLOOR SCENARIO 3</p> <p>To aid customer flow and reduce queues at the Kiosk-bar, the Box Office is repurposed as a self-service ticket alcove, offering guests the opportunity to purchase or collect tickets and relieve queues at the Lobby bar/coffee counter. The additional dwell space seats 22 covers.</p> <p>We expect a Kiosk-bar spend per head of £1.50.</p> <p>Ferco Opus seats in Cinema 1 reduce the capacity from 242 to 133. Along with new carpets, acoustic wall fabric and lighting sconces and a refreshed pre-show (reflected in all screens), audiences are offered a much improved in-auditorium experience.</p>
CAFÉ-BAR	<p>See architect drawings: Figure B1 FLOOR SCENARIO 3 Figure B1 FLOOR SCENARIO 3 - CABARET-STYLE</p>

	<p><i>Basement Speakeasy Café-bar</i></p> <p>As in Scenario 2, the basement is a café-bar with 52 covers, plus lounge seating for 12, and 8 bar seats; or private hire space, with dimmed lighting and a speakeasy vibe in the evenings. A small, removable stage to the left of the entrance to the Speakeasy Café-bar will be used for live performances, music gigs and DJ events across the Belmont’s annual calendar. We have allowed for a larger FF&E spend on this space to enhance the speakeasy vibe.</p> <p>The basement kitchen will serve an upscaled all-day menu (compared with Scenarios 1 and 2), offering more all-around choice to guests and customers given the extended opening hours. The menu will be available in the ground floor dwell space as well as the Basement.</p> <p>As in Scenario 2, guests will order at the bar, and receive a table number for any items that aren't able to be dispensed there and then. A FoH server will serve the items to their table. They are also responsible for welcoming guests, ensuring the Café-bar is inviting at all times by clearing tables and keeping the space neat and tidy.</p> <p>We expect a spend per head of £5.50.</p>
AUDITORIA	<p>See architect drawing: Figure 01 FLOOR SCENARIO 3</p> <p>To allow staff back of house access through to the screening rooms' lobby and stair well, we have reduced Cinema 2 in size and created a corridor. The store room is repurposed as a small kiosk dispensing bottled drinks and snacks. This only needs to be manned at busy times to reduce any bottlenecks at the Ground Floor Kiosk-Bar.</p> <p>New Ferco Opus seats in the screens and increased legroom yield new seating capacities of 81 in Screen 2 and 35 in Screen 3. Improved seating plus refreshed décor significantly improves the viewing experience, thus boosting audiences.</p>

<p>THE STUDIO</p>	<p>See architect drawing: Figure 02 FLOOR SCENARIO 3</p> <p>The top floor is completely opened up by removing all the existing partition walls, allowing flexible use of the entire space. This becomes an open and inclusive co-working space for local creatives, community groups and others. The space can be used in the evenings for events such as book readings, product launches, specialist talks, community events or workshops. These might be special members-only events or straightforward private hires.</p> <p>A kitchen space is serviced by a Quoker tap for hot and cold water that users can make hot and cold drinks. A Nespresso coffee machine is provided for self-service coffees. There will be a small undercounter fridge for milk and any perishables should members wish to store their lunch overnight. A kitchen island invites networking opportunities for members.</p> <p>The kitchen island can also be used for private hires of the conference space, set up with refreshments for working lunches, drinks and snacks.</p> <p>The configuration in '02 FLOOR SCENARIO 3' features a conference space seating 38. This space could be available for private hire by local businesses or community groups and used for internal staff training or events. It is intended to also be used as a studio space for filming or podcast recordings, depending on requirements. This configuration of the top floor also offers 16 desk spaces, 20 seats at meeting/work tables, plus banquette seating for 10 and two 2-person meeting pods. A total of 50 covers.</p> <p>Included is an admin office for the cinema, a staff room and staff WCs.</p> <p>These two top-floor figures apply equally to both Scenarios 3 and 4. The only difference with Scenario 4 is that the roof space and all window spaces open up, allowing natural light during the day.</p>
<p>STAFFING</p>	<p>The increased dwell space on the ground floor, the upscaled F&B offer, and the co-working space on the second floor will require more hospitality-focused staffing than in Scenarios 1 or 2. The staffing structure therefore includes an increase in frontline staffing, including some with specific F&B skills. There is also now a Technical Manager to deal with implementation across the cinemas and the Studio. For a detailed staff list, see the payroll tabs in the financial model.</p> <p>Staff benefits: As in Scenario 1.</p>
<p>INDICATIVE TIMEFRAME</p>	<p>We anticipate a minimum six month timeframe from greenlighting the project to launch. This allows for operational set-up, HVAC replacement, planning and delivery of structural changes to the building, other improvement works, recruitment, POS installation, grassroots marketing etc. This timeframe assumes that the operator already exists as a legal</p>

