

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Annual Performance Report for The Apex	
Report No:	PAS/SE/15/021	
Report to and date/s:	Performance and Audit Scrutiny Committee	30 July 2015
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Lead officer:	Richard Hartley Commercial Manager Tel: 01284 757055 Email: richard.hartley@westsuffolk.gov.uk	
Purpose of report:	To lay out The Apex's financial position at the year ending 2014/15	
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	
<i>Are there any financial implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any staffing implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any ICT implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	

<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any equality implications? 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 Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		Interim Annual report for the Apex Jan 2014 Annual report for the Apex 2013/14	
Documents attached:		Appendix 1 - Apex Performance Report	

Apex Performance Report

- 1.0 Executive Summary: Page 3
- 2.0 Apex Performance: Pages 3 - 7
- 3.0 Sodexo Catering Contract: Pages 7 - 8
- 4.0 Analysis of Budgets: Pages 8 - 9
- 5.0 Conclusion: Page 9

1.0 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 2014 to 31 March 2015. The Apex budget 2014/15 was reduced from £742,250 to £671,840. 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 £74,732 against budget at the financial year-end and the outturn figure is £597,108 showing a reduction of £145,142 compared to 2013/14 budget.
- 1.3 A new full time marketing manager for West Suffolk was recruited in September 2014 and new marketing initiatives were undertaken in order to expand the audience base. The event programme increased from 270 to 302. The numbers of tickets sold increased in 2014/15 by 34% to 63,011 and income from ticket sales has for the first time exceeded £1 million which is an increase of 42% over last year. This excludes 85 major events hosting 8,285 delegates organised by Sodexo. The Apex also handles box office services for other venues. It should be highlighted that in 2014/15 the Apex Box office issued FOC over 8,500 tickets for Magna Carta related events.
- 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. Around 70,000 people also visited the Aspetto Café, run by Sodexo, during the day last year. The team have worked tirelessly, with the steer of The Apex Scrutiny Panel, to achieve an improved performance for 2014/15.

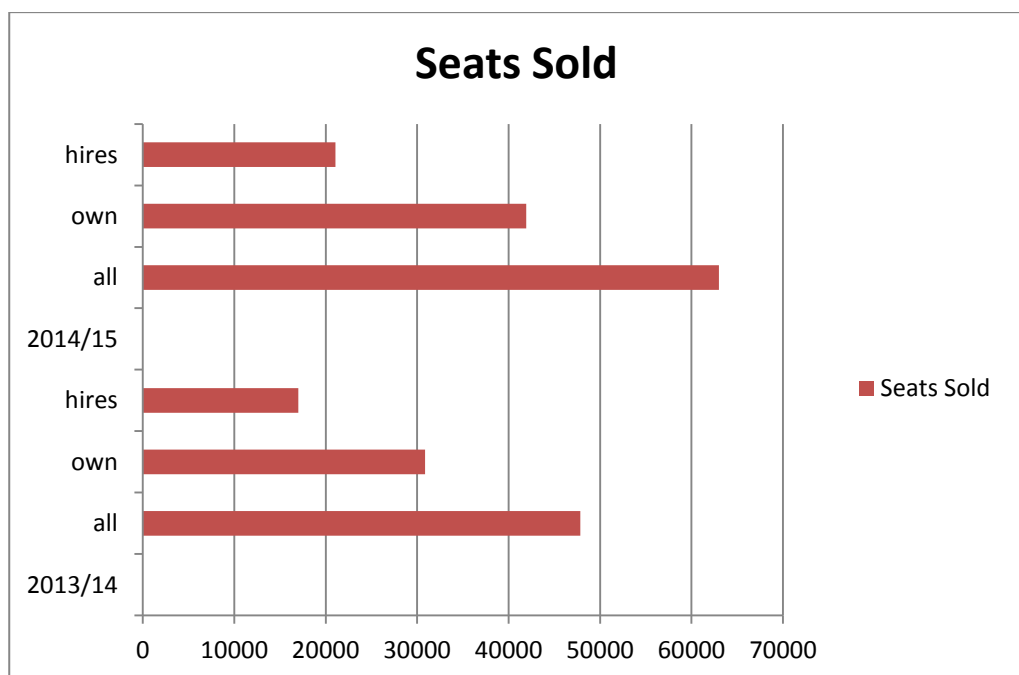
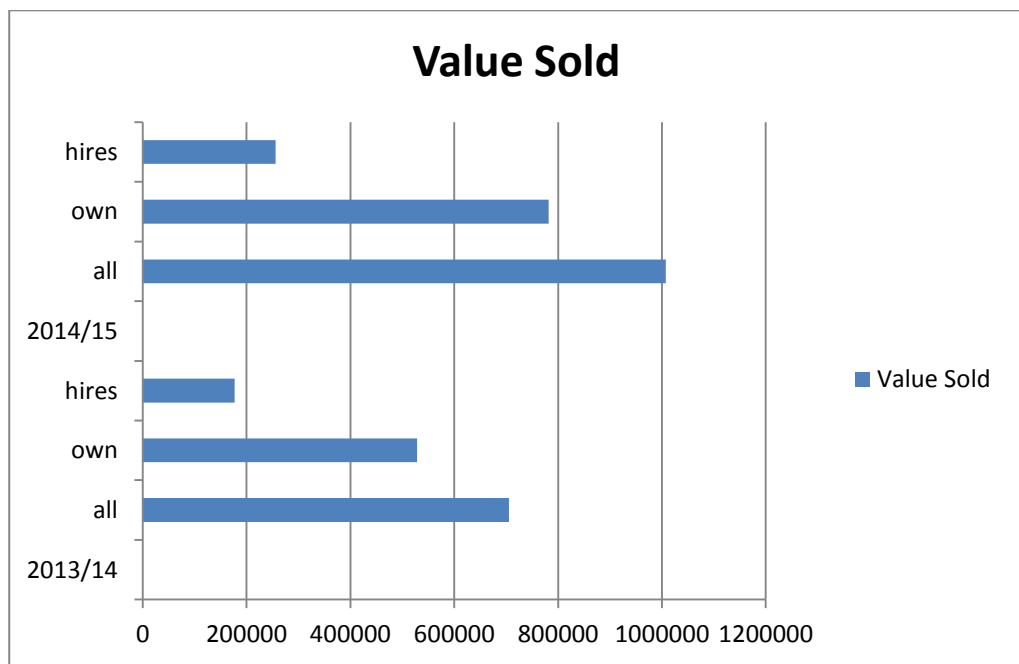
2.0 Apex Performance

