

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Annual Performance Report for The Apex (2015-2016)	
Report No:	PAS/SE/16/016	
Report to and date:	Performance and Audit Scrutiny Committee	27 July 2016
Portfolio holder:	Joanna Rayner Cabinet Member for Leisure and Culture Tel: 07872 456836 Email: joanna.rayner@stedsbc.gov.uk	
Lead officer:	Damien Parker - Service Manager (Operations Leisure and Culture), Operations Tel: 01284 757090 Email: Damien.parker@westsuffolk.gov.uk	
Purpose of report:	To lay out The Apex's financial position at the year ending 2015-2016.	
Recommendation:	Performance and Audit Scrutiny Committee: It is <u>RECOMMENDED</u> that, the performance report for The Apex be <u>noted</u>.	
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:	<ul style="list-style-type: none"> • Is not required as this is a saving 	
Alternative option(s):	<ul style="list-style-type: none"> • 	

Implications: Other than a straight forward saving there are no implications			
Are there any financial implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any staffing implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any ICT implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any legal and/or policy implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any equality implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Risk of poor performance, subject to current market condition	medium	Apex Panel and budget monitoring	Low
Market conditions	Medium	Constant review of the programme and Apex marketing increased	Low
Ward(s) affected:		All Ward/s	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		Annual report for the Apex 2013/14 Annual report for the Apex 2014-2015	
Documents attached:		Appendix 1 - Apex Performance Report 2015-2016	

1. Key issues and reasons for recommendation

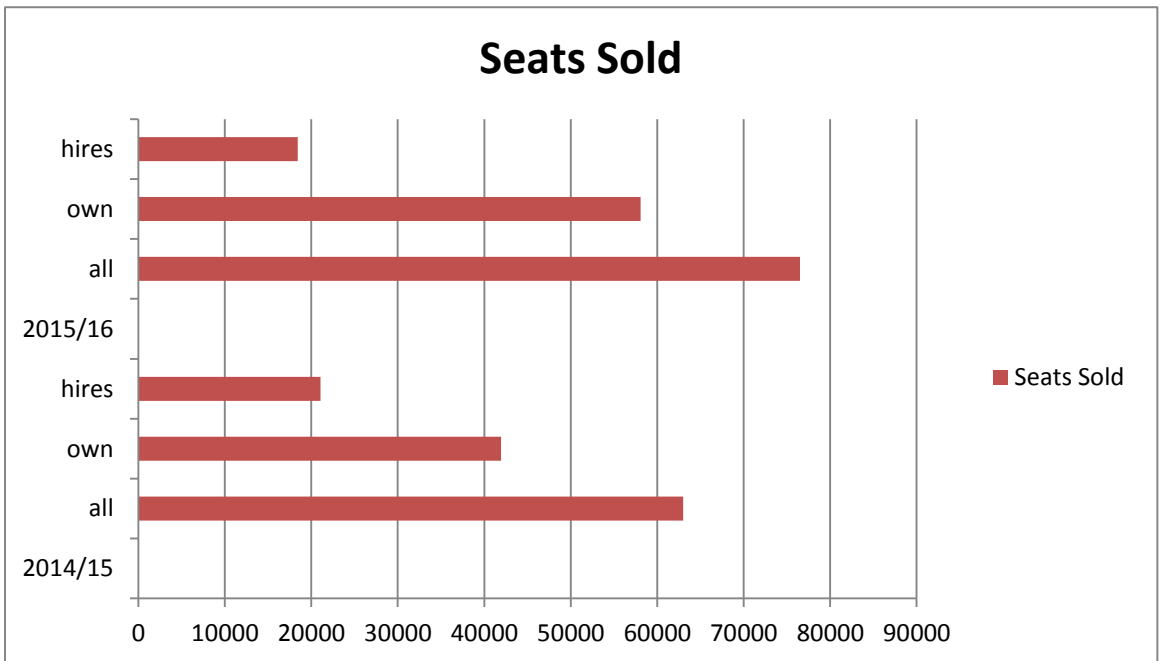
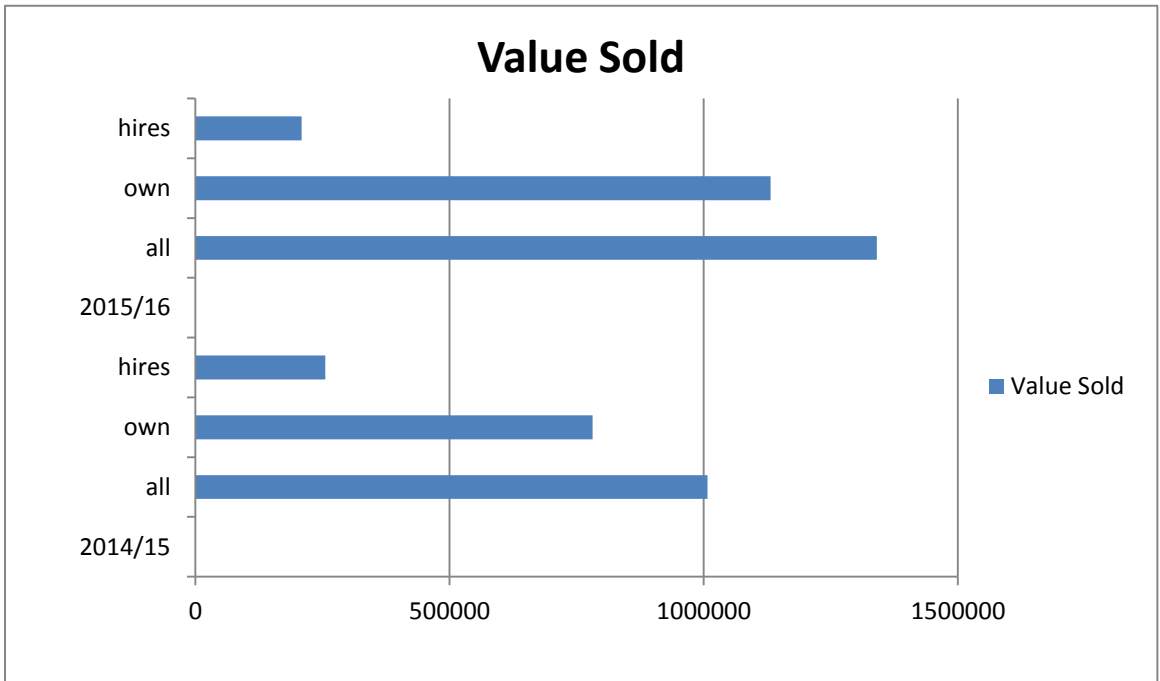
Executive Summary

