

For publication

Cultural Service Review – Winding Wheel Theatre ([Delegation Reference – click here to view Part 3 Constitution](#))

Meeting:	Cabinet
Date:	27 th February 2024
Cabinet portfolio:	Town Centres and Visitor Economy
Directorate:	Leisure, Culture and Community Wellbeing
For publication	

1.0 Purpose of the report

- 1.1 The purpose of this report is to set out detailed proposals to reduce the financial subsidy provided to the Winding Wheel Theatre, to support the Councils budget position for 2024/25.
- 1.2 This includes a review of the scale of fees and charges for lettings at the Winding Wheel Theatre for 2024/25.
- 1.3 The report will not deal with any proposed changes to theatre ticket prices, as these are negotiated with the visiting production companies throughout the year when productions are booked. The report will not deal with any proposed increase in bar and catering prices. These prices are normally reviewed twice a year, and are set by the cost of the purchases, bar performance, VAT, and what increases, if any, it is felt that the market can sustain.

2.0 Recommendations

- 2.1 To approve that a more commercial approach is taken to both the programming and the hiring of the Winding Wheel Theatre to reduce the financial subsidy provided to the venue.
- 2.2 To note that alternative operational arrangements will be put in place to support the commercial approach, including focussing opening hours around planned commercial events, and changes to the availability of the venue for hire.

- 2.3 To approve changes to fees and charges for room hire , equipment hire and staffing cost at the Winding Wheel Theatre as from 1 April 2024 as detailed in Appendix B.
- 2.4 To delegate authority to the Service Director for Leisure, Culture and Community Wellbeing, in consultation with the Cabinet Member for Town Centre and Visitor Economy, to apply appropriate negotiated fees for new activities and opportunities that are introduced during the period covered by this report.

3.0 Reason for recommendations

- 3.1 The proposals have been brought forward to respond to the savings targets identified in the Budget Implementation Plan, which was approved in November 2023. This will enable the Council to work towards developing a balanced 2024/25 budget and MTFP, which will support the Council to continue to deliver against the visions and priorities set out in the Council Plan.

4.0 Report details

Background

- 4.1 Following Council approval of the budget strategy in July 2023, Cabinet resolved on 14th November 2023 to approve in principle proposals in the Budget Strategy Implementation Plan, and authorise officers to develop the proposals through to appropriate decision making.
- 4.2 This report responds to the specific proposal "Fundamental review of the Winding Wheel operations focussed on achieving a cost neutral budget position". The proposal had a target annual saving target of over £200,000, as part of the thematic intervention of "Increase income / behave commercially".
- 4.3 The Winding Wheel Theatre is located in Holywell Street in Chesterfield. It was originally built as a cinema in 1923 and is a Grade 2 listed building. It has been operated by the Council since 1987. It has a main auditorium which has a capacity for 856 seated theatre style (this increases to 1,000 people standing) . It also has the Ballroom (200 capacity) and the Function Room (100 capacity). It also has 4 bars, and 3 kitchens.
- 4.4 The Council promotes a wide range of professional performances at the Theatre, including comedy, concerts, family shows, screenings, and the annual pantomime. The venue is also currently available to hire Monday to Sunday and the facility is well used by a wide range of users.

- 4.5 During the calendar year 2023, the hall was hired by approximately 66 different hirers – this comprised 57 community hirers, who were charged the discounted community tariff whilst 9 hirers were on the commercial tariff.
- 4.6 The venue was used on average approximately 6 hours per day, and during 2022/23 there were 262 events with a total attendance of 83,000 people.
- 4.7 As can be seen In Table 1 below in the financial year 2023/4 the Winding Wheel Theatre is budgeted to have a net operational cost of approximately £378,000. The net operational cost is defined as the total costs of operating the venue less internal council recharges and capital depreciation costs.

Table 1 – Winding Wheel Theatre Income and Expenditure

	Budget 2023/4
Expenditure	£
<i>Employees</i>	<i>872,200</i>
<i>Premises</i>	<i>198,150</i>
<i>Supplies & Services</i>	<i>887,810</i>
Sub-total	1,958,160
<i>Less Income</i>	
<i>Box office</i>	<i>(989,500)</i>
<i>Bar and catering</i>	<i>(281,050)</i>
<i>Lettings</i>	<i>(80,640)</i>
<i>Other</i>	<i>(227,600)</i>
Sub-total	(1,578,790)
Net Controllable Budget	379,370

- 4.8 Officers have reviewed in detail the operation of the theatre in 2023, in order to see how a cost neutral position could be achieved.
- 4.9** The current theatre programming policy is to present a wide range of productions to appeal to a broad cross -section of the community. The level of attendances varies depending on the genre, performers and ticket prices.
- 4.10** The main conclusion of the review was that many of the Council promoted professional shows did not generate sufficient income for the Council to cover all the costs of running the theatre.
- 4.11 Also, the income from hiring the venue to many of the hirers did not cover the costs of providing the theatre for the period of hire.

Proposals

- 4.12 In order to reduce the financial deficit of the operation, officers are proposing two approaches: increasing income and reducing expenditure. This does

mean that there will be an overall reduction in the breadth of shows and events at the theatre, but this has been balanced against the challenging budget position for the Council.

