

EAST HERTS COUNCIL

COMMUNITY SCRUTINY COMMITTEE – 23 SEPTEMBER 2014

REPORT BY EXECUTIVE MEMBER FOR HEALTH, HOUSING AND
COMMUNITY SUPPORT

HERTFORD THEATRE ANNUAL REPORT FOR FINANCIAL YEAR
2013/14

WARD(S) AFFECTED: All

Purpose/Summary of Report

- To present the annual report for 2013/14

RECOMMENDATIONS FOR COMMUNITY SCRUTINY COMMITTEE:

That:

(A)	the annual report for Hertford Theatre for the year 2013/14 be reviewed; and
(B)	the cohort of volunteers be congratulated and thanked for their contribution to the success of the venue.

1.0 Background

1.1 The Council's Executive Committee of 11 May 2010 approved an invest-to-save development and business plan to transform Castle Hall into Hertford Theatre. Subsequently, following refurbishment and re-modelling works, Hertford Theatre opened in December 2010.

1.2 The Community Scrutiny Committee has previously received and approved three annual reports covering the financial years 2010/11 (committee 14/5/11), 2011/12 (committee 28/8/12) and 2012/13 (committee 24/9/13).

2.0 Report

2.1 This is the fourth annual report, covering the financial year 2013/14, and as with the previous year's report, it is structured around the following main elements of the theatre's business:

- Footfall
- Feedback, complaints and compliments
- Theatre shows
- Cinema
- Pantomime
- Hire
- Café/bar
- Gallery
- Staffing, apprentice and volunteers
- Marketing
- Financial summary including performance against business plan
- Future developments and vision

3.0 Footfall

3.1 The footfall in 2011/12 was 111,104, in 2012/13 it was 127,250. In 2013/14 it increased to 156,245. The footfall is made up of, the following:

The total footfall is made up of the following:

Box Office*	66,500 (up from 59,000 in 2012/13)
Regular Classes**	24,050 (up from 23,500 in 2012/13)
Non-ticketed events***	15,695 (up from 13,500 in 2012/13)
Café Bar****	50,000 (up from 31,250 in 2012/13)
Total Footfall:	156,245

*Number of tickets sold.

**Space hired for classes including : Fun with Drum, Fun With Dance, Hertford School of Dance, Expressions Dance, Graham School of Dance, Zumba, Yoga Shala, Hartbeeps, Busybees, Kick-boxing, Lazy Daisy, Dinky Dancers – calculated on average number of attendees over 37 weeks (average number of weeks per year hirers are in attendance). Some organisations run more than one class per week.

***Non-ticketed events. Calculated on the events held over the year including Big Drawer Exhibition, HRC, Sports Awards, HCC, Dance Festival, EHDC Staff Awards,

Harlow College, Private Business Meetings, Auditions, U3A, National Trust, Christenings, Wakes, Wedding Anniversaries, Serco, Unison, European Study Tours, Conferences, Play Readings, Children's Party, Art Previews, Hertford Library.

****calculated on an average of 166 customers per day/night over 6 days per week, 50 weeks per year.

4.0 Feedback, complaints, compliments and action taken in response

4.1 The feedback received at the theatre continues to be extremely positive. This is monitored via the feedback cards at the box office and via the website. A selection of recent feedback is presented at **Essential Reference Paper "B"**.

4.2 Last year and through to this year, the negative feedback centred around two issues in the main:

- (a) The quality of the technical equipment in the main auditorium.
- (b) The 'creakiness' of the seating.

4.3 The Council has responded positively to both these issues:

(a) A substantial upgrade to the sound, lighting and other technical equipment was made in 2013. This improvement has been much appreciated by customers, performers, promoters, hirers and staff (comments included in **Essential Reference Paper "B"**).

(b) The auditorium seating was comprehensively refurbished in July/August 2014 including a permanent rear staircase and a new automated seating retraction facility.

5.0 Theatre shows

5.1 The Theatre's mission as a community based venue is to create a balanced programme of arts and entertainment. As a still relatively new venue, this means trying out new products for new audiences, a development process that inevitably results in a range of commercial success from sell-outs, to shows that sometimes do not achieve the desired box office return.

5.2 There were 54 different live shows (excluding Panto) in 2013/14 compared with 45 different live events in 2012/13 and 65 in 2011/12. 12,060 tickets were sold in 2013/14 compared with 11,966 in 2012/13 and 12,936 in 2011/12. There was an

average attendance of 223 per event in 2013/14 compared with 265 per event in 2012/13 and 12,936 at an average of 199 in 2011/12.

