

EAST HERTS COUNCIL

COMMUNITY SCRUTINY COMMITTEE – 14 JUNE 2011

REPORT BY HEAD OF COMMUNITY AND CULTURAL SERVICES

HERTFORD THEATRE – REVIEW OF THE LAUNCH OF THE NEW
THEATRE AND PERFORMANCE AGAINST BUSINESS PLAN.

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To present operational and financial information relating to the new Hertford Theatre for scrutiny.

RECOMMENDATION FOR : COMMUNITY SCRUTINY COMMITTEE	
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(A)	That the performance for 2010/11 financial year against business plan is scrutinised and approved.
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1.0 Background

1.1 The Executive on 11 May 2010 approved an invest-to-save business plan for the development of Hertford Theatre.

1.2 The core elements of the plan included:

- £914,000 capital investment in re-modelling and refurbishment works to create a new studio, refurbished River Room and new café/bar, foyer and gallery areas
- £100,000 capital investment in new digital cinema equipment
- £23,000 capital investment in new studio equipment
- £20,000 capital investment in bar/café fixtures and fittings
- A new cultural programme including a professional pantomime
- An enhanced community resource and offer
- A financial plan that showed a reduction in subsidy to the theatre of £720,000 over a ten year period.

1.3 Following Executive approval, the project progressed as highlighted by the following milestones:

Building work started 24 June 2010.

Building work completed 28 November 2010.

New Café/bar opened 6 December 2010.

First gallery exhibition opened 9 December 2010.

Cinderella first night 11 December 2010.

New web site launched on 21 December 2010.

Youth Theatre launched in Studio 30/1/11.

Cinema launched with King's Speech 19 January 2011(sell out).

31 March 2011 – busiest 'multi-use' day so far:

- 800 school students Private Peaceful (two shows)
- Studio – classes from 3 to 10 p.m
- River Room – in use from 9 a.m to 6 p.m by Harlow College and Employment centre.

2.0 Report

2.1 The Committee is invited to scrutinise the various component elements of the development plan as approved by the Executive on 11 May 2010 as follows:

- ⇒ Remodelling and refurbishment works
- ⇒ Pantomime - Cinderella
- ⇒ Cinema
- ⇒ Café/bar
- ⇒ Programme (auditorium, studio, River Room, gallery)
- ⇒ Hires (auditorium, studio, River Room)
- ⇒ Art gallery
- ⇒ Staff structure
- ⇒ Re-branding and website
- ⇒ Budget – estimated outturn against budget plan for 2010/11

2.2 Remodelling and refurbishment works

2.2.1 The architectural vision for the remodelling and refurbishment works, that won the original design competition, was successfully driven through to completion on contractual time (from 24 June 2010 to 28 November 2010); creating a new, light, open, attractive foyer, bar/café and gallery area, together with a with an improved River Room (now on one level) and a new multi-purpose dance and performance studio.

2.2.2 The building contract for the re-development works that included new foyer, bar/café, gallery, new studio and refurbished River Room was for a sum of £914,000. To the original specification was added already planned external (town centre) landscaping works around the Theatre and The Wash which were agreed as part the council's town centre enhancement budget. By working with the contractor to identify value engineering opportunities throughout the build unforeseen items e.g. asbestos removal, plant room and drainage alignment, the final account (which is currently still under negotiation) is not expected to exceed the Council's capital budget provision for the project.

2.2.3 Critically the building work completed on time allowing the planned first ever professional pantomime at the theatre to launch on schedule.

2.3 Pantomime - Cinderella

2.3.1 The new venue opened with "Cinderella" and over 5,000 people came to see the theatre's first professional pantomime. Approximately 85% of those people had never been to the venue before. The overall numbers attending the scheduled 31 shows over a three week period were less than predicted in the original business plan. There were good reasons for this shortfall, not least that the building contract was let some three weeks later than originally anticipated. Marketing a first time pantomime when the venue was a building site until two weeks before the opening night was very difficult particularly to schools who need certainty and early planning. Nevertheless the show was very well received and it ensured that the theatre opened with a 'bang', bringing new people in and ensuring that the marketing process for the 2011/12 pantomime Aladdin has a good foundation to build on. Already the theatre is taking block bookings for Aladdin from schools; to date four schools have booked 876 seats.