	entity and has a bank account and basic company elements in place before the lease is signed.
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Scenario 3 Conclusion

Substantially reconfiguring the ground floor and the top floor will make The Belmont a much more attractive place to visit, with new customer and community engagement opportunities; and a more efficient place for staff to work. Thus, it would likely attract larger audiences and generate more trading revenue than in Scenarios 1 or 2.

SCENARIO 4 – Transformation

Concept

This renovation scenario transforms the building through significant structural reconfiguration and by opening up windows to allow natural light. The top floor is expanded into the roof space, allowing for higher ceilings and natural light through windows in the roof, also allowing views over Aberdeen. The ground floor becomes a restaurant and bar space with windows, encouraging guests at all times of the day and capturing cinema-goers before and after screenings, making the Belmont a destination experience rather than a stop-gap. Cinema 1 moves to the basement, offering a smaller, more intimate screening experience and adjacent dwell space. The Scenario 4 configuration may lend itself better to private hire opportunities.

<p>VISION</p>	<p>The cinema is transformed by moving Cinema 1 to the basement and installing a full service restaurant and bar at street level.</p> <p>See architect drawings: Figure 00 FLOOR SCENARIO 4 Figure 01 FLOOR SCENARIO 4 Figure 02 FLOOR SCENARIO 4 Figure B1 FLOOR SCENARIO 4</p> <p><i>Ground Floor – Lobby</i> The configuration of this area remains quite similar to Scenario 3, with a self-serve ticketing alcove and a Kiosk-bar serving a café-style dwell area where the office and projection room used to be. There are 16 covers in the Lobby space, and we envisage SPH in this space to be £2, with most customers ordering tea or coffee and drinks.</p> <p><i>Ground Floor – Restaurant and Bar</i> Moving through from the lobby space, the restaurant is centred around an island bar. Bar stool seating, tables for dining and a lounge space provide 88 covers in all. The fully functional kitchen is open, so guests can see the chefs at work. The kitchen has ample space to prepare and provide for private hires. We imagine a down-to-earth, locally sourced menu, reflecting the cinema’s Northeast heritage. Guests are encouraged to use the restaurant space for mid-morning coffee, brunch, lunch, afternoon teas and pre- or post-screening dinner. Or just a drink or two at the bar. We do not imagine a restaurant intended for fine dining; rather, an accessible and affordable menu with something for everyone. By providing opportunities for a tasty full meal in an attractively decorated space at street level, this renovation scenario has the potential to transform The Belmont’s audience by offering a full, all-round experience on every visit to the cinema.</p> <p>We suggest an average F&B SPH for the restaurant of £15, with a food spend of £10 and a drink spend of £5 per person. Based on a conservative assumption that the restaurant will serve 968 covers weekly, a total of 48,350 covers annually giving a strike rate of 41% of The Belmont’s annual footfall.</p> <p>A 'strike rate' refers to the percentage of admissions that utilise the restaurant. Experience shows that restaurant sales increase with increased admissions.</p>
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<p>OPERATING HOURS</p>	<p>Monday - Friday: Ground Floor: 8am to 11.30pm (restaurant from 11 am). 1st Floor: 5pm to 11.30pm (Mon + Fri 3 pm, Tue - Thu 5 pm). 2nd Floor Studio: 8am to 7pm (unless private hire or events). Basement: 5pm to 11.30pm (unless required for day time hires).</p> <p>Saturday Ground Floor: 9am to 11.30pm (restaurant from 11 am). 1st Floor: 10am to 11.30pm. 2nd Floor Studio: 10am to 5pm (evening private hire or events). Basement: 11am to 11.30pm.</p> <p>Sunday Ground Floor: 10am to 10pm (last film out, restaurant from 11 am). 1st Floor: 12pm to 10pm. 2nd Floor Studio: 10am to 5pm (unless evening hire or events). Basement: 11am to 10pm.</p>
<p>TICKET PRICES</p>	<p>Given the improved customer experience and overall enhanced offer, standard ticket prices can increase – though we note that offering cheaper options through reasonable concessions, special offers, and an ‘On the House’ comp ticket allowance will help ensure inclusivity and engage a wider community.</p> <p>Standard: £12.50 (concession £10). Event cinema, special events: £15. Student and Young People members: £7.50. Weekday cheap ticket offer, e.g. Monday + Tuesday all tickets £8.</p> <p>For context, note that the standard ticket price at Cineworld Aberdeen is £10.40.</p>
<p>MEMBERSHIP</p>	<p>A full suite of membership options. Any practitioner of The Studio will also receive membership at a reduced price. Founder memberships at a premium price would be available to those who join before the cinema re-opens.</p>
<p>FRONT OF HOUSE</p>	<p>See architect drawing: Figure 00 FLOOR SCENARIO 4</p> <p>As in Scenario 3, the Box Office is repurposed as a self-service ticketing alcove, while drinks, snacks and popcorn can be purchased from the Kiosk-bar.</p> <p>We expect Kiosk SPH to be £2 with the additional input of footfall sales who are not cinema admissions.</p>