- 5.3 Best selling shows in 2013/14 included: Andy Parsons, Adam Hills, Billy Goats Gruff, Simon Pegg, Stickman, Reduced Shakespeare Company, Omid Djalili, Ed Byrne.
- 5.4 Less well performing shows included: Forever Michael, Female Gothic, Verve.
- 5.5 Income from live shows in 2013/14 was £154,320 compared with £144,339 in 2012/13.
- 5.6 Live show summary:

Live shows	11/12	12/13	13/14
Number of shows	65	45	54
tickets sold	12,936	11,966	12,060
average	199	265	223
sales	£173,464	£144,339	£154,320

- 5.7 A full list of shows broken down by category is presented at **Essential Reference Paper “C”**. The committee is invited to consider whether it feels the right balance is being achieved in Hertford Theatre’s programme of drama and live shows.

6.0 Cinema

- 6.1 Cinema continues to be a very popular part of Hertford Theatre’s offer. There were 283 screenings in 2013/14 compared with 250 screenings in 2012/13. 22,051 tickets were sold in 2013/14 at an average attendance of 78, compared with 20,073 in 2012/13 at an average of 80 per screening. This compares with 223 screenings, 12,711 tickets and an average of 57 per screening in 2011/12.
- 6.2 There were sell-out screenings of: Lincoln, Philomena and The Railway Man.
- 6.3 Screenings of live and recorded live broadcasts continued to be popular with 9 events in total up from 8 in 2012/13 and 4 in

2011/12. *Richard II* live from Royal Shakespeare Company proved to be a highlight. The average attendance was 70.

6.4 Income from the cinema in 2013/14 was £102945 compared with £92,670 in 2012/13 and £65,654 in 2011/12.

6.5 Cinema summary table:

cinema	11/12	12/13	13/14
screenings	223	250	283
tickets sold	12,711	20,073	22,051
average	57	80	78
sales	£65,654	£92,670	£102,945

6.6 The full list of screenings is presented at **Essential Reference Paper “D”**. The committee is invited to consider whether it feels the right balance is being achieved in Hertford Theatre’s programme of film, live-streamed and recorded screenings.

7.0 Pantomime

7.1 The audience for our pantomime has been steadily increasing. Cinderella was Hertford Theatre’s very first pantomime in December/January 2010/11 and it sold 5,000 tickets. Sales for Aladdin in 2011/12 increased to 7,500. Dick Wittington sold 8,500 in 2012/13. Beauty and The Beast sold 9,047 in 2013/14. The panto for 2014/15 is Cinderella and the Glass Slipper with advance bookings primarily to the schools going very well; at the time of writing the report 7 performances have already sold out.

7.2 Income from the Pantomime in 2013/14 was £107,278 up from £81,111 in 2012/13 and £68,777 in 2011/12.

7.3 Panto summary:

Panto	10/11	11/12	12/13	13/14
shows	36	36	36	36
tickets sold	5,000	7,500	8,500	9,047
sales	£31,862	£68,777	£81,111	£107,268

8.0 Hire

Main auditorium

- 8.1 The main auditorium was hired for 108 days in 2013/14 compared with 113 days in 2012/13 and 108 days in 2011/12. Hirers included key associate users such as Hertford Dramatic and Operatic Society (HDOS), Ware Operatic Society, Dance Design Theatre, Hertford Symphony Orchestra, Mayhem and Rare; as well as regional and national organisations such as U3A, National Trust, Army Engagement and NHS.

Studio

- 8.2 The studio was hired for 1,726 hours in 2013/14 compared with 1082 hours in 2012/13 and 949 hours in 2011/12. This represents an average of 7.7 hours per day over 37 weeks, compared with 4.8 hours per day over 37 weeks (average number of weeks per year hirers are in attendance). Regular hirers include: Hertford Regional College, Heartbeeps, Hertford Yoga, Little Bees, Graham School of Dance, Hertford School of Dance and Expressions.

River Room

- 8.3 The River Room was hired for 864 hours in 2013/14 compared with 450 hours in 2012/13 and 570 hours in 2011/12. This represents an average of 3.8 hours per day over 37 weeks (average number of weeks per year hirers are in attendance). The River Room is a popular hire during the day with regular music sessions for the under 5's with Fun with Drum/Dance and Lazy Daisy, Tigercheer and Expressions Dance. It is also a meeting place for local and regional businesses including: SERCO, Unison, HCC, East Herts Council, Tesco. And there have been a number of hires for private functions.
- 8.4 There was a service plan target to increase hire sales of the River Room by at least ten per cent in 2013/14 and this target has been exceeded with a 26% increase.

