

Performance and Audit Scrutiny Committee 31 July 2014

Annual Performance Report for The Apex

1. Summary and reasons for recommendations

- 1.1 As part of the two-year review of the Apex in December 2012, it was agreed that a Cabinet panel would be established to oversee the future development of the venue and provide detailed monitoring of its performance. However, to ensure wider accountability, it was also agreed that this panel would make an annual report to this Committee.
- 1.2 This report has now been moved to June, so that it will tie in with normal year-end reporting, and allow more meaningful assessments of performance. The report attached follows on from the interim report presented in January and will in future be presented annually each summer.

2. Recommendations

- 2.1 That the performance report for the Apex be **noted**.
- 2.1 That future performance reports be submitted to the Committee every summer, to align with normal year-end budget reporting.

Contact details	Portfolio Holder	Lead Officer
Name	Sarah Stamp	Richard Hartley
Title	Leisure, Culture and Heritage	Commercial Manager (Leisure, Culture and Communities)
Telephone	01284 769360	01284 757055
E-mail	Sarah.Stamp@stedsbc.gov.uk	richard.hartley@westsuffolk.gov.uk

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Executive Summary

This report covers the financial year from 1 April 2013 to 31 March 2014. It follows on from the interim report of 6 January 2014 which covered the calendar year January to December 2013. The new review date will be June each year. This will allow more meaningful figures aligned with the budget year end to be produced.

The Apex continues to develop as an important local and regional venue, capitalising on its world class acoustic. Increased revenue has contributed to a positive variance of £43,187 against budget at the financial year-end.

Cost savings have been identified from Original Equipment Manufacturer (OEM) contracts coming to an end during 2014. Further savings will be explored including collaboration and shared services with partners.

