



St Edmundsbury
BOROUGH COUNCIL

C194

Performance and Audit Scrutiny Committee 31 October 2011

Apex Performance

SUMMARY

This report identifies the current performance of the Apex and demonstrates the performance measures that will be used to chart the development of the project after the first year of operation. The report also indicates what the expectations are with regard to future performance.

PURPOSE OF THE REPORT

To advise Performance and Audit Scrutiny Committee of recent changes to the budget monitoring templates, to demonstrate key performance indicators which will be used in assessing future performance of the project.

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Performance and Audit Scrutiny Committee

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Apex Performance

1. BACKGROUND

- 1.1. This detailed report has been prompted by a request from the Chairman of Performance and Audit Scrutiny Committee to scrutinise the project in some detail. In future, performance of the Apex will be built into the quarterly monitoring report the Committee receives for the full range of services.
- 1.2. The Apex has just celebrated one year of operation and therefore it is appropriate to review the rate of development of the project and to consider what factors will influence developmental plans.

2. KEY PERFORMANCE INDICATORS (KPIs)

- 2.1. The Venues Director has worked with the finance team to develop a method of budget monitoring which identifies the true value of distinct areas of the operation and allows a more commercial approach to be taken. Therefore all costs associated with any particular event are now evaluated against any income derived from the same event to give a clear analysis which will aid the monitoring process and allow all stakeholders clarity with regard to driving development. Previous budget monitoring had amalgamated cost types together under one cost centre heading which meant that it was awkward to disseminate the impact of any particular cost centre activity.
- 2.2. The latest budget monitoring figures, reflecting the period to end of September, are presented in the new format. Four new financial headings appear:

Apex Box Office (events)
Apex Hired Events
Apex Catering and Bar
Apex (building)

- 2.3. Fundamentally these are the four areas that constitute the complete Apex management task. Clearly they impact directly on each other, but by also monitoring them in isolation we will have a clear picture of where energies should be spent in ensuring that the Apex financial trajectories are always travelling in the right direction.
- 2.4. Beneath these headings it is possible to drill down into the detailed costings behind each event the Apex stages, and in addition it is possible to glean information and insight around event types to monitor how banked events perform.
- 2.5. As well as monitoring financial performance against the four headings identified we will collate further data under key performance indicators to give some further context. This data will be:

- Numbers of people attending ticketed events
- Estimated number of people attending hired events
- Percentage occupancy of auditorium for ticketed events

2.6. We will develop methods to benchmark performance against similar sized venues throughout the UK. The relevant Portfolio Holders also closely monitor the performance of the Apex, and consider development issues, as can be seen in the recent report to Cabinet and full Council regarding the frontage.

3. CURRENT PERFORMANCE

3.1. From the pre-opening business plan we set off with “the aspiration to make The Apex an exciting destination venue for thousands and thousands of ticket buying members of the public, for a multitude of discerning corporate hirers, and for endless casual visitors”.

3.2. The latest budget monitoring to the end of September indicates an overspend of just under £61k for the year to date. This remains unchanged from the position at the end of August. Or, in other words, financial performance is now starting to improve.

3.3. The reasons for the variance are explained in more detail later in this report (sections 3.4 to 3.8), and can be discussed in depth at the meeting. However, in general terms, they relate to the different rates of development of the various component parts of the overall project, as the following table shows.

Public Halls Budget Monitoring		Sep-11		
	Apex Summary			
	Budget full year	Budget to date	Actual year to date	Variance
Apex Box Office (events)	(57,950)	(28,976)	(50,824)	(21,848)
Apex Hired Events	(132,900)	(66,454)	(8,919)	57,535
Apex Catering and Bar	(100,000)	(50,008)	(5,278)	44,730
Apex (building)	878,152	470,630	450,961	(19,669)
Net Expenditure	587,302	325,192	385,939	60,747

3.4. Responding to this position, the financial aims of the Apex management are therefore:

- Given our aspirations for a quality programme, to target at least a break even position on concerts and events that we promote ourselves.
- To maximise profits from hired corporate and entertainment events.
- In conjunction with a catering partner to receive a substantial contribution from catering activity derived from Apex events and from the partner organisations ability to exploit the café offer with casual visitors.
- To control the building costs by following good management practices in utilising our resources.