Combined hire

- 8.6 The combined hire income for 2013/14 was £142,383 compared with £112,655 in 2012/13 and £120,507 in 2011/12.

Hire income	11/12	12/13	13/14
Auditorium	£ N/A	£73,288	£87,671
River Room	£ N/A	£15,285	£19,283

Studio	£ N/A	£24,083	£35,428
totals	£120,507	£112,655	£142,383

9.0 Café/bar

- 9.1 The café/bar continued to be run in house throughout 2013/14 continuing on from the success of the operation in 2012/13. The total income for 2013/14 was £128,313. However, the VAT position was consolidated in 2013/14 resulting in a retrospective payment for the previous period of in-house operation being accounted for in the 2013/14 year. This prior year adjustment amounted to £34,308 and has been accounted for as a special item. Allowing for this VAT adjustment as shown in the table at 9.4 there has been an increase in sales compared with last financial year.
- 9.2 The volume of trade and the products sold vary greatly depending on the time of day and the type of activity, event or show. During the daytime the trade is often light with a feature being popularity with mothers with babies and toddlers who enjoy the space and the relaxed atmosphere. By contrast, and as would be expected, the largest volumes of bar trade occur for live evening shows, with the highest selling show being Counterfeit Stones (15/11/13) taking £3,300 and Stephen K Amos (16/11/13) taking £1,660.
- 9.3 Since in-house operation started in November 2011, there has been a process of trial and error to identify the optimum operational model and the best products. Innovations in 2013/14 have included: a refresh of the wine offer; a review of the bar/café management structure and, most recently (July 2014), a move to make the sandwiches in-house rather than buying them in, and this is showing considerable initial success.

9.4 Café/bar summary:

Café/bar	11/12	12/13	13/14
income	£70,695	£141,651	£128,314
Vat adjustment for 11/12 and 12/13			(£13,800) (£20,508)

10.0 Gallery

10.1 The Gallery continues to have a different exhibition every month under a franchise agreement with Courtyard Arts. This provides a regular refresh to the foyer and bar/café area attracting customers and adding interest.

10.2 The commission received from sales in 2013/14 was £3,391 compared with £1,545 in 2012/13 and £2,070 for 2011/12.

11.0 Staffing, apprentice and volunteers

11.1 The staffing cohort maintained a steady state in 2013/14, following successful recruitment to three new part-time posts in 2012/13: an assistant front of house manager, an additional box office assistant and a technical assistant. The technical assistant post was filled by the apprentice from Hertford Regional College.

11.2 The volunteers' scheme which was launched in July 2011 is now established as a key element of the successful front of house operation. The current cohort of 70 volunteers is a great asset to the theatre and has made a huge contribution to the welcome and the community ambience of the venue (recommendation B of the report refers).

11.3 The salary cost for 2013/14 was £321,015 compared with £273,421 in 2012/13 and £318,778 in 2011/12. The increase in costs reflects the integration of the three new posts referred to in paragraph 11.1. However, the cost of employing casual staff has reduced by £5,500 in the last year.

12.0 Marketing

12.1 The Hertford Theatre website has been re - designed and improved to give it a contemporary look and feel. The upgraded system allows for video and music to be played on the site. The format for the website allows it be viewed and tickets bought on line with compatible smart phones and tablet devices.

12.2 Hertford Theatre now has 1512 Facebook friends up from 850 in 2012/13 year with activity taking place every day including competitions, promotions and photos. The number of Twitter followers is continuing to grow and we now have over 1,831 followers, up from 500 in 2012/13.