- 4.13 First, it is proposed that an increased commercial approach is adopted for the programming of productions at the theatre. It is proposed that as from 1st April 2024 (for all new bookings), we will only proceed with a production, where we estimate that the anticipated income is sufficient to cover the costs of providing the theatre.
- 4.14 As a more commercial approach is taken, it is anticipated that the number of productions programmed at the theatre will be reduced, as we have fewer but more profitable productions. As a consequence, the future programme will feature less productions which in the past have attracted smaller audiences.
- 4.15 There is a comprehensive programme already booked and contracted in place to the end of July 2024. A planned closure of the venue during August 2024 has also been arranged to allow for maintenance activities to take place. In taking this more commercial approach, it is expected that there will be fewer shows during September to November. The pantomime Cinderella (subject to confirmation and contract) is scheduled to run throughout December and the attendance target is 25,000 people. We anticipate that there will be a further reduction in shows from January 2025 onwards, with most events being presented during the weekends.
- 4.16 Secondly, in line with the more commercial approach, it is proposed that fees and charges are increased to a level which will enable the council to cover the costs of providing the venue to any hirer. The proposed level of charges is set out in Appendix B. It is recognised that the increases are more significant than in previous years, but they represent the true cost associated with provision of the service.
- 4.17 In reviewing the fees and charges for the Winding Wheel consideration has been given to the costs of operating the venue, particularly recent increases in staffing and utility costs. In addition, we have considered local market conditions, customer feedback and the demand for the venue.
- 4.18 The Winding Wheel Theatre has two main categories of hire fees. Community charges, which apply to social gatherings and non-profit making organisations and commercial charges, which are levied on profit making events and organisations. There is no proposal to change the classification of hirers.
- 4.19 It is anticipated that significantly increasing hire charges may reduce the number of hours /days that the venue is hired. It is also anticipated that unfortunately there may be some community hirers who may not be able to hire the venue in future due to its increased cost. The Council will seek to support these hirers to secure alternative arrangements, where possible.

- 4.20 In moving to a more commercial approach, for productions and venue hire, It is envisaged that there will be overall a reduction in the opening hours of the Winding Wheel Theatre, which will reduce operating costs, with lower staffing levels and savings in premises costs.

Stakeholder engagement

- 4.21 As part of the development process of these proposals, officers have contacted the regular hirers of Winding Wheel Theatre and invited them to complete a short engagement survey regarding their views on how they think any significant price changes would affect them and their group. A summary of responses is contained in Appendix A.
- 4.22 We received a total of eighteen responses to the survey from regular hirers. Eight of the respondents were community or charitable organisations, eight were businesses, and two described themselves as "other".
- 4.23 The responses to the question on how "significantly increased" charges for the venue might impact the hirer were very consistent. Nearly all hirers indicated that they may not or would not be able to continue to hire the facilities if the charges went up significantly.
- 4.24 However, it should be noted that only three of the eighteen respondents disagreed with the principle that that venue hire fees and charges should be set at a level, for any groups or individuals using the service, which covers the cost of providing the service to help reduce the council's budget gap.
- 4.25 In addition to the survey, officers met with three regular hirers who requested a meeting to discuss the survey in more detail. It was clear from these meetings that these hirers understood the financial challenges which the Council faces and demonstrated a flexible attitude to any significant increase in charges. For example, all three hirers wanted to continue to hire the venue, but were prepared to alter their arrangements for their events to meet the increase in charges. Hirers said that they might hire the venue for a reduced duration, for example two days rather than three days, whilst others discussed increasing the ticket price to their events to cover the increase.

Conclusions

- 4.26 Having considered all of the operational and financial analysis, taken on board the stakeholder engagement, and set these in the context of the significant budget challenges the Council must meet, it is proposed to operate Winding Wheel Theatre in a more commercial way, focussing on commercial productions and increasing hire charges from 1st April 2024.
- 4.27 As a result of this approach, and the anticipated reduction in opening times of the building, there will be operational savings in staffing and premise management costs. It is anticipated that these two measures will improve the

financial performance of the venue which will be reviewed as part of the service's existing budget review process.

4.28 The financial implications of these proposals are set out in Section 6 below.

5.0 Alternative options

5.1 One alternative option is not to take a more commercial approach or make any changes to the operational arrangements of the venue, but this would not deliver the required savings to the agreed timescale.

5.2 Another alternative option is to not increase the fees and charges for 2024-25, however this would not assist the Council in delivering a balanced budget and place a significant pressure on the Council's medium term financial plan.

5.3 A larger increase than proposed could be applied to the current fees and charges. It is felt that the proposed fees are significant already, and any increase above the level recommended is viewed as potentially having a negative impact on business.

6.0 Implications for consideration – Financial and value for money

6.1 This report is primarily concerned with reducing the operational deficits of the Winding Wheel theatre. The current net controllable budget for the service is £379,370 in 2023/24.

