**LEISURE, WELLBEING AND HEALTH COMMITTEE**

**6 SEPTEMBER 2017**

**PART I - DELEGATED**

**6. WATERSMEET BUSINESS PLAN 2017-2020**

***Appendix 3 to this report is NOT FOR PUBLICATION because it deals with information relating to the financial or business affairs of any particular person (including the authority holding that information) (Paragraph 3 of Schedule 12A)***

**1. Summary**

* 1. This report recommends that the Watersmeet Business Plan 2017-2020 be approved so that the venue can increase revenue and continue to explore commercialisation opportunities. Appendix 1 – Watersmeet Business Plan 2017-2020.

**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 Watersmeet’s programme consists of a variety of activity including; private hires, theatre school shows, amateur shows, films, live screenings of National Theatre Live, the occasional professional production and the annual pantomime.

In April 2017 an independent consultant was commissioned by Three Rivers Management Board to look at Watersmeet’s current performance and offer recommendations on how the venue could increase income. For details please see Appendix 2 – Independent Consultant’s Recommendations and Appendix 3 – Consultant’s Full Report (included in the Part II agenda).

A report was taken to Policy and Resource Committee 17 July 2017 where the following resolution was passed: “For Policy and Resource Committee to approve the policy change to allow Watersmeet to promote and co-promote events and live performances.”

2.2 **Programming**

***Venue Hire***

Venue hire continues to be one of Watersmeet’s biggest income generators, second only to pantomime sales. Saturdays and Sundays are still the most popular days of the week with ‘not for profit’ hires taking up the majority of dates. Commercial hires continue to be minimal, representing just 22% of hire occupancy in 2016/17.

***Pantomime***

In 2016 the Council procured the pantomime contract which resulted in a change in supplier from Paul Holman Associates to Jordan Productions. As of 30 June 2017 *Beauty and the Beast* is currently slightly up on total sales compared to *Jack and the Beanstalk* in 2016, by 130 tickets.

***Filmsmeet***

Since its trial season January to March 2015, Filmsmeet has developed into a successful part of Watersmeet’s programme, with 11,553 people attending films in 2016/17 generating £37,000 income. As of January 2017 NT Live screenings feature as part of the Filmsmeet programme, with additional live screenings set to be including in the coming year. The film programme consists of a variety of film genres, to appeal to different members of the community, ranging from action thrillers and romantic comedies to family films.

2.3 **Watersmeet Promoted & Co-promoted Performances**

Currently Watersmeet has capacity to accommodate live performances around private venue 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 venue 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 47,852, up 9,292 from 38,560 in 2015/16. That figure is broken down into the following areas:

* + - Hires/Shows 21,205
    - Pantomime 15,094
    - Filmsmeet 11,553

It is anticipated that footfall would increase by 4,000 - 5,000 with the addition of Watersmeet promoting live performances, and increases in audience figures for Pantomime and Filmsmeet.

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 significant value to promoters, but requires relatively little expenditure for Watersmeet. 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 Facebook pages, Twitter and Instagram accounts
* Venue – posters, flyers, pull up banners (provided by the hirer) and plasma screens promoting the event will be displayed within Watersmeet
* Council Publications – Three Rivers Times, the What’s On at Watersmeet brochure will include details of the event. In addition, the Council circulates and displays information on a weekly basis to 40 noticeboards across the district
* Leisure venues – Watersmeet has a presence at all Three Rivers owned 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 community centres, libraries, coffee shops, doctors, church halls etc.
* Schools – dissemination of material can be requested by the promoter ensuring every child in Three Rivers receives information of event(s), if appropriate

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:

Children's Theatre 36.57% 113 responses

Comedians 50.16% 155 responses

Live Jazz Music 29.13% 90 responses

Live Music 57.93% 179 responses

Musicals 61.17% 189 responses

Open Mic Nights 9.39% 29 responses

Plays 62.46% 193 responses

Tribute Acts 33.66% 104 responses

Other 7.12% 22 responses

Total Respondents: 309

For further information please refer to Appendix 4 – Audience Survey.

2.7 **Leases and Tenants**

There are currently two tenants leasing sections of the Watersmeet building. Daybreak Nurseries, which occupies what was the old Chess Suite and Sharpe Academy in what used to be a store cupboard behind Watersmeet staff office. The two leases currently run until 2019 and 2020 respectively.

