

**FOR PUBLICATION**  
**CULTURAL VENUES FEES AND CHARGES 2016**  
**(T240)**

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MEETING:	1. CABINET  2. CABINET MEMBER FOR TOWN CENTRE AND VISITOR ECONOMY
DATE:	1. 17 NOVEMBER 2015  2. 9 NOVEMBER 2015
REPORT BY:	ARTS & VENUES MANAGER
COMMUNITY ASSEMBLY:	ALL
KEY DECISION NUMBER:	541

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1.0 **PURPOSE OF REPORT**

- 1.1 To review the scale of charges for lettings at the Pomegranate Theatre, the Winding Wheel, the Assembly Rooms in the Market Hall and Hasland Village Hall for 2016.
- 1.2 The report will not deal with any proposed changes to ticket prices, as these are negotiated with the visiting production companies throughout the year when productions are booked.
- 1.3 The report will not deal with any proposed increase in bar and refreshment 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. Bar prices

were, however, reviewed in January 2015 to take account of the increase in supplier prices.

## 2.0 **RECOMMENDATIONS**

- 2.1 That there should be no increase to the building hire charges for the Pomegranate Theatre as shown in **Appendix A**.
- 2.2 That there should be no increase to the room hire charges at the Winding Wheel as shown in **Appendix B**.
- 2.3 That an average increase of 4% be levied on all equipment hire charges at the Winding Wheel from 1 April 2016, as shown in **Appendix B**.
- 2.4 That there should be no increase to the building hire charges for professional companies and commercial use at the Winding Wheel as shown in **Appendix C**.
- 2.5 That an average increase of 3% be levied on all room hire charges at the Assembly Rooms in the Market Hall from 1 April 2016, as shown in **Appendix D**.
- 2.6 That an average increase of 3 % be levied on all current room hire charges at Hasland Village Hall from 1 April 2016, as shown in **Appendix E**.
- 2.7 That the Arts and Venues Manager be authorised to negotiate rates for bookings more than a year in advance, including the level of required deposits and payment terms, and pricing packages.

## 3.0 **BACKGROUND**

- 3.1 In 2014/15 the Pomegranate Theatre operated at a deficit of £164,938 (net controllable costs). The theatre earned £875,319 in income in 2014/5, the majority of which, £608,932, came from gross ticket sales, £111,758 from bar and other front of house sales and £87,529 through the hire of the theatre.
- 3.2 In the same financial year, the Winding Wheel operated at a deficit of £342,916 (net controllable costs). It earned a total of £650,155 in income in 2014/5 of which £329,682 came from gross ticket sales,

£156,531 from bar and other front of house sales and £92,396 from room lettings, and associated equipment hire.

- 3.3 In the same financial year, Hasland Village Hall operated at a deficit of £26,439 (net controllable costs). It earned a total of £35,151 in income in 2014/15 of which £24,034 came from room lettings.
- 3.4 In the same financial year, the Assembly Rooms, in the Market Hall, operated at a deficit of £52,211 (net controllable costs). It earned a total of £21,423 in income in 2014/15 of which £15,130 came from room lettings.
- 3.5 The Council implemented an improvement programme for the venues, following a review in 2011, the key aims of which were to integrate the operation of the venues, improve the arts and cultural offer of the two theatres and reduce the overall subsidy to the Council tax payer. A report was presented to Cabinet on 13 December 2011, which identified that the existing community hire rates at both venues did not adequately cover running costs. It was estimated that community hire rates were approximately 25% too low at the Pomegranate Theatre and 12% too low at the Winding Wheel, to enable the costs of hire to be recovered. Therefore, it was agreed to review and change the hire rates to reflect the actual costs incurred and to introduce new charges on a phased basis over the next three years – 2012/13, 2013/14 and 2014/15.
- 3.6 This process was completed, and has contributed in part to the reductions in subsidy over the last three years, in 2012/3, 2013/4 and 2014/5. Savings in net controllable costs of £180,000 have been achieved compared to the 2011/12 outturn.
- 3.7 During 2015/16 the net controllable costs of the service are budgeted to decrease by approximately £42,000 compared to the 2014/15 outturn.
- 3.8 A report was presented to Cabinet on 22 September 2015 on the VAT treatment of venue hire. It was agreed that, as required by HM Revenue and Customs, VAT should be charged on all hires of the Winding Wheel and the Pomegranate for all new hires as from 1 October 2015.
- 3.9 Following advice from the Council's legal services, it was agreed that all existing hire agreements at the rates agreed were to be honoured. It was also agreed that the small number of regular hirers at the Winding Wheel, who have a rolling hire agreement with the Council,

were to be written to with details of the necessary changes to VAT treatment of the hire of theatres, and that VAT would be charged on future bookings from 1 April 2016, on the renewal of their agreement.

