

## **For publication**

### **Cultural Venues Fees and Charges 2017 (T240)**

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Meeting:	Cabinet
Date:	29 November, 2016
Cabinet portfolio:	Town Centre and Visitor Economy
Report by:	Arts and Venues Manager

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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 2017.
- 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 October 2016 to take account of the increase in supplier prices.

#### **2.0 Recommendations**

- 2.1 That an average increase of 5% be levied on the theatre hire charges for the Pomegranate Theatre from 1 April 2017 as shown in Appendix A.
- 2.2 That an average increase of 4% be levied on the room hire charges at the Winding Wheel from 1 April 2017 as shown in Appendix B.
- 2.3 That an average increase of 3.5% be levied on all equipment hire charges at the Winding Wheel from 1 April 2017, as shown in Appendix B.
- 2.4 That an average increase of 4.5% be levied on professional companies and commercial use at the Winding Wheel from 1 April 2017, as shown in Appendix C.
- 2.5 That an average increase of 3.5% be levied on all room hire charges at the Assembly Rooms in the Market Hall from 1 April 2017, as shown in Appendix D.
- 2.6 That an average increase of 3.5% be levied on all current room hire charges at Hasland Village Hall from 1 April 2017, as shown in Appendix E.
- 2.7 It is proposed that, where applicable, the new Council Concessions Policy will apply as from 1 April 2017.
- 2.8 It is proposed that the booking fee be increased to £1 per ticket as from 1 May 2017.

### 3.0 **Background**

- 3.1 In 2015/16 the Pomegranate Theatre operated at a deficit of £159,146 (net controllable costs). The theatre earned £890,087 in income in 2015/16, the majority of which, £609,948, came from gross ticket sales, £115,434 from bar and other front of house sales and £87,534 through the hire of the theatre.
- 3.2 In the same financial year, the Winding Wheel operated at a deficit of £247,186 (net controllable costs). It earned a total of £866,675 in income in 2015/16 of which £504,718 came from gross ticket

sales, £167,842 from bar and other front of house sales and £98,299 from room lettings, and associated equipment hire.

- 3.3 In the same financial year, Hasland Village Hall operated at a deficit of £15,719 (net controllable costs). It earned a total of £38,281 in income in 2015/16 of which £27,029 came from room lettings.
- 3.4 In the same financial year, the Assembly Rooms, in the Market Hall, operated at a deficit of £42,677 (net controllable costs). It earned a total of £19,368 in income 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 four years, in 2012/3, 2013/4, 2014/15, and 2015/16. Savings in net controllable costs of £282,000 have been achieved compared to the 2011/12 outturn.
- 3.7 At the beginning of this year, due to the ongoing financial challenges which the Council faces, the Venues were asked to find a further £50,000 saving in its net operational costs in 2016/17, and then a further saving of £50,000 saving in its net operational costs in 2017/18, and then a further £50,000 saving in its net operational costs in 2018/19.

#### 4.0 **Proposed charges for 2017/18**

##### 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 Due to the introduction of charging VAT on 100% of building hire fees as from 1 October 2015, and due to the fact that very few of the hirers of the Pomegranate Theatre were registered for VAT, the Council decided not to increase fees in 2016.
- 4.3 However due to the requirement to further reduce the net operational costs of the Pomegranate Theatre, and following a review of the different rates, it is proposed that on average the existing rates be increased by 5% as from 1 April 2017. The proposed new hire rates for the Pomegranate Theatre are contained in Appendix A.
- 4.4 Due to the large numbers of performers using the theatre during rehearsal days, and the requirements of health and safety, and licensing, it has become necessary to schedule a duty manager during such periods, and therefore hire charges have had to be increased accordingly. This has led to higher percentage increases on such days ranging from 8% to 14%.

#### 4.5 **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.

- 4.6 Due to the introduction of charging VAT on 100% of building hire fees as from 1 October 2015, and due to the fact that some of the hirers of the Winding Wheel were registered for VAT, the Council decided not to increase fees in 2016.
- 4.7 However due to the requirement to further reduce the net operational costs of the Winding Wheel, and following a review of the different rates, it is proposed that on average the existing rates be increased by 4% as from 1 April 2017. The proposed new hire rates for the Winding Wheel are contained in Appendix B.
- 4.8 As part of the review of rates, the same rates will be charged for hires during Friday to Sunday, and the existing Sunday supplement will be removed.
- 4.9 It is also proposed that the theatre hire rate for professional companies and commercial use an average increase of 4.5% be levied on professional companies and commercial use at the Winding Wheel from 1 April 2017, as shown in Appendix C.
- 4.10 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 3.5%. These proposed new charges are shown also in Appendix B.