3.5. **Apex Box Office (events)**

Budget full year	Budget to date (Sept)	Actual to date	Variance
(57,950)	(28,976)	(50,824)	(21,848)
1 April to 19 October 2011			
Numbers of people attending ticketed events			22171
Percentage occupancy of auditorium for ticketed events			65%

3.5.1. The figures above are derived from ticket income generated by our own programmed events and income from the fees charged to external agents for using our box office service. This is balanced against the variable costs that arise from staging our own events. These costs consist of for example artist fees, related marketing costs, technical hires, engineering services, security, casual stewarding staff, Performance Rights Society payments, bank charges and many more. It should be noted that the budget monitoring figure is showing a positive return compared to our stated ambition to break even on this activity. This is because we have banked ticket income relating to future performances against which no cost has yet been incurred.

3.5.2. The net financial effect of this activity currently demonstrates a contribution of approaching £50k. We aim to sustain this level of performance.

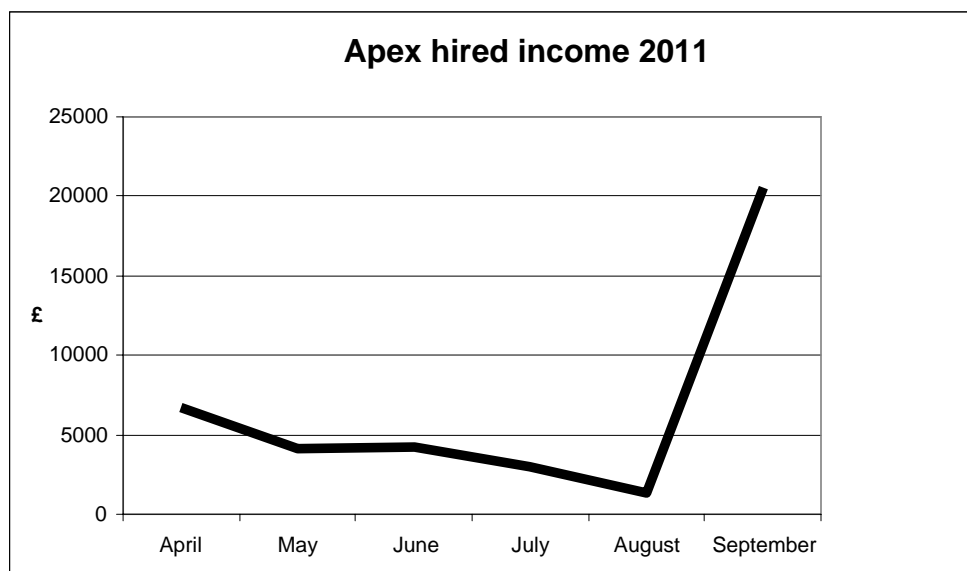
3.6. **Apex Hired Events**

Budget full year	Budget to date (Sept)	Actual to date	Variance
(132,900)	(66,454)	(8,919)	57,535
1 April to 19 October 2011			
Estimated number of people attending hired events			20,930

3.6.1. Activity in this cost centre relates to income from room hires and technical equipment hires. In an internal conference management report prepared in September (attached as **Appendix A**) we anticipated that income in this cost centre would begin to increase as the effect of our ongoing promotional and marketing campaign bore fruit. Implementation of these campaigns had strategically been held back until the building and the operational staff were ready to accommodate professionally b2b (business to business) events. Our predictions were correct and the table and **gross** figures below demonstrate that clearly.

April	£6,751
May	£4,102
June	£4,191
July	£2,985
August	£1,363
September	£20,567

These figures are the gross lettings income. The budget monitoring figure above is the net position after expenditure related to this area is taken into account.



3.6.2. Feedback from the b2b events that have been staged is very positive and the Apex is starting to be recognised as an important business proposition for both the commercial and community sectors. Both the Venues Director and the Development Manager are now able to focus more of their combined effort in generating bookings in this area and the box office team are currently being developed as a sales and bookings team to further enhance the drive for commercial hires.

3.6.3. Now that the Apex has hosted b2b events we are also in a position to analyse feedback from those events and, added to what we already know, further enhance the offer with improvements to wayfinding signage, car parking, the building frontage and catering. Whilst we obviously can't affect the economy and our target hirers' ability to afford our services, we do have the potential within our own powers to give ourselves a competitive edge by offering flexibility in charges, by developing wayfinding solutions, improving the buildings physical welcome, bringing an excellent functions caterer on board and providing ease of parking, something that is crucial in promoting conference business.

3.6.4. The potential for this sector of the business is very encouraging and the Apex is destined to play a key role in the economic recovery, offering innovating businesses opportunities to showcase their ideas in a bold contemporary conference setting. It was interesting to note that a consistent refrain from delegates attending the recent Business Festival was that they could not believe that Bury had such a wonderful facility on offer.

