

## Worthing Theatres Budgets Review

### Report by the

#### 1.0 Summary

- 1.1 Update on the works undertaken following the Worthing Theatres Scrutiny Report compiled by a working group and completed in March 2015

#### 2.0 Background

- 2.1 As part of its Work Programme for 2014/15 the Joint Committee agreed to set up a Working Group to review the Business Plan for Worthing Theatres to examine what had and had not been delivered, this followed concerns that the Theatres budget had incurred serious overspends of £484,000 in 2013/14 of which a significant proportion was not reported until the final quarter of the 13/14 financial year, in part, due to weak financial controls.

#### 3.0 Original Proposal

- 3.1 The review included an assessment of:-
- Income targets versus actual expenditure;
  - Budgeting controls in place;
  - Catering and events costs/income;
  - Benchmarking information to review how the theatres provision in Worthing compares with other local theatres' provision;
  - Marketing expenditure and the marketing approach.

The findings from the review were reported to the Joint Strategic Committee.

#### 4.0 Update Report

##### 4.1 Improving Theatres' budget

During 2014 / 15 the theatres accountant produced in depth monthly figures with both an overview of income and expenditure and departmental details. This enabled departmental managers to closely manage the budgets within their control. A

continual review of each expenditure line is made by managers as part of their improved close budget monitoring. reporting back to monthly financial meetings to ensure all areas are on track. Every budget line is monitored to ensure it is cost effective with any liable to go into deficit stopped immediately. All managers now have full understanding of budgets and have received training on Total.

- 4.2 Regular budget 'hot spots' meetings continue to be held at which the Director for the Economy, Theatres Manager and Executive Members for Resources and Customer Services assess budgetary progress. Managers have targets which form part of the PDR process and the Theatres Manager identifies any budget issues in advance during 1:1 meetings with managers.
- 4.3 The Director for the Economy holds bi-weekly department meetings which include budget reporting, in addition he attends monthly meeting with the the new Service Accountant who has helped the Director for the Economy monitor budgets by producing separate reports for each cost centre area ensuring any budget overspends are redressed as quickly as possible.
- 4.4 In 2014 / 15 the marketing budget was poorly managed but this issue was picked up early in the year giving the Finance Manager and Theatres Manager time to pull this budget close to target by year end. Even with this departmental overspend Theatres made an improvement on the previous year's position of £300,000 with a final overspend on the budget of £184,000.
- 4.5 Work continues to increase ticket sales and develop new audiences for the improved programming offer. Significant increases have already been evident for 2014/15 as detailed in later segment regarding marketing.
- 4.6 Improvements affecting the budget:
  - The new film officer works in conjunction with Picturehouse to maximise the potential sales and profitability of film.
  - Secondary spend has seen an increase as a result of an increased drive towards bar sales during intervals in addition to an audit of most profitable items and pricing. We are confident we can still increase this further.
  - Christmas merchandise has been re-evaluated to bring it in-line with the new festive offer and increase profitability.
  - New external signage has been installed at The Denton increasing passing trade.
  - Hires have increased at all venues including The Denton. This is a growing area and can be increased further, particularly with the partnership with the Town Hall for wedding services.
  - The Pavilion box office has been moved to The Denton foyer where it has been incorporated with the Visitor Information Point to in part replace the Tourist Information Centre that has allowed substantial savings in the tourism

department whilst giving a more cohesive customer experience and opportunities for cross-selling to visitors to the town.

- A new fundraising and PR officer is in place to seek out and apply for additional funding options.
- There has been an increase in hires by community groups with income having raised from £150,000 in 2013/14 to £294,000 in 2014/15.
- Worthing Theatres have maximised purchasing deals with suppliers.

#### **4.7 Budgetary Issues that have been addressed**

- Although the previous report noted a deficit in catering, the final outcome was a profit of £120,000 in 2014/15.
- In 2014/15 there were only two cancelled shows which were both re-booked and tickets transferred.
- Performance income and expenditure is now closely monitored and measured against budget.
- VAT controls and manipulation where permissible has been implemented in favour of the Council.
- Worthing Symphony Orchestra is now independently run with a subsidy from Worthing Theatres that will not exceed £20,000, the majority of this contribution is in kind such as the use of the Assembly Hall for every concert.

4.8 Theatres now focus on items within the budget over which they have some control, whereas mandatory items which cannot be controlled such as Technical Services recharges, continue to be evaluated separately to avoid confusion during the budgetary control process.

4.9 Despite the significant budgetary challenges, Theatres have implemented changes during 2014/15 which have had a marked impact on budgets and their management.

#### **4.10 Marketing Developments**

4.11 The marketing team has been partially restructured with a new experienced Marketing Manager for Culture leading the team and ensuring that all budgets are maintained.

4.12 The work to develop new audiences for the improved cultural offer has resulted in an increase in ticket sales of 58,000 during 2014/15 which contributed £5.2 million to the economy in 2014, with £1.5 million spent in restaurants, shops and in the hospitality industry by people from outside of the borough.