2.8 **Building and Maintenance**

Following the successful replacement of Watersmeet boilers in August 2017, Watersmeet management in conjunction with TRDC Property Services have identified the following maintenance works requiring capital expenditure in the coming years:

* Replacement and redesign of the public toilets in the upper foyer

In addition the following improvement projects have been identified and will be assessed for viability:

* Development of the void under the auditorium floor into office and/or storage space to rent out
* Replace the cinema screen with a roller screen to be set further down stage to provide a better view and allow for films to be shown over other events
* Digital signage on the exterior of the building to promote a wider variety of events and to raise the profile of the venue
* Replace theatre lighting with energy efficient LEDs
* A daytime cafeteria to increase footfall and revenue

2.9**Staff and Volunteers**

As the venue continues to get busier, it is anticipated that staffing levels will need to increase over the coming year. Currently Watersmeet is run by 4.9 FTE staff. Appendix 1 - Watersmeet Business Plan 2017-2020 – page 3. Watersmeet management have identified that a 0.5 FTE Box Office and Marketing Coordinator would be the most appropriate addition to permanent staff. This additional member of staff would provide a level of continuity to box office operations, and provide marketing support to the Marketing Manager. This role is also the most cost efficient as a sizeable portion of the salary could be covered by a reduction in casual box office staff.

It is anticipated that the cost of this additional 0.5 FTE role on pay scale 2 would be circa £12,000 per annum (inclusive of local weighting, Employer’s NI and pension contributions).

Volunteers continue to be essential to Watersmeet, providing a valuable service and keeping staffing costs down. Volunteer recruitment is a continual process and forms part of the Front of House Manager’s responsibilities.

2.10 **Financial Targets**

Watersmeet’s current approach is to generate long term sustainable financial growth and stability by investing in staff and resources whilst reducing the net direct cost to the Council, and generating a net direct revenue surplus by the end of financial year 2018/19.

This approach involves balancing a varied programme including; not for profit hires, commercial hires, films, annual pantomime and Watersmeet promoted live shows, to ensure the venue is in the best possible position to be sustainable during any future changes to the economic climate or threats to Watersmeet’s business operations.

2.11 **Fees and Charges**

The fees and charges for Watersmeet hire rates, technical and additional services are to remain the same, as approved at Leisure Wellbeing and Health Committee November 2016.

Watersmeet Management have reviewed the commercial hire rates, and based on competitor analysis and current number of bookings at the full commercial rate, believe the number of commercial bookings would increase if the rate were to be reduced.

Current 2017/18 commercial rates per hour:

|  |  |  |
| --- | --- | --- |
| ***Room/Set-up*** | ***2017/18 (current rates)*** | ***Proposed new rates for 2018/19*** |
| Auditorium (theatre style) Mon-Fri | 190.20 | 170.00 |
| Auditorium (theatre style) Sat-Sun | 290.10 | 190.00 |
| Auditorium (cabaret style) Mon-Fri | 222.40 | 200.00 |
| Auditorium (cabaret style) Sat-Sun | 333.10 | 230.00 |
| Colne Room Mon-Fri | 44.10 | 40.00 |
| Colne Room Sat-Sun | 63.30 | 55.00 |

For a full list of current rates please refer to Appendix 5 - Approved fees and charges 2017/18.

**3. Options/Reasons for Recommendation**

3.1 Officers’ recommendation is for the Committee to approve the Watersmeet Business Plan 2017-2020 for the following reasons:

* To enable Watersmeet the opportunity to continue to increase revenue by expanding its current programme and to generate a net direct revenue surplus by end of financial year 2018/19.
* To enable Watersmeet to action a number of the recommendations from the independent consultant’s report in April 2017, commissioned by Management Board.
* To increase the likelihood of commercial hires.
* To continue to raise awareness of Watersmeet as a local venue.

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

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

**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 None specific

**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**

8.1As detailed in the Watersmeet Business Plan 2017-20 it is anticipated that there may be a requirement to increase staffing levels to meet business needs, however it is expected that any increase in costs will be absorbed within existing budgets.

**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 venue 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 Leisure, Wellbeing and Health Committee to approve the Watersmeet Business Plan 2017-2020.

14.2 For Leisure, Wellbeing and Health Committee to approve the proposed reduction in commercial hire rates for 2018/19.

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**

1. Watersmeet Business Plan Change of ‘Hire Only’ Policy – 17 July Policy and Resource Committee
2. Fees and Charges – 30 November Leisure Wellbeing and Health Committee

**APPENDICES / ATTACHMENTS**

Appendix 1 Watersmeet Business Plan 2017-2020

Appendix 2 Consultant’s Report Recommendations

Appendix 3 Consultant’s Full Report **(Part II)**

Appendix 4 Audience Survey

Appendix 5 Approved Fees and Charges 2017/18

(Appendix 3 to this report is included in the Part II agenda)