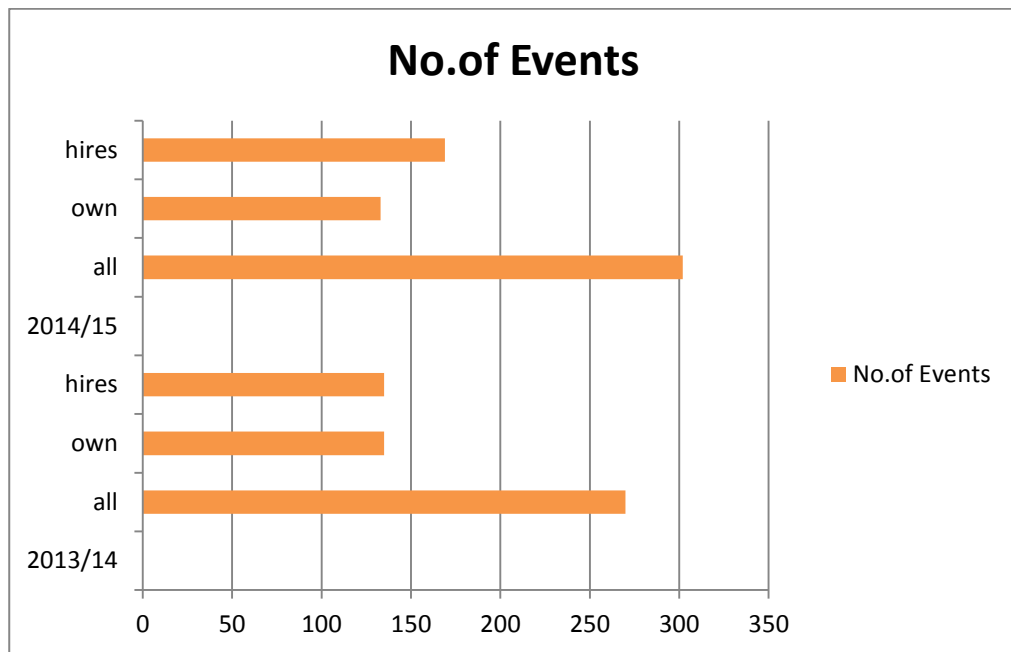
- 2.1 The commercial team was completed in September 2014 with the appointment of the fulltime marketing manager.
- 2.2 The Council's budget book shows the net cost of individual service areas. The Apex budget has been reduced from £742,250 year in 2013/14 to £671,840 in

2014/15. There is a net positive variance (to end March 2015) of £74,732 resulting in a final out-turn figure for 2014/15 of £597,108.