- 4.13 Theatres also celebrated 154 sold out shows during the year which is the most in its history as well as 36% of the audience repeat booking during the year which is in contrast to the country-wide figure of just 25%.
- 4.14 An improved feedback system has been introduced which sees an email questionnaire sent to a percentage of customers after every individual show. The feedback is then assessed to give more complete data about attendees and their requirements for shows.
- 4.15 Social Media has been a core area of growth since the report. Facebook Likes have increased by 10% since March 2015, Twitter followers have seen a 25.5% increase since May and there has been a 737.5% increase in YouTube Channel Subscribers since March 2015. This has all been organically generated content and future monetary investment is likely to see engagement double perhaps even triple in a short space of time.
- 4.16 90% of professional productions provide us with marketing material.
- 4.17 **Employment / staffing**
- 4.18 The restructure of the management tier of Theatres, Museum and Events & Tourism has taken place within the culture portfolio of the new Head of Culture. It now comprises five over-arching managerial posts beneath the Head of Culture: the General Manager, Business Support Manager, Marketing Manager for Culture, Events and Tourism Manager and Museum Senior Curator. All posts within the department of culture, beneath the managers, are currently being evaluated and stream-lined with a restructure planned for January 2016 to ensure maximum productivity is achieved from April 2016.
- 4.19 Worthing Theatres has employed a Customer Experience Manager on a 12-month contract as a 'fixer' to ensure excellent customer care skills are at the core of interactions with customers.
- 4.20 The Culture restructure gave an opportunity for the Museum posts that had salaries above the industry norm to be revised so that all salaries are now in-line.
- 4.21 A Business Development Manager post has been introduced which has relieved some of the business/accountancy pressure on the Head of Culture.
- 4.22 There is still further work to complete with regard to creating a multi-skilled Front of House team which will form part of the Front of House/Box Office restructure in January 2016. One of the milestones towards achieving a multi-skilled Front of House Team has been the success of 15 members of staff who took the optional City & Guilds Welcome Host Gold exam which provides staff with proactive customer service skills, focuses on building customer loyalty and exceeding customer expectations through improving communication skills as well as increasing knowledge of local facilities and services.
- 4.23 A volunteer drive is planned for September 2015 to promote the benefits of becoming a volunteer and create a new team of volunteers able to bring skills from

many different walks of life to the theatres. There is an active volunteer-drive taking place to encourage young people from local colleges into working at the theatres and part of the drive involves an active presence at the many Freshers' Fairs across Sussex.

4.24 During 2014/15 12 interns between the age of 18 and 24 from the local area were employed through the Creative Employment Programme for six months each. A recent bid has successfully secured £33,000 for a further 12 interns for six months each.

#### **4.25 Other issues considered by the Scrutiny Report**

4.26 Communication has greatly improved with better reporting set up between managers, Executive members, Council and Councillors.

4.27 There is an aim to produce a 5-year plan for the Theatres which will be informed by the current investigations into the possibility of the Theatres and Museum operating as a Trust.

4.28 Toilets are still an issue at all venues. A cleaning contract finally started in September 2015 and refurbishment is planned.

4.29 Regarding the additional recharges which were applied to the Theatres budget, Technical Services are currently undergoing an audit and Theatres await the results of that report.

4.30 The core work of building a new audience for the improved programming offer has showed great success over the past year and although there will always be work to do to match audiences with the ever-evolving programme, this year's vastly improved ticket sales and number of sold-out shows indicates a strong base new audience from which to consistently grow; it also provides scope for considering how best to develop the Theatres over the next 5 years to create the most appropriate and diverse offer for the town.

4.31 The booking fee is included in the ticket price and the only additional fee is postage when required.

4.32 The previous report referred to misinformation provided to the Scrutiny panel; no free food has been issued to staff unless on occasion items are out of date at the end of a shift.

## **5.0 Conclusion**

5.1 Theatres have made significant progress over the last 18 months, dramatically improving the financial position, the cultural offer and the structure of the organisation. The process of the scrutiny review was very helpful, enabling the team to see the venues through fresh eyes and develop creative approaches to improvement.

There is still much work to do, these improvements are a first step, and theatres cannot take their eye off the ball.

## **6.0 Recommendation**

6.1 That the Joint Overview and Scrutiny Committee note the contents of the report.

## **Annexes**

JOSC Recommendations from March 2015

### **Contact Officer:**

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## **Schedule of other matters**