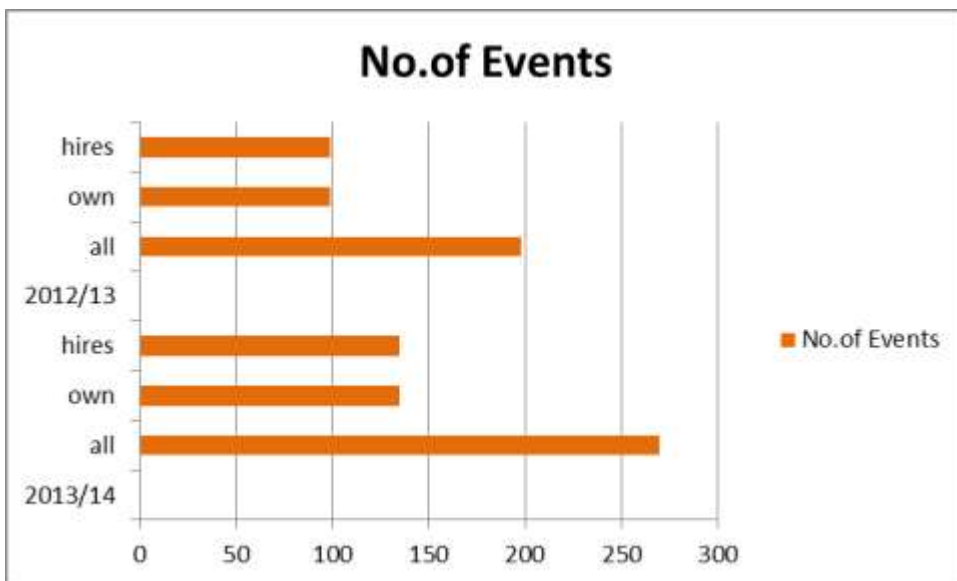
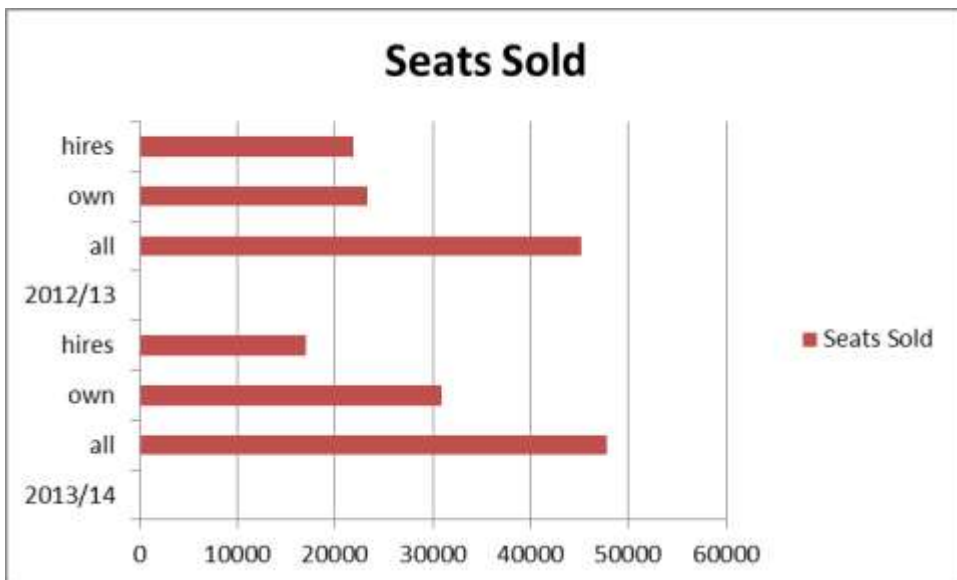
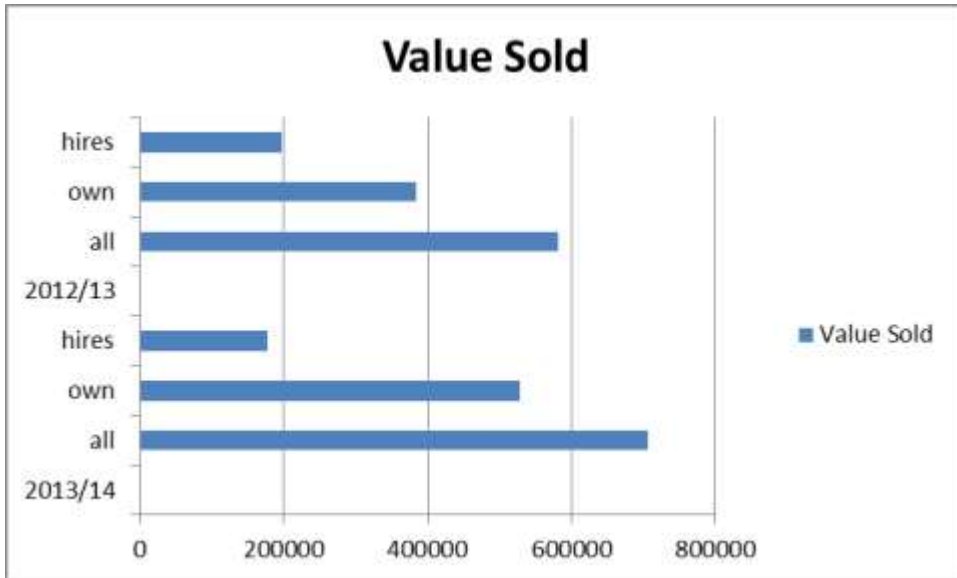
Turnover from Sodexo, the hospitality provider to The Apex, is steadily increasing and starting to catch up with their original estimates. New signage and external seating investment by Sodexo is anticipated to help further.

Current audiences for music and light entertainment programmes have grown substantially since 2010 when the Apex opened, and are anticipated to plateau this year. It is therefore a priority to identify and develop new audience markets for growth. There are various ways this can be done, including youth, new genres, types of events etc. A full time marketing manager is being recruited and an outreach programme is being developed across the East of England to achieve this. Hall hire has now been incorporated into programming to make figures and building occupancy readily reportable.

Recommendation: To note the report.