2.3.2 The net financial underperformance on the 2010/11 pantomime was £34,429. However, the spin off marketing benefit from the numbers of customers who were attracted into the building for the panto, was a significant contributory factor to the overall favourable performance reported elsewhere in this report.

2.4 Cinema

- 2.4.1 Following a competitive tender a new digital projector, screen and sound system was purchased and installed for the sum of £100,000.
- 2.4.2 The cinema launched on 19 January 2011 with the Kings Speech to a sell out audience of 396. The King's Speech subsequently attracted 3,320 customers over 13 screenings at an average of 255 per screening. Other highlights included:
- Made in Dagenham (2 shows on 26/01/11) 311 tickets sold
 - Breakfast at Tiffany's 181 tickets sold for single screening
 - Brighton Rock (3 shows) 646 tickets sold
- 2.4.3 The total overall gross income for film since opening on 19 January 2011 through to the end of the financial year was £33,026 from 59 screenings.
- 2.4.4 The income and expenditure performance is included within the global income and expenditure budget lines entitled Promotions at **Essential Reference Paper "B"**.

2.5 Café/bar

- 2.5.1 The original business plan presented a model of in-house operation of the bar/café prior to a future outsourcing. However, as ambition for the project grew and ideas were developed, the decision was taken to progress straight to a marketing testing through a tender process. As a result of that process the council has contracted with local business Serendipity Foods Ltd, for the running of bar and café for a three year period. There is an agreed annual franchise fee payable by Serendipity together with a profit share arrangement. Any profit share is calculated on the basis of Serendipity's annual audited accounts; the accounts for 2010/11 will not be audited until June 2011.
- 2.5.2 The salary costs of not now employing a part time bar manager are reflected in the savings in the salary budget against the business plan.
- 2.5.3 The benefit of having a professional local business running the café and bar from day one has been considerable. Serendipity brought a great deal of local goodwill with them and has ensured that the foyer and gallery are busy and vibrant areas throughout the day. It is estimated that the bar/café attracts approximately

1,400 customers per month. Serendipity also offers bespoke catering for River Room functions.

2.6 Programme (excluding cinema)

2.6.1 Since the start of the post pantomime programme in January 2011 through to the 31 March 2011, 55,000 tickets have been sold to customers attending a diverse range of drama, music, dance and other shows. The gross income from all promoted shows excluding cinema for the 2010/11 financial year was £39,363 against a business plan target of £30,742.

2.6.2 The full programme for that period (and beyond) is presented in the widely circulated Hertford Theatre brochure (hard copies of which will be available for members at the committee meeting). Highlights include:

- Tom Courtney 28 (drama) January (257 seats sold).
- Gyles Brandreth (comedy) (19 February (266).
- Elmer the Elephant (children's show) (219).
- Julian Lloyd Webber (music) 19 March (357)
- Private Peaceful (drama) 31 March (795 – two shows).
- Jeremy Hardy (comedian) 29 April 2011 (sell out).

2.7 Hires

2.7.1 The target income for all hires in the business plan for 2010/11 was £16,500. The actual was £34,755. The business plan target for 2011/12 is £64,750; to date bookings worth £72,499 have already been taken for 2011/12. Usage against maximum capacity is as follows:

- Auditorium 95%
- Studio 64%
- River Room 20%

Examples of hires:

Auditorium

Aladdin 9 – 16 January (Hertford Dramatic and Operatic Society) 1789 tickets

Carousel 1 -5 March 2011 (Ware Operatic Society) 1603 tickets

Hertford Theatre week 11-16 April 2011 (Hertford Dramatic and Operatic Society) 860 tickets

NHS 900
U3A 450 to 500
National trust 900 to end of March

Studio

Graham School of Dance
Hertford Youth Theatre
Dance Expression
Hertford School of Dance
Drum Workshop

River Room

Hertford Art Forum
Harlow College
European Study Tours
East Herts Local Strategic Partnership

2.8 Art Gallery

2.8.1 The gallery has shown four exhibitions since opening, as follows:

- A Grimm Christmas 10 December 2010 to 15 January 2011- an exhibition of original framed illustrations from the last 200 years – a complement to Cinderella, by the Chris Beetles Gallery, London.
- The Reel World – original posters celebrating 20th century cinema – a complement to the launch of Hertford Theatre Cinema, by The Reel Poster gallery, London.
- Azlan Creations by local artist Al Grey.
- Courtyard Arts a local annual open exhibition, curated by Courtyard Arts, Hertford.