#### **4.11 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.

- 4.12 It is proposed that the existing rates paid are increased by 4% as from 1 April 2017. The proposed new hire rates for the Assembly Rooms are contained in Appendix D.
- 4.13 As part of the review of rates, the same rates will be charged for hires during Friday to Sunday, and the existing Sunday supplement will be removed.

#### **4.14 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.

4.15 It is proposed that the rates paid are increased by 3.5% as from 1 April 2017 in accordance with Appendix E.

4.16 As part of the review of rates, the same rates will be charged for hires on Saturday and Sundays, and the existing Sunday supplement will be removed.

#### **5.0 Other proposals**

##### **5.1 Concessions**

Further to the introduction of the new Council Concessions Policy in November 2016, it is proposed that, where applicable, this new Concessions Policy will apply as from 1st April 2017.

##### **5.2 Booking Fee**

A booking fee of 50p per ticket was introduced in February 2016 and applies to all tickets purchased in person, on the telephone or on the internet. This applies to purchases made with cash, credit/debit cards or vouchers. The prices advertised include the booking fee. It is proposed to increase this booking fee to £1 per ticket as from 1st May 2017.

#### **6.0 Financial implications**

6.1 In 2015/16 the income from hire fees for the Pomegranate Theatre was £87,534. The original budget for 2016/7 is £88,000. We believe that based on the bookings for the second half of the year to date, we believe that we will achieve the budget for the year.

- 6.2 In 2015/16 the income from hire fees for the Winding Wheel was £91,555. The original budget for 2016/17 from hire fees for the Winding Wheel is £90,000. Although hire fee income is above budget after six months trading as at the end of September, we believe that it will be challenging to achieve budget this year. 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 revise the projected income figure for 2016/17 to £80,000.
- 6.3 In 2015/16 the income from equipment hire at the Winding Wheel was £6,744. The target income for 2016/17 from equipment hire for the Winding Wheel is £7,280, and this is the forecast for the year.
- 6.4 In 2015/16 the income from hire fees for Hasland Village Hall was approximately £27,029. The original budget for 2016/17 is £24,200, and after six months trading as at the end of September, £14,285 of income had been received. The forecast for the year is that we will achieve budget.
- 6.5 In 2015/16 the income from hire fees for Assembly Rooms in the Market Hall was £19,368. The original budget for 2016/17 is £18,020, and after six months trading as at the end of September, £9,516 of income had been received. The forecast for the year is that we will achieve budget.
- 6.6 In 2016/17 it is estimated that the gross income from booking fees will be approximately £45,000, but this is offset by the charges payable to the online sales provider in commissions and fees. However everything else being equal, it is anticipated that if the booking fee is increased to £1 per ticket, gross income from booking fees will increase by approximately £40,000 in 2017/18, and this could generate a net income of approximately £35,000.

## 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.

## 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 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. 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 an average increase of 5% be levied on the theatre hire charges for the Pomegranate Theatre from 1 April 2017 as shown in Appendix A.
- 10.2 That an average increase of 4% be levied on the room hire charges at the Winding Wheel from 1 April 2017 as shown in Appendix B.
- 10.3 That an average increase of 3.5% be levied on all equipment hire charges at the Winding Wheel from 1 April 2017, as shown in Appendix B.
- 10.4 That an average increase of 4.5% be levied on professional companies and commercial use at the Winding Wheel from 1 April 2017, as shown in Appendix C.
- 10.5 That an average increase of 3.5% be levied on all room hire charges at the Assembly Rooms in the Market Hall from 1 April 2017, as shown in Appendix D.
- 10.6 That an average increase of 3.5% be levied on all current room hire charges at Hasland Village Hall from 1 April 2017, as shown in Appendix E.
- 10.7 It is proposed that, where applicable, the new Council Concessions Policy will apply as from 1st April 2017.
- 10.8 It is proposed that the booking fee be increased to £1 per ticket as from 1st May 2017.

**11.0 Reasons for recommendations**

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

**Decision information**

<b>Key decision number</b>	675
<b>Wards affected</b>	All
<b>Links to Council Plan priorities</b>	To provide value for money services

## **Document information**

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<b>Background documents</b> These are unpublished works which have been relied on to a material extent when the report was prepared.	
<i>None</i>	
<b>Appendices to the report</b>	
Appendix A	Pomegranate Theatre Hire Chagres 1 April 2017
Appendix B	Winding Wheel Fees and Charges
Appendix C	Winding Wheel Charges 1 April 2017
Appendix D	Market Hall Assembly Rooms
Appendix E	Hasland Village Hall