Apex Performance

- 1.1 Except for the recruitment of a full time marketing manager (who should be in post by 1 September 2014, the structure for the new commercial team is now complete.
- 1.2 Management of The Apex Hall Hire has moved from the control of the Operations Manager to the commercial team, allowing more effective daily monitoring of building occupancy and use of space.
- 1.3 The Apex and Theatre Royal management teams continue to work together and look forward to more joint initiatives in 2014/15. It was agreed that for 2014 the two organisations will sell each other's tickets and work together to ensure a good mix of entertainment to the public within their catchment areas. The Theatre Royal's new website is now live and uses the same interface as The Apex, which will make it easier to sell each other's tickets.
- 1.4 The Council's budget book shows the net cost of individual service areas. The Apex budget has been reduced from £775,600 a year in 2012/13 to £742,250 in 2013/14. There is a net positive variance (to end March 2014) of £43,187 resulting in a final outturn figure for 2013/14 of £699,063.
- 1.5 It should be noted that the commercial team of Leisure, Culture and Communities, which runs The Apex for the Council, also manages the Bury St Edmunds Festival and the wider events offering within West Suffolk including West Stow Anglo Saxon Village and Moyses Hall Museum. Some staffing costs in 2014 will be allocated to those budgets, pro-rata, to reflect the true costs of these services. This will have the effect of reducing the net cost of the Apex (and is a just a correction of previous inaccuracies in cost allocation).
- 1.6 The Apex offers a box office service across the East of England and new contracts are constantly being sought. A structure has been set up so that overflow calls now can be easily handled with the increase in service levels. This increase in service levels will result in further ticket sales and represents an ideal way to increase bottom line value without increasing associated costs. The online West Suffolk Diary now supports The Apex by promoting and selling its tickets.



- 1.7 The figures above show performance based on the last financial 2013/14 year. The figures above include events organised at the Apex for Bury Festival. The increase in value (positive variance) shown in the table 3.2 is a reflection of the programming team's hard work in putting on our own events, where the rewards are greater. The total number of events taking place at The Apex in the financial year was 270 compared with 198 the previous year. The number of seats and value sold shows an increase of 6% and 21% respectively over the previous financial year. The team is now working on increasing Hall Hire to the community and also increasing the number of events in certain genres as well as promoting packages to a wider market. The marketing strategy will include an offer to the community for off-peak use.

A consequence of The Apex's growing reputation is that it is able to attract higher quality acts, whose agents consider the venue as the preferred destination for their performers on tour.

1.8. First Floor Gallery/Lounge area

The newly re-branded Apex Lounge is making good headway in its own events programme.

Examples for these are:

- Chess, Bridge and Book Clubs.
- Strictly Saturdays dance sessions, as well as a new trial of a 60s disco and dance sessions.
- Youth development projects including monthly BurySound unplugged gigs, supported by workshops run in the Studios during school holidays.
- Developing a programme of Singer-songwriter performances, and lunchtime jazz gigs throughout the year (much like during the festival)
- Art exhibitions are being curated to increase engagement with the local art community and particularly local schools/colleges.
- Folk support sets before auditorium gigs, as well as exploring youth folk sets (with a similar after-school arrangement as BurySound unplugged)
- Hosting West Suffolk College late night cabaret sets after auditorium performances once a month (from autumn onwards) to increase bar income, as well as potentially gaining secondary local footfall and additional marketing opportunities.
- Menta business networking events.
- Exploring the potential of a regular quiz night, comedy workshops and gigs, storytelling events and 'new parent' groups.

- 1.9. The Apex's social media presence is a key part of our marketing strategy. The Apex social media following/fanbase continues to grow: over the past 6 months, the number of Facebook 'likes' has increased by 17.1% (now at 2,226 likes), while the number of Twitter 'followers' has increased by 23.7% (now at 2,551 followers).

In the year ahead we look to grow our social media following/fanbase, and increase levels of engagement (likes, comments, shares, replies, retweets, etc) among our social media communities.