- 3.10 It was also agreed that, because the majority of room bookings at Hasland Village Hall do not require any additional services to be provided, room hire charges would continue to be classified as VAT exempt. In addition VAT would continue to be charged on all hires of the Assembly Rooms.

#### 4.0 **PROPOSED CHARGES FOR 2016**

##### 4.1 **Hire Fees – Pomegranate**

When hiring the Pomegranate Theatre there are three different price categories, which are as follows:

Group A Charities, amateur musical, drama societies and educational establishments.

Group B Dancing schools.

Group C Professional companies and commercial use.

There is no proposal to change the classification of hirers at the Pomegranate Theatre.

- 4.2 It is proposed that following the introduction of charging VAT on 100% of building hire fees on 1 October 2015 that no further increase is made to the charges on 1 April 2016. This is shown in **Appendix A**.

- 4.3 Very few of the hirers of the Pomegranate Theatre are registered for VAT. Currently only three of the twenty one hirers are registered for VAT, and this is approximately 14% of hirers. The change in the charging of VAT on theatre/room hire is equivalent to approximately 7% increase on rates for those hiring the Pomegranate Theatre.

##### 4.4 **Hire Fees – Winding Wheel**

The Winding Wheel 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 at the Winding Wheel.

- 4.5 It is proposed that following the introduction of charging VAT on 100% of building hire fees on <sup>t</sup> October 2015 that no further increase is made to these charges on 1 April 2016. This is shown in **Appendix B and C**.
- 4.6 Although some of the hirers at the Winding Wheel are registered for VAT, currently eleven of the twenty six hirers are not registered, and this is approximately 42% of the hirers. The change in charging VAT for those who are not registered is equivalent to a 20% increase on room hire rates at the Winding Wheel.
- 4.7 The hirers at the Winding Wheel are also charged for additional equipment they may require, including seating, piano, staging, etc. These charges have always been subject to VAT. Therefore, it is proposed to increase these equipment charges by 4%. These proposed new charges are shown also in **Appendix B**.
- 4.8 **Hire Fees – Assembly Rooms, Market Hall**  
The Assembly Rooms 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.
- 4.9 The hirers at the Assembly Rooms have always been charged VAT and the new ruling on the treatment of VAT on hire charges did not impact on the Assembly Rooms. It is, therefore, proposed that the existing rates paid are increased by 3% as from 1 April 2016. The proposed new hire rates for the Assembly Rooms are contained in **Appendix D**.
- 4.10 **Hire Fees – Hasland Village Hall**  
The Hasland Village Hall has three main categories of hire fees. Community charges, which apply to social gatherings and non-profit making organisations, community concessionary charges, which applies to children and senior citizen groups not receiving any other grant or concession and commercial charges, which are levied on profit making events and organisations. There is no proposal to change the classification of hirers.
- 4.11 It is proposed that the rates paid are increased by 3% as from 1 April 2016 in accordance with **Appendix E**.

- 4.12 It should be noted that Scrutiny are currently carrying out a corporate review on the Council's approach to concessions and the outcome may impact on future fees and charges for the venue

## 5.0 **OTHER PROPOSALS**

- 5.1 Customers wanting to book the venues for weddings or other major events have requested that, in line with other commercial venues, they are able to have an agreed price at the time of booking, which can be up to 2 years in advance. It is proposed that the Arts and Venues Manager is able to negotiate an increased rate for such bookings more than a year in advance.
- 5.2 Currently customers secure a booking by paying a deposit of £100 or 10% of the booking, with the balance payable one month before the booking. It is proposed that the current terms and conditions of booking are changed to enable the taking of larger deposits for bookings, where it is considered financially prudent to do so, for example up to 50% of the booking, and also to be able to request the payment of the balance up to three months before the event date, if deemed necessary.
- 5.3 Many customers have complained how complicated the prices are for the venues particularly for events such as weddings, parties and conferences, which might include different elements such as room hire, staffing costs, equipment hire and catering. Over recent years we have introduced a number of fixed price packages for certain events such as weddings, and this has been easier to communicate to customers rather than having to prepare a detailed quotation for each prospective event in advance. It is therefore proposed that the Arts and Venues Manager is able to design and promote various packaged all inclusive prices for different events and then effectively advertise these to customers separately from the standard fees and charges.