- 12.3 In 2013/14, 2,370 customers signed up to an emailing list and received regular updates about shows, films and forthcoming activity up from 1,720 in 2012/13. The mailing list has also increased from 12,000 to 15,000 names: these are the people that have booked for either a show or a film within the last three years. The seasonal brochure is mailed to this list which is frequently revised and updated in line with requirements of Data Protection.
- 12.4 A Marketing Managers' consortium for theatres and art centres within Hertfordshire has been set up and led by Hertford Theatre. This is an opportunity to meet with marketing practitioners from other venues share information and best practise. The meetings take place twice a year and are hosted by Hertford Theatre.
- 12.5 An audience development campaign was launched in autumn 2013 at local train stations including Cuffley, Welwyn North and Welwyn Garden City. This was part of a broader campaign to promote the 2013/14 Season at Hertford Theatre and to target commuters and other rail users who might not be aware of the venue. In 2013/14, 930 people visited Hertford Theatre for the first time and bought 1,932 tickets to a live performance (not cinema) generating revenue of £18,122.00
- 12.6 The press database has been increased from 21 to 39 organisations receiving regular press updates. The Hertfordshire Mercury and the Welwyn and Hatfield Times feature articles relating to shows and films at Hertford Theatre on a weekly basis. Magazines including Primary Times, Axis and Families in Herts all feature shows and screenings from Hertford Theatre on a monthly basis. All coverage is free and equates to approximately £18,000 of free advertising per year.
- 12.7 There has been much development work with secondary and primary schools: 29 schools came to see the Pantomime in 2013/14, up from 23 schools in 2012/13, 11 in 2011/12 and 3 in 2010/11.
- 12.8 In 2013/14 the Pantomime Press Launch was held at Café Rouge to tie in with the French theme of the show. The response from the press was very supportive with 5 members of the press attending and editorial from 8 publications.
- 13.0 Financial and overall business summary including performance against business plan

13.2 Business is increasing year on year with increases in both incomes and customer numbers achieved across the range of business activities: live shows, cinema, hires, Panto, bar/café and gallery (as set out in paragraphs 5 to 10 above). However, expenditure has increased in the following areas:

- a) Staff costs arising from the need to increase capacity in line with the demands of increasing business levels (ref. paragraph 11.1).
- b) Property maintenance and equipment cost to works required as a result of flooding and leaks in the winter of 2012/13 accounted for exceptional additional expenditure of approximately £10,000.
- c) There were retrospective VAT payments due on bar/café sales (as referred to in paragraph 9.1 above).

13.3 The annual final account position for 2013/14 was £446,168 net expenditure compared with £381,710 in 2012/13. The net expenditure in the original estimate budget for 2013/14 was £408,370. Once the special items amounting to £44,308 relating to flood mitigation remedies and VAT have been taken into account the year's trading net expenditure is reduced to £401,860 representing a favourable variance against the budget estimate.

13.4 The business plan as approved by the Executive in May 2010 showed a target net expenditure for 2013/14 of £393,429. The outturn for 2013/14 of £446,168 (including the exceptional item) compared against the business plan for 2013/14 therefore represents an adverse variance of £52,739 for the year or £8,431 once exceptional items have been allowed for.

13.5 However, the overall cumulative performance of net expenditure, measured against the original ten year business plan targets, show a favourable variance of £62,197 at the end of 2013/14 financial year.

14.0 Future development, vision and governance

14.1 The Council's Executive of 23 July 2013 approved an upgrade to the audio, lighting and technical equipment in the main auditorium of £64,000 in response to failing and outdated equipment. This investment project has considerably enhanced customer experience and also has been much appreciated by producers, directors and performers (**Essential Reference Paper "B" contains feedback**).

- 14.2 Since the last annual report, in which it was stated that there was an ambition to upgrade the seating in the summer of 2014, this project has been completed together with a new auditorium floor that was required due to flood damage in winter of 2012/13. The project was completed during an extended summer close down from 21/7/14 to 4/9/14.
- 14.3 In last year's report we also trialled a new partnership with Hertford Regional College which planned to launch a one year drama diploma based at Hertford Theatre. That first year was successful with ten students graduating, resulting in the college expanding the offer at the theatre for the 2014/15 academic year.
- 14.4 The Theatre's management team has continued to make good strategic development alliances with the Arts Council and is currently working on project with the working title HATCH (**Essential Reference Paper "E"**).
- 14.5 Options for future governance models for the theatre are currently under review by the council's shared internal audit service. The review is due to start in September 2014 and the completed review with options will be reported to committee at a later date.
- 15.0 Implications/Consultations
- 15.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

Executive 11/5/10 Castle Hall investment proposals.

[http://online.eastherts.gov.uk/moderngov/Data/Executive/20100511/Agenda/Item 6 - Castle Hall Investment Proposals.pdf](http://online.eastherts.gov.uk/moderngov/Data/Executive/20100511/Agenda/Item%206%20-%20Castle%20Hall%20Investment%20Proposals.pdf)

Executive 23/7/13 Investment Proposals

<http://online.eastherts.gov.uk/moderngov/documents/s20354/Hertford%20Theatre%20Capital.pdf>

Contact Member: Councillor Linda Haysey – executive member for health, housing and community support
Linda.haysey@eastherts.gov.uk

Contact Officer:

Will O'Neill – head of communications, engagement
and cultural services

Contact Tel No 01992 531594

Will.oneill@eastherts.gov.uk