Sodexo Catering Contract

- 2.1 The Sodexo contract is for 7 years with an option to extend to 10, so it is important to see it as a long-term partnership and to be realistic about estimates of performance made before the contract began. However, although performance is improving steadily, there is still a slight 'lag' in Sodexo's performance against their original 2012 estimates, reflecting the complexity of mobilising such a complex contract. Sodexo's own targets for income to October 2014, over the whole contract (including The Athenaeum and Abbey Gardens) are around 25% behind where they were anticipated to be by that point. The value of the contract to the Council is not entirely derived from commission on these sales, since significant savings were made as well. Nonetheless, continuing to close this gap, and catch up to the original estimates, is a priority for 2014/15.
- 2.2 In this context, the last 6 months has seen a significant change in our approach to operating the contract. Sodexo and SEBC are working more closely with the aim of formulating a joint Business Plan. This collaborative attitude has also resulted in a more structured concert scheduling and will start to show real dividends going forward.
- 2.3 Recent capital expenditure is also proving worthwhile; projects have included the development and launch of a new Athenaeum website, investment in a mobile unit for ice creams, drinks etc and new signage and branding for The Apex Café. There has also been the addition of new furniture in The Apex Lounge, a big screen for relaying concerts and sporting fixtures and the addition of some much-needed kitchen equipment in the Athenaeum. There will be a direct correlation between this capital investment by Sodexo and an increase in revenue.
- 2.4 The conference and banqueting operation across the contract is also seeing an uplift in enquiry levels, sales conversion and, therefore, revenue. Repeat business levels remain high at around 70% (against a national average of 50%) and a number of new key accounts are being developed. There is growing confidence in the catering offer at both The Apex and the Athenaeum resulting in stronger links being forged with local business groups such as Suffolk Chamber of Commerce, Best of Bury and Our Bury St Edmunds (the latter being instrumental in helping to secure a very high-profile event for the town in November this year).
- 2.5 The change in contract management (Sodexo is ending its relationship with Ickworth in early November 2014) is already starting to impact on SEBC sales with a number of new accounts moving venues and many more to follow. It is anticipated that there will be a natural uplift in business from October 2014 and the Sodexo sales team are working hard to cross-sell events with immediate effect.

- 2.6 Sodexo's new marketing plan, currently under construction, will highlight a number of new initiatives on both a local level and from Sodexo's central marketing operation. The Sodexo marketing budget allocated to SEBC has been increased for the coming financial year, a clear indication that a concerted effort is being put into marketing the Sodexo presence in Bury St Edmunds and building upon the strength and quality of the events we are organising and delivering.

Analysis of budgets

- 3.1. The Apex's budget is currently disaggregated into four cost centres: box office; hired events; catering and building (overheads such as staffing and premises costs).

- 3.2. Budgets and Actuals

2011/12	Budget £	Actual £	Variance
Expenditure			
Box office	-	217,868	217,868
Hired events	53,750	55,958	2,208
Catering	189,000	138,440	-50,560
Building		898,211	-60,739
Total Expenditure	1,201,700	1,310,477	108,777
Income			
Box office	-57,950	-206,756	-148,806
Hired events	-186,650	-122,046	64,604
Catering	-289,000	-194,645	94,355
Building	-84,950	-50,574	34,376
Total Income	-618,550	-574,021	44,529
Net Expenditure	583,150	736,456	153,306

2012/13	Budget £	Actual £	Variance
Expenditure			
Box office	239,050	375,435	136,385
Hired events	65,000	49,817	-15,183
Catering	70,000	114,770	44,770
Building	944,400	934,658	-9,742
Total Expenditure	1,318,450	1,474,680	156,230
Income			
Box office	-202,550	-314,103	-111,553
Hired events	-156,500	-162,952	-6,452
Catering	-105,000	-145,100	-40,100
Building	-78,800	-56,863	21,937
Total Income	-542,850	-679,018	-136,168
Net Expenditure	775,600	795,662	20,062

2013/14	Budget £	Actual £	Variance
Expenditure			
Box office	236,450	400,723	164,273
Hired events	44,650	53,679	9,029
Building	977,550	983,423	5,873
Total Expenditure	1,258,650	1,437,826	179,176
Income			
Box office	-275,800	-480,557	-204,757
Hired events	-87,500	-139,224	-51,724
Building	-153,100	-118,981	34,119
Total Income	-516,400	-738,762	-222,362
Net Expenditure	742,250	699,063	-43,187

3.3. The 2013/14 outturn figure above shows an under spend of £43,187 reducing the net expenditure to £699,063. The budget for 2014/15 has been set at £672,000.

Conclusion

4.1 The Apex management team has been successful in reducing the budget deficit over the last financial year, mainly due to increasing revenues from the programming.

- The team at the Apex is, through a restructuring, reinforced by a greater marketing and support network that stretches across West Suffolk and it is anticipated that this will have a positive impact through increased programming and ticket sales.
- The team will continue to grow income levels through programming and a consistent and varied programme of performances. The Apex will also continue to serve as a centre for the community and it is the team's intention to continue to introduce new and vibrant ideas and events for its communities.
- The team will continue to work closely with Sodexo Prestige to realise the full benefit of the contract by increasing turnover and building performance levels.
- Savings on building costs and energy bills will continue to be investigated.