### **1.0 Council Priority**

1.1 Matter considered and no issues identified.

### **2.0 Specific Action Plans**

2.1 Matter considered and no issues identified.

### **3.0 Sustainability Issues**

3.1 Matter considered and no issues identified

### **4.0 Equality Issues**

4.1 Matter considered.

### **5.0 Community Safety issues (Section 17)**

5.1 Matter considered and no issues identified

### **6.0 Human Rights Issues**

6.1 Matter considered and no issues identified

### **7.0 Reputation**

7.1 Matter considered and no issues identified

### **8.0 Consultations**

8.1 Matter considered.

### **9.0 Risk assessment**

9.1 Any areas of risk are identified within the attached report.

### **10.0 Health & Safety Issues**

10.1 Matter considered and no issues identified

### **11.0 Procurement Strategy**

11.1 Matter considered and no issues identified

### **12.0 Partnership working**

12.1 The report from the Working Group relates to Worthing Theatres.

## **APPENDIX**

### **JOSC Theatres Working Group**

#### **Recommendations and timelines**

<b>Recommendations</b>	<b>Activities required</b>	<b>Time line and date</b>
1.Improvements to the marketing of Worthing Theatres	<ul style="list-style-type: none"><li>● (a) Undertake more detailed public consultation/market research to find out more from the public on the type of shows required;</li><li>● (b) Make better use of social media to improve ticket sales by providing better on line booking facilities and creating a mobile phone app to enable mobile phone bookings;</li><li>● (c) Improve the Theatres website provision</li><li>● (d) Provide more information to potential customers on how easy it is to do business with the Theatres</li><li>● (e) Better marketing of the Worthing Theatres to encourage use of the venues for community activities and a review of the rates for hiring of the</li></ul>	September 2015  November 2015  November 2015  Ongoing  May 2015



	<p>Theatres to ensure that income is being maximised;</p> <ul style="list-style-type: none"> <li>● (f) Performers/acts to be encouraged to produce their own marketing material to promote the Theatres;</li> <li>● (g) Booking fee for tickets to be included in the ticket price rather than separate prices;</li> <li>● (h) Investigate bulk buying options to gain economies of scale – eg for catering supplies, confectionery etc</li> <li>● (i) Consider appointing business focused external funding manager to work with Theatres Manager/Head of Culture to seek out and apply for additional external funds and also examine alternative ways to pull in additional external funding;</li> <li>● (j) Develop closer contact between the Theatres and local colleges/schools to assist with work experience and improve marketing.</li> </ul>	<p>June 2015</p> <p>September 2015</p> <p>June 2015</p> <p>September 2015</p> <p>July 2015</p>
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2. Improvements to Budgeting	<ul style="list-style-type: none"> <li>● (a) Ensure effective budget management and reporting is maintained;</li> <li>● (b) Provide theatres staff with budgetary control training;</li> <li>● (c) Ensure that effective risk management controls are in place to control the risks associated with catering expenditure and provision of catering in general;</li> <li>● (d) Have clear risk assessments in place for booking shows to control profit and loss for events;</li> <li>● (e) Ensure that improved financial scrutiny and accounting is in place, introducing performance v target/spend v budget (Monthly profit and loss approach);</li> <li>● (f) Ensure that VAT controls are applied correctly within the rules to maximise income.</li> <li>● (g) That a review of the funding arrangements for the Worthing Symphony Orchestra should be</li> </ul>	<p>May 2015</p> <p>April 2015</p> <p>April 2015</p> <p>April 2015</p> <p>May 2015</p> <p>Ongoing</p> <p>May 2015</p>
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	<p>undertaken to provide clarification on the budgeting arrangements in place and to ensure full transparency to show how much the funding is and the Council's responsibility in providing funding.</p>	
3. Improvements for Employment/Staffing	<ul style="list-style-type: none"> <li>● (a) Examine the impact and cost savings of introducing 'zero hours' contracts for staff to reduce costs;</li> <li>● (b) Consider the creation of a General Manager/Business Manager post with responsibility for strategy, booking acts and overall management;</li> <li>● (c) Provide staff with additional customer care skills and 'up selling skills' and provide evidence of continuing professional development for all staff reflecting ongoing changes;</li> <li>● (d) Consider appointing a 'volunteer champion' to promote best practice.</li> <li>● (e) Undertake a review of the provision of paid refreshments for staff and volunteers to ensure</li> </ul>	<p>May 2015</p> <p>June 2015</p> <p>April 2015</p> <p>April 2015</p> <p>May 2015</p>

	equalities and value for money for the Council.	
4. General/Other improvements	<ul style="list-style-type: none"> <li>● (a) Improve general communication issues to provide better reporting to Team Managers and reports to the Executive Member for Customer Services, Executive, Council and Councillors to ensure all are kept informed of all matters affecting the Theatres;</li> <li>● (b) Develop a 5 year strategic plan built split into yearly objectives in line with overall aims for cultural delivery;</li> <li>● (c) The Council should decide long term how it wants to run the Theatres;</li> <li>● (d) The cleanliness of the Theatres toilets should be addressed;</li> <li>● (e) That the Theatres staff be given freedom to negotiate on maintenance contract work with both Council departments and also</li> </ul>	<p>Ongoing</p> <p>May 2015</p> <p>September 2015</p> <p>Immediate and ongoing</p> <p>Ongoing</p>

	<p>external contractors to achieve value for money.</p> <ul style="list-style-type: none"><li>• (f) That the Head of Business and Technical Services report back to JOSC providing an overview of how the overall overheads recharge process works and the costs involved to ensure greater openness and transparency.</li></ul>	<p>July 2015</p>
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