**POLICY AND RESOURCE COMMITTEE**

**17 JULY 2017**

**PART I - DELEGATED**

 **WATERSMEET BUSINESS PLAN – CHANGE OF ‘HIRE ONLY’ POLICY**

**1. Summary**

* 1. This report recommends that the ‘hire only’ policy at Watersmeet be changed to allow the venue to promote events and live performances so that the venue can meet its targets set out in Appendix 1 - Watersmeet Business Plan 2016-19, increase revenue and continue to explore commercialisation opportunities.

**2.** **Background**

2.1 Prior to 2004, Watersmeet operated as a professional theatre space where performances were staged in conjunction with independent promoters on financial terms ranging from guarantees to box office splits. In 2004, the management of Watersmeet was taken over by a Trust, and the following year handed back to the Council as the Trust was unable to make the venue function financially. The Council reopened Watersmeet as a ‘venue for hire’ in 2005 and, with considerably reduced overheads, the venue has been able to build upon its income year on year. In 2006/07 Watersmeet’s net direct cost to the Council was £101,526, in 2013/14 net direct costs were reduced to £59,506 and in 2016/17 to £1,887. Currently there are two exceptions to the hire-only policy; the annual pantomime, where the risk is shared between the pantomime producers and the Council on a box office split, and the Filmsmeet programme, where the ticket sale income is either split between the film distributors and the Council or a minimum guarantee is paid of circa £90.

2.2 One of the areas being explored to increase revenue is to promote live performances on a box office split basis. Many Council-owned venues across the UK operate these types of agreements successfully and this has been supported by the recommendations outlined in the independent consultant’s report on Watersmeet in April 2017, commissioned by Management Board. Appendix 2 – Independent Consultant’s Recommendations.

2.3 ***Programming***

 Currently Watersmeet has capacity to accommodate live performances around private hires during the week. The approach Watersmeet management would take would be similar to that for programming films, where live performances are booked around private hires. Programming decisions would be made based on current audience survey feedback, track record of promoters and acts, and success in other venues around the country. In the first instance a selection of different genres would be programmed to establish the level of local interest expressed in audience surveys. This would then dictate the shape of the longer-term programming decisions.

 The primary focus of any live performance programming would be commercial success, although as with the general approach at Watersmeet there would be some programming decisions taken with the intention of attracting new audiences to Watersmeet, and therefore fulfilling the venue’s commitment to service the whole community.

2.4 ***Footfall, Attendance and Awareness***

 Overall attendance at Watersmeet has increased year on year and in 2016/17 reached 48,674, up 6,791 from 41,883 in 2015/16. That figure is broken down into the following areas:

* + - Filmsmeet 12,067
		- Friends of Watersmeet Film Society 3,045
		- Hires/Shows 18,468
		- Pantomime 15,094

It is anticipated that footfall would increase by 2,000 - 3,000 with the addition of Watermseet promoting fifteen live performances.

2.5 ***Branding and Marketing***

 It is expected for venues entering into box office split deals that a certain amount of marketing is provided by the venue. This is something that holds a large value to promoters but requires relatively little expenditure for the venue. It would be expected that the marketing ‘pack’ would include:

* Website – details of the event with a link to book tickets
* Social media – posts on Watersmeet’s Facebook page, Twitter and Instagram accounts
* Venue – posters, flyers, plasma screens and pull up banners promoting the event (provided by the hirer) will be displayed within Watersmeet
* Council Publications – Three Rivers Times, the What’s On at Watersmeet brochure will include details of the event
* Leisure venues – Watersmeet has a presence at all leisure venues where leaflets and postcards are displayed for customers to pick up
* Community mail-out – Three times per year, the Council distributes promotional material to over 100 community venues in the district. These include leisure venues, community centres, coffee shops, church halls etc.

 Additional services would be offered as cost options to the producers, such as solo e-mail shots to customers on the database, mail-outs, District and venue banners, inclusion in local magazines.

2.6 ***Feedback***

 Watersmeet Management has recently carried out a survey of regular visitors to help inform the type of events that would be popular. Audience feedback has been very positive and over 300 responses were received. In response to the question ‘What would you like to see more of at Watersmeet?’ the following can be reported:

* + - Musicals – over 60% of respondents
		- Plays – over 60% of respondents
		- Live Music – over 55% of respondents
		- Comedians – over 50% of respondents

 For further information please refer to Appendix 3 – Audience Survey.

2.7 ***Staff and Volunteers***

 Some additional events can be managed by staff during their contracted working hours and by the regular volunteers. However, as Watersmeet activity increases it may be necessary for additional staffing at a cost of £170 per performance for a Front of House Manager & Duty Technician.

2.8 ***Financial Commitment***

A single show would commit the Council to £335 in actual expenditure, staff hours and utilities. The financial risk to the Council would be circa £130 in actual expenditure alone. Based on the higher figure of £335, if tickets were sold at an average of £18, the net yield would be £15 per ticket. Therefore on an 80/20 box office split, 112 tickets (22% of capacity) would need to be sold to break even.

For a detailed breakdown see Appendix 4 – Income & Expenditure.