<p>BASEMENT</p>	<p>See architect drawing: Figure B1 FLOOR SCENARIO 4</p> <p>With the ground floor now entirely given over to dwell space and F&B, Cinema 1 moves to the basement. The basement lobby space is opened up by removing the female WCs and refitting the male WCs as individual unisex cubicles. Fitted with Ferco Tala seats, the new screen 1 capacity is 42 seats. There is additional dwell space (26 covers) for guests to enjoy pre- or post-screening drinks.</p> <p>This downstairs area is now more attractive for private hire clients, who are able to use the whole floor to allow for pre-screening networking or a break-out space during presentations. As with the 02 Floor Studio, a skilled kitchen team can service working lunches for private hires – canapés, nibbles and so forth. This space could also be offered to community groups at a reduced rate for screening room hire, plus fees for any F&B consumption.</p> <p>The previous kitchen space is repurposed as a kitchen prep space and additional food storage area, and the original bar store is reduced to allow for a new corridor linking back of house staff access from the rear stairwell through to the screen and dwell space. This allows for better food service for private hires as well as staff cleaning access.</p>
<p>AUDITORIA</p>	<p>See architect drawing: Figure 01 FLOOR SCENARIO 4</p> <p>As in Scenario 3, 01 Floor is reconfigured for better customer flow through the space and access to fire escapes, as well as Stair 1, the staff back of house access. The store room becomes a small bar and kiosk to service Cinema 2 and 3. Both screens have Ferco Tala seats with a capacity of 66 seats in Screen 2 and 33 seats in Screen 3.</p>
<p>THE STUDIO</p>	<p>See architect drawing: Figure 02 FLOOR SCENARIO 4</p> <p>Configuration and usage of this floor remains the same as in Scenario 3 with the major exception that the roof space is opened up. Windows in the roof itself will make the top floor space more attractive, encouraging use of the co-working area by creatives and private hire of the conference space during the day or evening takeovers of the whole floor. The bigger kitchen and more skilled F&B team downstairs will enable The Belmont to cater for private hire clients with, e.g. canapés, finger food items, working lunches or even sit-down dinners.</p>
<p>STAFFING</p>	<p>The restaurant and bar on the ground floor, upscaled F&B offer and the co-working space on the top floor require more skilled staff with hospitality experience, as well as an increase in waiting staff. The staffing structure therefore builds on the staff in Scenario 3 by adding a considerable number more frontline staff including several with F&B specialisms; and a full kitchen team lead by a Head Chef. For a detailed staff list, see the payroll tabs in the financial model.</p>

	Staff benefits: As in Scenario 1.
INDICATIVE TIMEFRAME	We anticipate an 8–12 month timeframe from greenlighting the project to launch. This allows for operational set-up, HVAC replacement, planning and delivery of major structural changes to the building, other improvement works, recruitment, POS installation, grassroots marketing etc. This timeframe assumes that the operator already exists as a legal entity and has a bank account and basic company elements in place before the lease is signed.