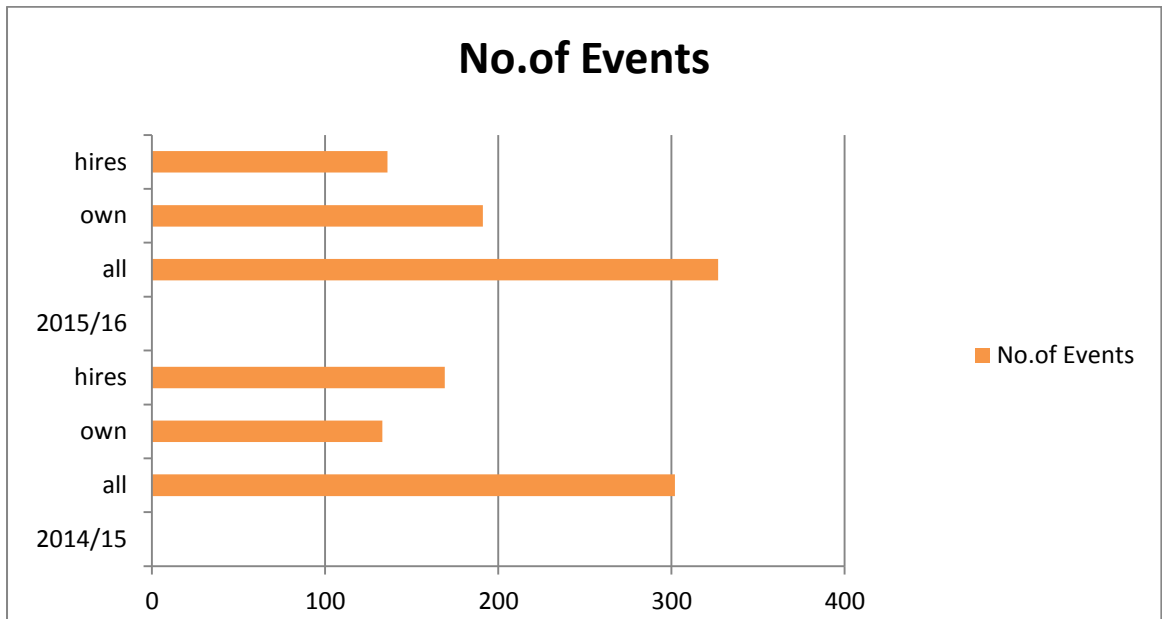
- 1.1 The Apex is an award-winning cultural venue in Bury St Edmunds, Suffolk, known for its acoustic excellence and home to a diverse programme of live music and events; from classical concerts to pop, rock, jazz, blues, world, country and folk, plus comedy and dance performances through to community and social clubs.
- 1.2 This report covers the financial year from 1 April 2015 to 31 March 2016. The Apex budget 2015/16 was set at £639,431. The Apex continues to develop as an important local and regional venue and is attracting greater audiences and establishing a loyal customer base. Increased revenue has contributed to a positive variance of £47,000 against budget at the financial year-end and the outturn figure is £592,000 showing a continued reduction in expenditure.
- 1.3 The full time marketing manager appointed in September 2014 has orchestrated a number of successful campaigns to raise awareness of the venue which has resulted in increased ticket sales and associated business. The 2014-15 event programme included 302 events while the number of tickets sold increased in 2015/16 by 22% to 77,280 and income from ticket sales reached £1.34 million which is an increase of 16% over last year. On top of this, our hospitality partners Sodexo organised 152 major events hosting 7676 delegates. The Apex also handles box office services for other venues.
- 1.4 The Apex continues to be a valuable community asset and more and more non-performance events are taking place which are open to the public. A greater use of the studio space is now being made with over 120 classes of yoga, pilates and exercise classes taking place. The team have continued to improve on last year with the steer of The Apex Scrutiny Panel, to achieve the increase in performance for 2015/16.