6.2 The proposals set out in this report will generate ongoing savings of circa £172,000 per annum. This will reduce the net controllable budget to circa £207,000 in 2024/25, as set out in Table 2 below.

Table 2 – Winding Wheel Theatre Controllable Budgets

	Budget 2023/24 (£)	Savings (£)	Budget 2024/25 (£)
Expenditure			
<i>Employees</i>	872,200	(184,750)	687,450
<i>Premises</i>	198,150	(7,810)	190,340
<i>Supplies & Services</i>	887,810	5,160	892,970
Sub-total	1,958,160	(187,400)	1,770,760
Income			£
<i>Box office</i>	(989,500)	(36,500)	(1,026,000)
<i>Bar and catering</i>	(281,050)	28,700	(252,350)
<i>Lettings</i>	(80,640)	(9,360)	(90,000)
<i>Other</i>	(227,600)	32,420	(195,180)
Sub-total	(1,578,790)	15,260	(1,563,530)
Net Controllable Budget	379,370	(172,140)	207,230

7.0 Implications for consideration – Legal

7.1 There are no legal implications from these proposals.

8.0 Implications for consideration – Human resources

8.1 There are implications for Human Resources from these proposals, as less staff hours will be required due to the anticipated reduction in the operational hours of the theatre.

8.2 However, this reduction in staff hours will be realised partially by a number of staff who have already chosen to take voluntary redundancy or early retirement under the current council scheme in March 2024.
This is 2.70 FTE.

8.3 In addition, there will be a reduction in staff hours from a number of fixed term contracts for part time staff, coming to an end during 2024.
This is 3.31 FTE.

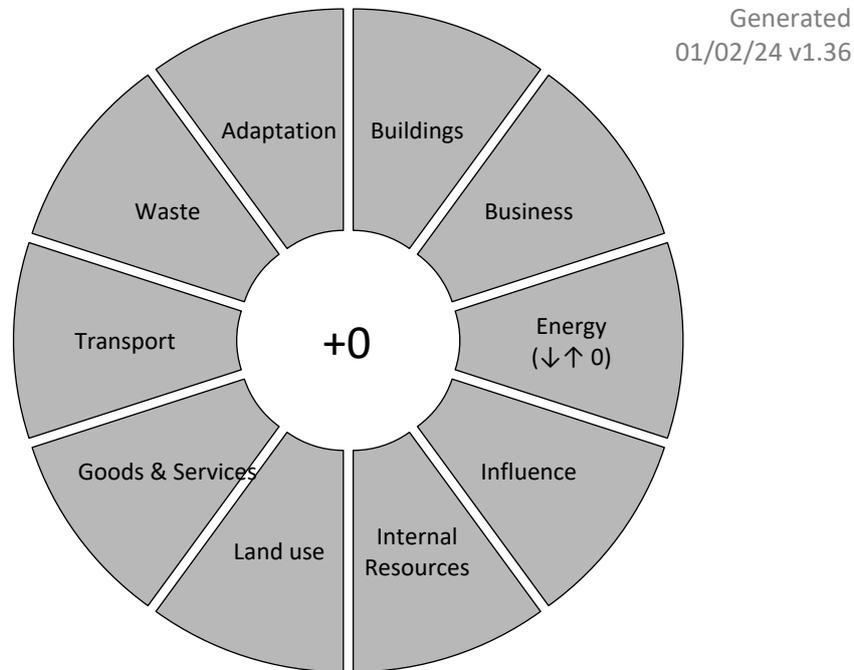
8.2 It is expected that this reduction in staff hours can be achieved without any implication for staff on permanent contracts.

9.0 Implications for consideration – Council plan

9.1 This contributes to two of our key priority areas - to improve quality of life for local people and to provide value for money services.

10.0 Implications for consideration – Climate change

10.1 There are no implications for Climate Change from these proposals.



Chesterfield Borough Council has committed to being a carbon neutral organisation by 2030 (5 years and 11 months away).

11.0 Implications for consideration – Equality and diversity

11.1 A full equality impact assessment has been completed and is available at Appendix C. This assessment helped to inform the final recommended proposals.

12.0 Implications for consideration – Risk management

12.1 Due to the current economic climate, entertainment, leisure and business markets are under pressure. It is, therefore, inevitable that there are risks in attaining income targets.

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Decreased number of	High	High	Offer alternative venues to these	Medium	Medium

community group hirers			hirers where possible		
Increased competition	High	Medium	Improved marketing. Use of packages.	Medium	Low
Hirers are not prepared to pay increased charges for hiring the venue	High	High	Work closely with hirers to find solutions to budget issues	Medium	Medium

Decision information

Key decision number	<i>All key decisions must be in the Forward Plan at least 28 days in advance. There are constitutional consequences if an item is not in the Forward Plan when it should have been. Contact Democratic Services if in doubt.</i>
Wards affected	

Document information

Report author	
<i>Anthony Radford – Cultural Services Manager .</i>	
Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
<i>This must be made available to the public for up to 4 years.</i>	
Appendices to the report	
Appendix A	Venue Hire Survey Report January 2024
Appendix B	Winding Wheel Theatre Fees and Charges
Appendix C	Equality Impact Assessment