3.7. Apex Catering and Bars

Budget full year	Budget to date (Sept)	Actual to date	Variance
(100,000)	(50,008)	(5,278)	44,730

3.7.1. The Apex catering service has, in the first year, focused on providing a bar service during intervals to support events and a food service through external operators for functions. The first floor area has provided a well received but limited café service.

3.7.2. The catering is not achieving its full potential for a number of reasons that are being actively addressed. As well as reflecting the trajectory of our audiences and conference bookings, these reasons include the challenges that we have

encountered regarding accessibility to, and visibility of, the café bar. The development plans agreed by Cabinet and full Council in September should go a long way to addressing these. We also need an expert partner to help us develop the catering offer fully, now the building is successfully up and running and its potential is more evident. If we are successful in contracting an enterprising catering partner, and we succeed in making the first floor café more accessible, the future for the catering and bars function should be very positive.

3.7.3. Alongside the Apex, the opportunity has been taken to review the catering offer at other Council sites in Bury St Edmunds Town Centre. Consequently, a contract has been advertised to provide in the Apex a bar service, function catering and a bistro/café, in the Athenaeum a function service, in Moyse's Hall an occasional function service and in the Abbey Gardens a developed food and beverage service. This opportunity has attracted significant interest from potential catering operators, locally and nationally. It is anticipated that the Contract will be awarded in December this year, with the contractor starting in the New Year).

3.8. Apex (building)

Budget full year	Budget to date (Sept)	Actual to date	Variance
878,152	470,630	450,961	(19,669)

3.8.1. Within this cost centre are the fixed costs relating to the running of the building. After one year's operation we have a clearer picture of where we will need to set this budget. Electricity costs are lower than anticipated. Certain costs in this area are, however, not completely within the control of the Council, such as service charges and utility costs.

4. REFRESHING THE VISION

4.1. Having operated for a year it was appropriate to refresh the vision for the Apex to reflect the future priorities. The new vision agreed by Cabinet is:-

- To offer a world-class venue in which local people can perform and hold events
- To offer a full range of high-quality music to local and national audiences
- To be a regional leader in the day conference market for up to 500 delegates
- Through activity inside and outside of the building, to work with the arc to make Charter Square and St Andrew Street South unique, modern and exciting places which complement the historic town centre
- To work with other arts organisations in the borough to make culture and heritage a key driver for the local economy
- To be an integral part of bringing all of the Council's leisure services to an even wider audience, and reducing the public subsidy required for those services
- To collaborate with other organisations in Bury St Edmunds, and Bid4Bury, on complementary programming, marketing and support services.

5. BUSINESS DEVELOPMENT

5.1. The next stage in our development will build on the success of our first year of operation.

- 5.2. The events programme from September to the end of year features 27 performances that are all currently on sale.
- 5.3. We should start to see a significant increase in conference and meetings bookings on the back of the PR campaigns that have been run over the past three months.
- 5.4. The selection of a catering partner will be finalised in the next two months and contracts will be drawn up.
- 5.5. In November we will launch the Apex gallery which will feature works that we will sell on a commission basis. The gallery's 'unique selling point' (USP) is that it will showcase professional art that portrays a musical theme.
- 5.6. As the foyer area and external areas develop within the agreed fire strategy, we intend to maximise the potential for these spaces to respond to the increased footfall in the building during daytime hours.

**CONFERENCING, MEETINGS AND PARTIES UPDATE
September 2011**

Pictures in Studio Rooms

In order to provide décor for the walls in the studio rooms and to gain PR from the exercise, we are working with West Suffolk College to generate themed music photographic images by way of a competition for their second year photography students. This activity will form part of the curriculum, with the project beginning in early September. Running for six weeks the plan is for students to visit The Apex to take pictures with the results exhibited in The Apex's Atrium for judging, to which the press will also be invited. An external judge has been secured, an NME award winning photographer, who has agreed to visit The Apex during the judging process. The PR company is now in discussions with him regarding an earlier visit to launch the competition and give students some hints and tips. A press release will be developed and issued to announce the competition with further press activity around the judging and final stages.

Direct Mail

A direct mail piece consisting of the Conference Folder and inserts together with a covering letter has been sent to the larger businesses in and around Bury St Edmunds. Some follow up has taken place, including inviting prospective clients to view the facility (e.g. a site visit was organised for Institute of Directors), however due to time constraints and lack of additional resource it has not been possible to follow up everyone to date.