Scenario 4 Conclusion

By radically reconfiguring the ground floor and basement, and fully transforming the top floor, The Belmont can become an entirely different type of cinema operation. As a destination venue with a fully-fledged all-round offer and extensive F&B and hospitality, it might see significantly higher revenue than in the past. See, however, our analysis and recommendations in sections 8 and 10 of the main report.

APPENDIX 2: Legal Structure Scenarios with Risk and Benefit

This section formulates a limited set of specific options around operating concept and legal structure; and sets out the primary benefits and risks under each option.

Many possible permutations and combinations exist, so the options in the following tables are by no means exhaustive. It does however represent the operating models we consider most likely to be achievable and suitable at The Belmont.

<i>Company Limited by Shares, owned and managed by a Circuit Operator</i>	
Risks	Benefits
Commercial circuit operators may lack the capability or commercial will to push as far beyond the market as ACC may wish (and Aberdeen's cultural life may need), particularly in education/outreach activities but also in the film programme itself.	Scale of the operating company reduces financial risk.
The cinema may not earn as much loyalty / local support, if it is operated from afar.	Scale of the operating company yields financial gains from greater efficiency. For example, the circuit's head office can handle functions such as finance, HR, Marketing and Tech.
Education / outreach / local partnership / media centre activities depend on local connections and networks and require local staff for delivery; will a commercial head office elsewhere invest enough resource in this area?	Stronger negotiating position in the market e.g. for film hire terms.

<i>Registered Charity (or SCIO), owned and managed as a local independent entity</i>	
Risks	Benefits
Small scale of operation means business is less financially efficient.	Access to additional funding sources through charitable status.
Lack of commercial acumen / wider corporate framework may lead to business risk, especially if the local operators are inexperienced in previous projects at this scale (less of a risk in a joint venture model).	Roots in local community generate greater loyalty and support.
Lack of specific expertise in local operators may require buying in services from specialist third party providers.	Education / outreach / local partnership / media activities benefit from local connections and networks.
Risk of weak governance, friction between new colleagues at governance level, or commercial inexperience, as in any new entity (less of a risk in a joint venture model).	Non-commercial mission clarifies decision-making around less-commercial activities such as education and cultural partnership.
	If set up as a joint venture between established Aberdeen entities, then the partners' competencies, experience and inherent stability would boost the cinema's chances of success.
	Stand-alone operators potentially have more room than large circuits to be innovative and entrepreneurial, as we have seen in case studies from Derby, Notts and Bristol.

<i>Registered Charity (or SCIO), owned and managed as subsidiary of a like-minded cinema</i>	
Risks	Benefits
Small scale of operation means business is less financially efficient.	Access to additional funding sources through charitable status.
A standalone independent parent company may be less stable than a larger circuit operator, irrespective of conditions in Aberdeen itself (as we have seen with CMI's collapse).	Skills, expertise and insight from an established cultural cinema operator.
It may turn out to be too big a stretch for a standalone cinema, however capable in its own right, to take on management of a whole other site. In other words, circuit operators are designed to manage multiple sites; home-grown standalone cultural cinema charities are generally not, so it's a big change that can be operationally challenging.	Non-commercial mission clarifies decision-making around uncommercial activities such as education and outreach.
	Stand-alone operators potentially have more room than large circuits to be innovative and entrepreneurial, as we have seen in case studies from Derby, Notts and Bristol.