## 6.0 **FINANCIAL IMPLICATIONS**

- 6.1 In 2014/5 the income from hire fees for the Pomegranate Theatre was £87,529. The original budget for 2015/6 is £94,920. As it is being proposed that charges do not increase, the budget for 2016/17 will be at a similar level.
- 6.2 In 2014/15 the income from hire fees for the Winding Wheel was £86,051. The original budget for 2015/16 from hire fees for the Winding Wheel is £83,950. Although hire fee income is above budget

after six months trading as at the end of September, we have not projected that actual income for the full year will exceed budget. First, during the period of October 2015 to March 2016, we estimate that the Council will have to absorb approximately £6,500 of notional VAT not passed onto those hirers, who had contracts in place prior to the change in charging VAT on hires at the Winding Wheel as from 1<sup>st</sup> October 2015. Secondly, current bookings for the second half of the year currently are less than originally budgeted. Whilst we will continue to work hard to improve bookings, at this stage it is considered prudent to maintain the original budget figure. As it is being proposed that charges do not increase, the budget for 2016/17 will be at a similar level.

- 6.3 In 2014/15 the income from equipment hire at the Winding Wheel was £6,345. The target income for 2015/16 from equipment hire for the Winding Wheel is £8,530. The revised forecast for the year is £7,030.
- 6.4 In 2014/15 the income from hire fees for Hasland Village Hall was approximately £24,034. The original budget for 2015/16 is £20,800, and after six months trading as at the end of September, £12,659 income had been received. The forecast for the year is £20,800.
- 6.5 In 2014/15 the income from hire fees for Assembly Rooms in the Market Hall was £15,130. The original budget for 2015/16 is £14,560, after six months trading as at the end of September, £8,517 income had been received. The forecast for the year is £14,560.

## 7.0 **RISK MANAGEMENT**

- 7.1 In the current economic climate, the entertainment, leisure and business markets are under pressure. There is also increasing local competition in this area from other modern venues and hotels. It is, therefore, inevitable that the risks in attaining the income targets are increasing.

Description of the Risk	Impact	Likelihood	Mitigating Action
Decreased number of community group hirers	Medium	Medium	Offer alternative venues to these hirers
Increased competition	High	Medium	Improved marketing capacity and

			activity. Use of packages.
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## 8.0 **EQUALITIES IMPACT ASSESSMENT (EIA)**

- 8.1 The Council has agreed both a Venues Programming Policy and an Arts and Culture Strategy. These documents identify, in more detail, the impact that these proposed price increases will have on the various equalities groups and an action plan to militate against any negative impact will be developed. The Equality Impact Assessments are available from the Policy Service.



## 9.0 **ALTERNATIVE OPTIONS TO BE CONSIDERED**

- 9.1 An alternative option would be to introduce a significantly greater hire charges than those increases proposed for the Pomegranate Theatre, the Winding Wheel, Hasland Village Hall and the Assembly Rooms. However, this would risk putting off potential hirers, especially charities and local amateur and community groups.
- 9.2 Given the increasing competition and current economic situation, an alternative option would be not to increase hire charges at Hasland Village Hall and the Assembly Rooms. However, all venues operate at a considerable deficit and in order to develop a sustainable business plan, charges for these services have to increase.

## 10.0 **RECOMMENDATIONS**

- 10.1 That there should be no increase to the building hire charges for the Pomegranate Theatre as shown in **Appendix A**.
- 10.2 That there should be no increase to the room hire charges at the Winding Wheel as shown in **Appendix B**.
- 10.3 that an average increase of 4% be levied on all equipment hire charges at the Winding Wheel from 1 April 2016, as shown in **Appendix B**.
- 10.4 That there should be no increase to the building hire charges for professional companies and commercial use at the Winding Wheel as shown in **Appendix C**.
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- 10.6 That an average increase of 3 % be levied on all current room hire charges at Hasland Village Hall from <sup>t</sup> April 2016, as shown in **Appendix E**.
- 10.7 That the Arts and Venues Manager be authorised to negotiate rates for bookings more than a year in advance, the level of required deposits and payment terms, and pricing packages.

## 11.0 **REASONS FOR RECOMMENDATIONS**

11.1 To make further progress towards a sustainable financial position for the venues.

You can get more information about this report from Anthony Radford  
(Tel: 01246 345339)

Officer recommendation supported.

Signed

A handwritten signature in blue ink that reads "A Surjeant". The signature is written in a cursive style with a large initial 'A'.

Cabinet Member

Date: 9 November, 2015

Assistant Cabinet Member/Support Member comments  
(if applicable)/declaration of interests