2. Apex Performance

- 2.1 The Leisure and Cultural Services team who are responsible for the delivery of services at The Apex and Athenaeum, which is now fully staffed, have performed well over the last twelve month period. Their hard work is reflected in the improved financial out-turn of The Apex in 2015-16.
- 2.2 The Council's budget book shows the net cost of individual service areas. The Apex budget has been reduced from £742,250 year in 2013/14 to £671,840 in 2014/15 and to £639,431 in 2015/16. There is a net positive variance (to end March 2016) of £47,000 resulting in a final out-turn figure for 2015/16 of £592,000.
- 2.3 The increase in service levels has resulted in further ticket sales and in turn this has increased the bottom line. The success of the marketing campaign has increased the overall enquiries. Emphasis to handle more calls simultaneously was recognised and September 2015 an overflow telephone service was put in place run by the council's Customer Support Centre. This resulted in 4,000 more calls being taken over the year.

2.4 The figures below show the comparative progress between 2014/15 and 2015/16.

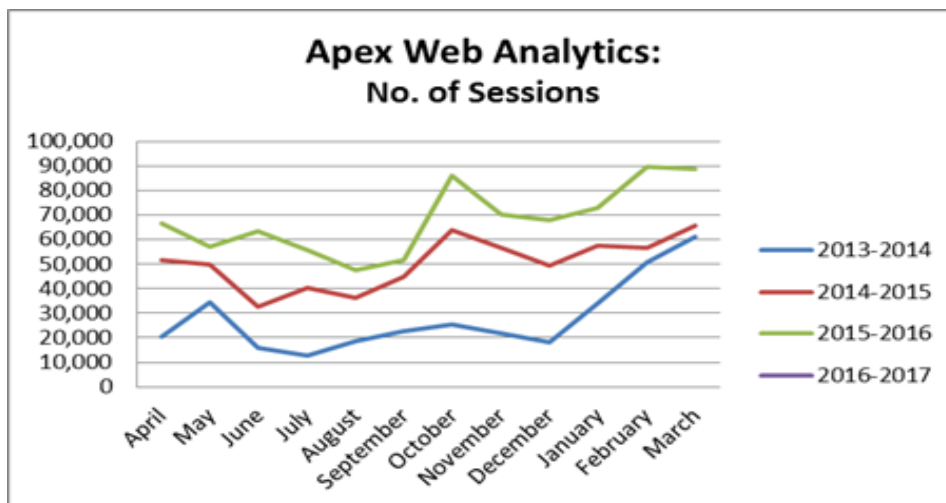




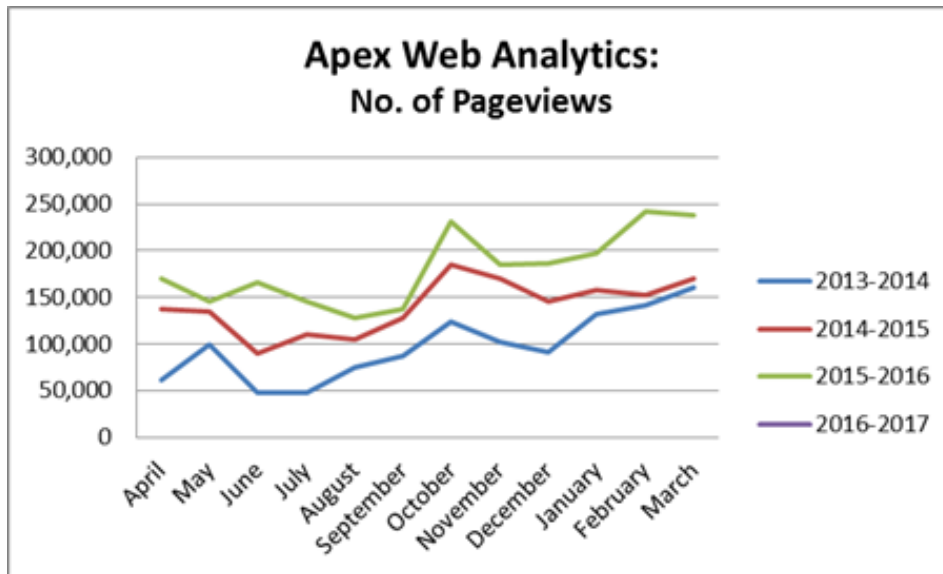
2.5 The figures above show performance based on the 2015/16 financial year. The figures above include events organised at The Apex for the Bury Festival. The increase in value (positive variance) shown in the tables at point 4.1 is a reflection of the programming and marketing teams hard work in putting on our own events, where the rewards are greater. Overall the total number of events that took place at The Apex in the financial year was 327 compared with 302 the previous year. The number of seats and value sold shows an increase of 21% and 33% respectively over the previous financial year. The marketing strategy has been targeted at gaining new audiences and figures show the number of new first time visitors to The Apex was 14,059 during 2015/16.

2.6 Social media continues to play an important role in our marketing strategy. Our own booking website is showing new visitor sessions up 8.22% compared with 2014/15.

Use of The Apex Web page continues to increase as indicated in the following two tables:



The average monthly Sessions in 2015-16 was 68,178 compared to 50,462 in 2014-2015 (35.10% increase).



The average monthly Page Views in 2015-16 was 180,981 compared to 140,351 in 2014-2015 (28.95% increase).

2.7 First Floor Gallery/Lounge/studio areas

The Apex Lounge is continuing to making good headway in its own events programme. Examples of these are:

- Chess and Bridge
- Weekly Yoga and Pilates over 120 classes p.a.
- Bury friendship centre for the over 55s attracts between 80-100 people
- Sunday brunches regularly attended by over 100 people including children.
- Youth projects
- Art exhibitions
- Menta business networking events
- Songbook Sundays
- Toddlers groups including ballet and disco

3. Sodexo Catering Contract

3.1 The concert schedule and increased audiences has resulted in less availability of meeting and event spaces but conferencing and event income has increased by 13% year on year. This is due to increased marketing from Sodexo and introducing the venue to new conference and event booking agents and being creative in using the areas. The Apex Bars and Café has also shown a significant year on year increase of 23%. Some of this can be linked to the growth of up selling pre-interval drinks by the bar staff, improved signage outside of The Apex and the increase in pre-show dining.