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. There is emphasis to handle more calls simultaneously and an overflow telephone service will be put in place run by the council's Customer Support Centre.

2.4 The figures below show the comparative progress between 2013/14 and 2014/15.



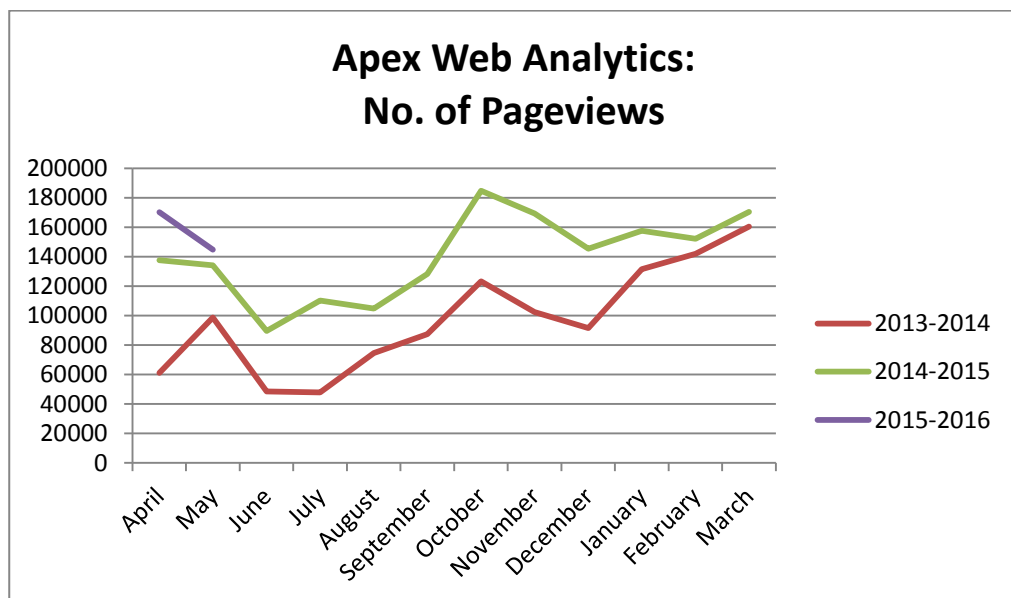
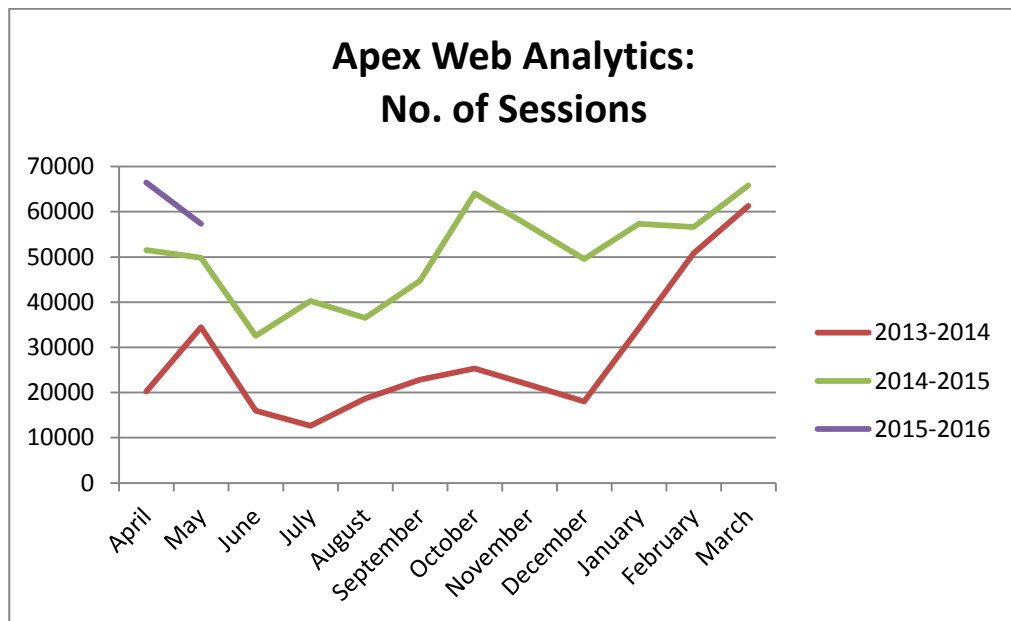