2.8.2 All the art was for sale. 12 sales were made with Hertford Theatre taking commission worth £508 from the first four shows.

2.8.3 As well as intrinsic value, the gallery acts as an additional attractor for the theatre in general, contributing to the sense of activity, footfall and vibrancy.

2.9 Staff structure

2.9.1 The interim staff structure as presented to the Executive on 11/5/10 was implemented. Now that the staffing needs of the new business have emerged following the first five months of operation, a further review of the structure is being undertaken.

2.10 Re-branding and website

2.10.1 The re-branding proposals including the name change from Castle Hall to Hertford Theatre were successfully implemented. The new quarterly programme brochures and cinema leaflet have been well received (copies displayed at meeting). Twenty thousand brochures were published to advertise the first quarter's programme and over 19,500 were distributed/taken: 5,000 were sent out to theatre's mailing list; 7,000 were sent out to libraries, Tourist Information Centre's, hotels and shops and the remainder were picked from the theatre. 10,000 cinema leaflets were printed, again with a very high take up. The website (launched on 21 December) and social network marketing is proving particularly successful as indicated by the following:

- 2,150 visits to website per month.
- 851 sign ups for the e- marketing list.
- 112 facebook friends.

2.11. Estimated budget outturn against business plan for 2010/11

2.11.1 The estimated outturn for the financial year 2010/11 against the business plan that was approved by the Executive on 11 May 2010, is presented in detail at **Essential Reference Paper "B"**.

2.11.2 The overall 'bottom line' net expenditure against the business plan shows a favourable variance of £61,133.

2.12 2011/12 and beyond.

2.12.1 It is intended that the business plan will be further developed in the next financial year with the following initiatives:

- a) focus on promoting the River Room to corporate clients and private functions and receptions in partnership with Serendipity.
- b) new marketing drive, to include:

- advertising at Hertford North railway station

- building on relationship with schools and the demand for curriculum based drama etc
- taking advantage of the year long lead in to next year's (2011/12) in-house professional panto: Aladin.

- c) opening up external side café terrace.
- d) development of rear terrace as a sculpture park exhibition area.
- e) exploring expenditure savings through consolidation of programme e.g. no promoted shows on Sundays.
- f) staff re-structure so that there is a better fit with the needs of the new business.
- g) installation of a hydro power generator – to reduce utility costs and increase corporate hire income from the River Room.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

Business Plan report to Executive 11 May 2010.

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ESSENTIAL REFERENCE PAPER 'A'

<p>Contribution to the Council's Corporate Priorities/ Objectives (delete as appropriate):</p>	<p>Promoting prosperity and well-being; providing access and opportunities <i>Enhance the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.</i></p> <p>Fit for purpose, services fit for you <i>Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation.</i></p> <p>Pride in East Herts <i>Improving standards of the built neighbourhood and environmental management in our towns and villages.</i></p> <p>Shaping now, shaping the future <i>Safeguard and enhance our unique mix of rural and urban communities, ensuring sustainable, economic and social opportunities including the continuation of effective development control and other measures.</i></p> <p>Leading the way, working together <i>Deliver responsible community leadership that engages with our partners and the public.</i></p>
<p>Consultation:</p>	<p>No specific new consultation.</p>
<p>Legal:</p>	<p>No issues arising.</p>
<p>Financial:</p>	<p>Included within the report and at ERP B.</p>
<p>Human Resource:</p>	<p>No issues arising: the staff structure review will be taken through the appropriate corporate processes.</p>
<p>Risk Management:</p>	<p>The performance against the business plan is registered on the corporate risk register.</p>