3.2 Pre-concert dining bookings have increased year on year by 290%. Pre-show dining receives some excellent feedback and has a loyal following of repeat diners. The increase can also be attributed to the way the menu is now changed seasonally rather than monthly so this can effectively be marketed, allowing customers who book a ticket for a concert several weeks in advance to

see the menu on the night they will be attending. Sodexo have also increased the marketing of the Pre-show dining, which includes leaflets and point of sale in the building and advertising on the back of tickets. Songbook Sunday brunch has also received positive feedback. Family Sunday brunches have now been themed to tie into highlight other events i.e. the subject this month is Dragons. Mother's day brunch was particularly successful with over 100 people attending and received positive feedback.

- 3.3 Conferences and Exhibitions space has huge potential. Where The Apex does not have availability due to the concert schedule, Sodexo offer the Athenaeum. Repeat business levels at the Apex remain high at around 70% against an industry average of 50%. Sodexo enquiry to sales conversion and site visits to retail mystery shopping and post-event feedback is consistently high, surpassing Sodexo national averages in all areas. For example year to date the average national score for conference and banqueting event feedback was 91.4%; at The Apex this has averaged 95.3% which is not only above the average but a 4% increase year on year.
- 3.4 Christmas 2016 is already looking positive. Sodexo have 4 nights allocated for Christmas party bookings, one night was booked immediately as an exclusive corporate night, one night has already sold out to mixed businesses leaving only 2 nights with remaining availability. Sodexo have also had to decline exclusive use corporate Christmas booking enquiries due to the concert schedule showing that The Apex is one of the first choices for local corporates.
- 3.5 There is a new Sodexo management team in place, which has given new momentum to the business and fresh initiatives are always being jointly explored with the Council team. With greater emphasis on this joined-up approach to the business and continued creative use of space and resources, there are good reasons for optimism over the coming year with forecasted further growth. In the coming year Sodexo are looking at rebranding the Café, purchase more tables to cope with the increase in pre-show dining and introduce a "VIP dining option" on particular concerts where Sodexo can offer 3 course fine dining meals. Operational excellence is still to remain the top priority for Sodexo.

4. Analysis of budgets

4.1 Budgets and Actuals

If the variance position is shown in brackets, this indicates there was an underspend against budget.

2013/14	Budget £	Actual £	Variance	Improvement
Expenditure				
Total	1,258,650	1,437,826	179,176	
Income				
Total	(516,400)	(738,762)	(222,362)	
Net Expenditure	742,250	699,063	(43,187)	(76,537)

2014/15	Budget £	Actual £	Variance	Actual Improvement over 2013/14 Budget
Expenditure				
Total	1,260,137	1,727,393	467,256	
Income				
Total	(588,297)	(1,130,285)	(541,988)	
Net Expenditure	671,840	597,108	(74,732)	(145,142)

2015/16	Budget £	Actual £	Variance	Actual Improvement over 2014/15 Budget
Expenditure				
Total	1,437,000	1,992,320	555,320	
Income				
Total	(797,569)	(1,399,980)	(602,411)	
Net Expenditure	639,431	592,340	(47,901)	(79,500)

- 4.2 The 2015/16 outturn figure above shows an underspend of £48,000 reducing the net expenditure to £592,000. The budget for 2016/17 has been set, prior to the final outturn position being known, at £652,337.

5. Looking ahead

- 5.1 The Apex management team has been successful in reducing the subsidy over the last financial year, mainly due to increasing revenues from ticket sales.
- 5.2 It is anticipated there will be a further positive impact through increased programming and ticket sales for 2016/17. Over and above this we expect the income from the Sodexo concession to continue to increase.
- 5.3 Income levels are expected to continue to increase through new visitors to The Apex and through existing visitors being attracted by a varied programme. It will also continue to serve as a centre for the community and it is the team's intention to continue to introduce innovative ideas and events to its communities.
- 5.4 The team will continue to work closely with The Apex Panel and Sodexo Prestige to realise the full benefit of the contract by increasing turnover and building performance levels.