In addition the Xmas Party Nites leaflet has been delivered by the Town Rangers to all shops and businesses in the town.

PR

Both PR agencies appointed to assist establishing The Apex regionally and nationally from a corporate perspective have delivered excellent results - namely:

Clareville Communications – for national industry publications

Coverage included pieces for the Apex Christmas offer in:

- Chooseyourevent.com - July
- Incentive & Motivation online - July
- Marketing.uk - July

Plus - The Apex venue - various pieces including staff appointments and PR appointment gaining valuable column cms within:

- Marketing.co.uk – June

- Meetpie.com – June
- The Marketing Blog extra – June
- Fresh Buzz from The Marketing Blog – June
- Features Exec Media Bulletin – June
- Incentive & Motivation online – June
- Incentive & Motivation newsletter - June
- Venuefinder.com – July
- Access All Areas – July/August
- Stand Out – Summer edition

Further expected coverage includes:

- Conference News and Event Sept for The Apex Christmas offer
- Triple Awards Win – Access All Areas September/October
- Conference News – profile October
- Event – Christmas Feature September

and

Lamont PR/Media Managers – for regional press

Various pieces within:

- Business in East Anglia – appointment release
- East Anglian Daily Times –Meet the Boss profile
- Bury Mercury online – award win
- East Anglian Daily Times – award win
- Business in East Anglia – top tips for a successful event
- Bury Free Press – award win
- Business Weekly online – award win
- Chamber of Commerce newsletter – top tips release
- Bury Mercury – awards release
- Bury Free Press – Christmas release
- Anglia Business – awards win + xmas parties

Further expected coverage includes:

- Suffolk Business Magazine - top tips release
- Newmarket & Ely Living – Christmas release
- Etc magazine - profile

In order to continue the momentum from the excellent coverage achieved to date the regional PR agency, Lamont/Media Managers have been appointed to support The Apex for a further 3 months - namely September to November. Their brief is to also support The Athenaeum to achieve press coverage within key Wedding publications.

Venue Search Website Promotion

The Apex is now actively promoted on venuefinder.com and findmeaconference.com and venuedirectory.com (fee paying). Work continues to review all foc venue search facilities to maximise visibility of The Apex corporate offering.

Website

Work continues to finely tune and tweak the new Apexconferencing.co.uk website including the addition of a forthcoming events section for those events which can be publicised.

Key words are being reviewed on the conferencing website in order to improve Google listing.

Christmas Bookings

Xmas Party Nites

Two nights have been allocated for dedicated Apex Christmas Party Nights on 9th & 10th December. A package has been developed in conjunction with Roffs Caterers which includes all entertainment, a welcome drink, dinner with wine and xmas treats to take away provided by local companies. A leaflet has been produced and sent to all local businesses and shops with additional marketing undertaken within various whats on websites and PR activities. At the time of writing both dates are practically sold out.

Company Christmas Parties

The recent marketing activities promoting The Apex as a perfect Christmas party venue has delivered one new large Christmas party booking to date. We will work with this company to derive as much benefit as possible from the booking in order to help build our reputation in this market.

Meetings with hoteliers

Meetings are currently being organised with key hoteliers in order to develop relationships and identify ways we can work together in the future to attract business events to the region.

Exhibiting

Exhibition space has been booked at Confex – the industry exhibition which will be held at Excel in East London in March 2012. As there is no umbrella B2B organisation to exhibit under currently, The Apex is joining forces with Trinity Park in Ipswich to fly the flag for Suffolk venues. Not only does the association reduce our exhibiting costs but it will also help to deliver the message that West Suffolk is on the map and ready for corporate events from outside of the county.

Bury Business Festival

The Apex is delighted to be hosting the forthcoming LEP conference and EAME exhibition as part of the forthcoming Bury Business Festival. Taking place from 13th to 23rd September the focus will very much be on promoting and supporting B2B in Bury St Edmunds. In addition to the two major Festival events taking place at The Apex, the Athenaeum is also being utilised to host the Bury Free Press B2B exhibition. Every effort will be made to maximise the associated benefits these events will deliver to us.

Charity Ball

A unique auction and ball in memory of former England football manager Sir Bobby Robson and breast cancer campaigner Sally Balch are being held this October. The event aims to raise £250,000 for Breakthrough Breast Cancer and the Sir Bobby Robson Foundation. Tickets at £150 each are sold out and we will be entertaining luminaries such as the FA Chairman David Bernstein and Delia Smith. The event has been receiving plenty of national press coverage.