<i>Mixed Model: a commercial circuit operator runs the cinema to ACC's specification, while an established local not-for-profit delivers education and media engagement</i>	
Risks	Benefits
Commercial circuit operators may lack the capability or commercial will to push as far beyond the market as ACC may wish in terms of diversifying the film programme itself.	Scale of operating company reduces financial risk for the main cinema operation; risk arising from the education and outreach is ringfenced in the separate entity.
The cinema may not earn as much loyalty or local support, since operated from afar.	Scale of cinema operating company yields some financial gains from efficiency. For example, the circuit's head office can handle functions such as finance, HR, Marketing and Tech.
A standalone education and outreach operator might not be commercially viable on its own; may either need sustained subsidy, or funding support from the cinema operator (if subcontracted).	Stronger negotiating position in the market, e.g. for film hire terms.
The arrangement may be too complex to easily be implemented, or might lead to friction between the two separate entities when their priorities are in conflict.	Charitable status for the education and outreach operator opens access to additional funding sources for the part of the operation most in need of it.
	Local education operator's roots in the community generate loyalty and support, even by extension for the cinema.
	Education / outreach / local partnership / media activities benefit from local connections and networks.
	Non-commercial mission clarifies decision-making around less-commercial activities such as education and cultural partnership, while cinema focusses on commercial sustainability and delivering specific programme objectives set by ACC.

APPENDIX 3: Pre-launch Activity Plan

Activity	Outcome by launch date
Renovate building	<ul style="list-style-type: none"> ● The Belmont building is fit to re-open in a form considerably more attractive to potential customers. ● Depending on the chosen CapEx scenario, the building may be simply refreshed, significantly improved or radically transformed.
Deliver a launch campaign	<ul style="list-style-type: none"> ● Potential audiences throughout Aberdeen know that the cinema will be re-opening. ● Initial membership recruitment raises awareness and engagement, and generates a core member base as well as some pre-launch revenue. ● Mailing list exists. ● Launch event is planned and guests invited to any non-public elements. ● The programme is set and highlights featured in the launch campaign.
Recruit and train staff	<ul style="list-style-type: none"> ● All on-site staff are employed before opening. ● All on-site staff receive full training in their roles.
Set up third party support	<ul style="list-style-type: none"> ● Appoint third party service providers (or activate head office support) where needed; this may include: <ul style="list-style-type: none"> - Maintenance contracts. - Specialist programming or technical services. - Marketing services. - Utilities and other overheads. - Banking. - Professional services.
Set up systems and licensing	<ul style="list-style-type: none"> ● All required systems in place including: <ul style="list-style-type: none"> - IT systems. - Projection systems / TMS etc. - POS systems. - Website. - PRS/PPL.
Outreach for Education	<ul style="list-style-type: none"> ● Initial conversations underway, and relationships begin, with schools and community stakeholders.
Outreach for Media Production Engagement	<ul style="list-style-type: none"> ● Initial conversations underway, and relationships begin, with relevant local media sector entities and individuals, and other community stakeholders.
Outreach for Cultural Partnerships	<ul style="list-style-type: none"> ● Initial conversations underway, and relationships begin, with potential cultural partners in Aberdeen and beyond.
Programme on sale	<ul style="list-style-type: none"> ● Programme on sale 2 weeks in advance of launch.