There would be no loss of revenue from hires as the majority of hire bookings are on Saturdays and Sunday, and the proposal would focus on programming performances for weekday evenings.

**3. Options/Reasons for Recommendation**

3.1 Officers’ recommendation is for the Committee to approve a change in the ‘hire only’ policy to allow Watersmeet to promote live events and shows in addition to the annual pantomime and Filmsmeet programme for the following reasons:

* To enable Watersmeet the opportunity to continue to increase revenue and meet its targets set out in the Watersmeet Business Plan 2016-19
* To enable Watersmeet to action a number of the recommendations from the independent consultant’s report in April 2017.
* To build on the success and momentum generated by the Filmsmeet programme
* To cater for the public demand for increased live performances at Watersmeet
* To continue to raise the awareness of Watersmeet as a local venue
* Other similar venues to Watersmeet operate a successful programme of live theatre events, shows, films and hires

**4.** **Policy/Budget Reference and Implications**

4.1 The recommendations in this report are within the Council’s agreed budgets.

4.2 The recommendations in this report are outside the Council’s agreed policy of Watersmeet being a hire-only venue except for the film programme.

4.3 The purpose of this proposed change of policy is to generate additional usage and income for Watersmeet. If approved, it is anticipated that Watersmeet will increase its surplus in 2017/18 by £2,000 - £4,000 depending on the number of events and shows programmed.

**5.** **Financial Implications**

5.1As detailed in the report. Any income will be reported in the 2018-2021 budget setting process.

**6.** **Legal Implications**

6.1 A new generic co-promotion contract would need to be drafted.

**7.** **Equal Opportunities Implication**

7.1 ***Relevance Test***

|  |  |
| --- | --- |
| Has a relevance test been completed for Equality Impact? | Yes |
| Did the relevance test conclude a full impact assessment was required?The recommendation does not impact adversely on any group within the community.  | No |

**8. Staffing Implications**

There may be a requirement for staff to work additional hours.

**9. Environmental Implications**

9.1 None specific.

**10. Community Safety Implications**

10.1 None specific.

**11. Customer Services Centre Implications**

11.1 None specific.

**12. Communications and Website Implications**

12.1 None specific.

**13. Risk Management and Health & Safety Implications**

13.1 The Council will make a financial loss if ticket sales are low. In the worst-case-scenario, if no one attended a show the direct cost would be £335 per event. However, based on current performance we believe this risk to be minimal.

13.2 The Council will lose revenue from potential hires if there are dates not available due to shows. Therefore, weekends will be avoided for programming as these are the most popular for private hires.

13.3 Other than ensuring that the shows are effectively selected and marketed and that the customer’s experience is of a high quality in order to bring in their repeat business, there is little more that can be done to mitigate the risk. Ongoing monitoring during the year will enable any programming adjustments to be made, should sales be lower than target.

13.4 The above risks are plotted on the matrix below depending on the scored assessments of impact and likelihood, detailed definitions of which are included in the risk management strategy. The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require a treatment plan.

13.5 The following table gives the risks if the recommendation(s) are agreed, together with a scored assessment of their impact and likelihood:

|  |  |  |
| --- | --- | --- |
| Description of Risk | Impact | Likelihood |
| 1 | The Council will make a financial loss if ticket sales are low.  | II | E |

13.6 The following table gives the risks that would exist if the recommendation is rejected, together with a scored assessment of their impact and likelihood:

|  |  |  |
| --- | --- | --- |
| Description of Risk | Impact | Likelihood |
| 2 | Watersmeet Watersmeet will not be able to achieve a reduction in the net cost to the Council | III | C |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Likelihood** | A |  |  |  |  |  | Impact | Likelihood |
| B |  |  |  |  |  | V = Catastrophic | A = >98% |
| C |  |  | 2 |  |  | IV = Critical | B = 75% - 97% |
| D |  |  |  |  |  | III = Significant | C = 50% - 74% |
| E |  | 1 |  |  |  | II = Marginal | D = 25% - 49% |
| F |  |  |  |  |  | I = Negligible | E = 3% - 24% |
|  | I | II | III | IV | V |  | F = <2% |
| **Impact** |  |  |

13.7 In the officers’ opinion none of the new risks above, were they to come about, would seriously prejudice the achievement of the Strategic Plan and are therefore operational risks. The effectiveness of treatment plans are reviewed by the Audit Committee annually.

**14.** **Recommendation**

14.1 For Policy and Resource Committee to approve the policy change to allow Watersmeet to promote and co-promote events and live performances.

 Report prepared by: Josh Sills, Venue Manager

 **Data Quality**

Data sources:

 Financials/Expenditure

 Programme and venue bookings

 Survey Feedback

Data checked by: Wendy Stratford

 Data rating:

|  |  |  |
| --- | --- | --- |
| 1 | Poor |  |
| 2 | Sufficient | X |
| 3 | High |  |

 **Background Papers**

 None

 **APPENDICES / ATTACHMENTS**

 Appendix 1 Watersmeet Business Plan 2016-2019

 Appendix 2 Consultant’s Report Recommendations

 Appendix 3 Audience Survey

 Appendix 4 Income & Expenditure