APPENDIX 4: Year 1 Activity Plan

Activity	Outcome during year 1
Cultural programming	<ul style="list-style-type: none"> ● Belmont presents a programme that: <ul style="list-style-type: none"> - Significantly extends the cultural range for Aberdeen. - meets ACC's cultural diversity specifications. - appeals to a broad spectrum of audiences. - builds a sense of personality through offbeat, eclectic and culty selections. - differentiates the site from nearby competitors. ● The programme includes at least five projects organised in partnership with third party arts operators (e.g. live events, small festivals, themed screenings etc.). ● The programme includes at least five 'added value' screenings (filmmaker Q&A, expert panel discussion with the film, etc.). ● In Scenarios 2-4, the programme includes occasional informal live performances in the speakeasy bar or the restaurant.
Food and Bev	<ul style="list-style-type: none"> ● The F&B offer is consistently available whenever the cinema is open to the public. ● In Scenario 1, the F&B operation delivers simple quick bites and snacks suitable for those intending to watch a film. ● In Scenarios 3 and 4, the F&B operation delivers an upscaled menu that still caters for filmgoers, but also attracts others into the building to relax and graze.
Marketing and sales	<ul style="list-style-type: none"> ● A unified marketing and sales strategy across films, events and F&B ensures that Aberdeen is well aware of the Belmont's new and improved offer, including what's on day to day. Routine marketing will include: <ul style="list-style-type: none"> - Website and newsletter. - Social media. - CRM-driven targeted comms. - Direct outreach for specialist audiences. - Special offers.
Membership	<ul style="list-style-type: none"> ● Ongoing outreach cements core audience loyalty through membership or loyalty scheme. ● In Scenarios 3 and 4, additional value from access to co-working space elevates membership offer and improves engagement with core constituencies.
Education	<ul style="list-style-type: none"> ● Education screenings tied in with local school curricula affordably introduce multitudes of youngsters to a more diverse film culture (at least 15 screenings in year 1). ● Workshops in the community or at the cinema, possibly run by or in partnership with a local agency such as SHMU, introduce members of the community to film production or programming skills (allowing 24 basic workshops in year 1, or fewer if more complex to produce).
Studio	<ul style="list-style-type: none"> ● Scenarios 1 or 2: Limited use. ● Scenarios 3 or 4: Co-working space and flexible workspaces and presentation spaces on top floor create a shared work area where local media creatives can forge new connections and relationships, and share insight and expertise, while they ply their craft. A trial period for the Studio professional development concept gets underway.

APPENDIX 5: Risk Comparison Tables

These tables set out some key risks and potential failure points and score each one in order to provide a comparative sense of relative risk. Risks are scored 1–5 with 1 being lowest risk, 5 being highest. The first table compares the four renovation scenarios, assuming that the operating model is the one described in the Financial model, being a locally operated charitable organisation. The second table compares three different operating models, assuming that renovation scenario 3 applies.

Risk Comparison: Four Renovation Scenarios

Area	Risk	Sc. 1	Sc. 2	Sc. 3	Sc. 4
Governance / Management	Inexperienced board	3	2	2	2
	Inexperienced senior management	4	2	2	2
	Leadership culture	4	2	1	1
	Compliance Problems	2	2	1	1
CapEx	Cultural return too low to justify initial capex	3	4	3	4
	Commercial return does not recoup initial capex	5	5	5	5
	Renovation over-budget	1	4	4	4
Market & Audience	Everyman opens nearby	3	3	3	5
	People choose other venues	4	3	2	3
	F&B underperforms	5	3	2	2
	Cinema underperforms	4	3	2	2
	Disruption to content access for programme	1	1	1	1
	Membership uptake slow	3	3	2	2
Culture and Education	Cinema fails to extend cultural range	2	2	2	3
	Cinema fails to deliver educational services	4	2	2	4
Operations	Operational challenges - Cinema	4	3	2	2
	Operational challenges - F&B	3	2	2	2
	Operational challenges - Education / Studio	3	3	2	2
Costs	Energy	3	3	3	3
	Payroll	4	2	2	2
	Costs of sale	2	1	1	1
	Overheads	1	1	1	2
TOTALS		68	56	47	55

Risk Comparison: Three Operating Frameworks

Area	Risk	Circuit / Commercial	Charity / Non-local	Charity / Local Operator
Governance / Management	Inexperienced board	1	2	4
	Inexperienced senior management	1	2	3
	Leadership culture	2	2	3
	Compliance Problems	1	1	2
CapEx	Cultural return too low to justify initial capex	5	3	3
	Commercial return does not recoup initial capex	5	5	5
	Renovation over-budget	4	4	4
Market & Audience	Everyman opens nearby	5	3	2
	People choose other venues	3	3	2
	F&B underperforms	2	3	3
	Cinema underperforms	2	2	2
	Disruption to content access for programme	1	1	1
	Membership uptake slow	2	3	3
Culture and Education	Cinema fails to extend cultural range	5	2	2
	Cinema fails to deliver educational services	5	2	2
Operations	Operational challenges - Cinema	2	2	3
	Operational challenges - F&B	1	3	3
	Operational challenges - Education / Studio	5	2	3
Costs	Energy	3	3	3
	Payroll	2	2	3
	Costs of sale	1	2	2
	Overheads	1	2	2
TOTALS		59	54	60

Contributors

This report was prepared by **Mustard Studio**.

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