2.5 The figures above show performance based on the last financial 2014/15 year. The figures above include events organised at the Apex for Bury Festival. The increase in value (positive variance) shown in the tables at point 3.1 is a reflection of the programming and marketing team’s hard work in putting on our own events, where the rewards are greater and although the number of our own events went down slightly by 2 events greater numbers of people attended. Overall the total number of events taking place at The Apex in the financial year was 302 compared with 270 the previous year. The number of seats and value sold shows an increase of 33% and 42% 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 has increased by 12,431. A consequence of The Apex’s growing reputation is that it is able to attract higher quality acts, whose agents consider the venue as a preferred destination for their performers as part of a tour.

Apart from Sodexo supporting hospitality at our own and supported events they also arranged 85 major events hosting 8,285 delegates in The Apex.

2.6 Mystery shopping surveys were carried out at The Apex box office and TIC (Tourist Information Centre) during February and March. Both Surveys scored customer service at between 95 and 100%. There is some room for improvement in cross selling and this is being addressed.

2.7 Social media continues to play an important role and customer activity over the last year, on average, is double compared to 2013/14. Our own booking website is showing new visitor sessions up 23% compared with 2013/14. Sessions on The Apex website are up by 80% topping 65,000 in March 2015 and page-views are around 150,000 per month. This compares to the West Suffolk councils’ website which on average attracts 57,000 sessions per month.



2.8 First Floor Gallery/Lounge/studio areas:

The newly re-branded Apex Lounge is making good headway in its own events programme. Examples for these are:

- Chess and Bridge which continues to grow
- There are weekly yoga and pilates classes
- Strictly Saturdays dance sessions, as well as a new trial of a 60s disco and dance sessions.
- Bury friendship centre for the over 55s attracts between 80-100 people
- Sunday brunches regularly attended by over 100 people including children.
- Youth projects including monthly BurySound unplugged gigs, supported by workshops run in the Studios during school holidays.
- Art exhibitions are being curated to increase engagement with the local art community and particularly local schools/colleges.
- Menta business networking events attended by 50 plus business people per month, and the annual business fayre have become firmly established.

- Monthly Jazz Brunches – Songbook Sundays is also scheduled
- Cards for Good Causes have booked Christmas for a second year
- Other ideas we are looking into are toddlers groups, baby disco, and slipped disco (for the over 50s)

2.9 Buildings: 3 maintenance contracts were re-tendered showing annual savings of around £5K. There were increases in insurance and service charges paid to the Arc shopping centre. Further cost saving work is constantly being undertaken and when equipment needs replacing, improved more robust solutions are sought extending the life of any new acquisition.

3.0 Sodexo Catering Contract

3.1 Since April 2014 there has been significant development in both operational and administrative areas of the contract. The dedicated Sodexo sales team have developed a consistent and pro-active approach to promoting the Apex while working closely with the SEBC team on a number of joint initiatives. This has resulted in greater efficiencies, cost-savings, joined-up marketing, operational and sales activity demonstrated through the sharing of office space since January 2015 and cross-team staffing

3.2 The concert schedule and increased audiences has resulted in less availability of meeting and event spaces but has contributed to an increase in bar revenue of 24%. The Apex Café has also shown a significant increase in income of 42% on the previous year. Some of this can be linked to the relocation of the TIC to the Apex foyer, thereby increasing footfall into the building, though it is hard to calculate the exact value of this business.

3.3 The launch of the pre-concert dining offer has not only generated its own revenue but also awareness of the venue and Sodexo's catering offer. The aim is to feed approximately 5% of the concert-going audience; this figure currently stands at around 3%. The offer has received some excellent feedback and has a loyal following of repeat diners.

3.4 Conferences and Exhibitions space saw revenue drop by approximately £7K which was the result in a balance of the use of space for concerts. There was a creative use of available space at the Apex and the ability to move events into the Athenaeum when Apex space was limited. This has resulted in an increase of Athenaeum revenue. Repeat business levels at the Apex remain high at around 70% against an industry average of 50%. Sodexo seek feedback on all aspects of their business from enquiry to sales conversion and site visits to retail mystery shopping and post-event feedback. This too has been consistently high, surpassing Sodexo national averages in all areas. For example over FY14/15 the average national score for conference and banqueting event feedback was 87%; this has averaged 91% at the Apex.

3.5 Current focus is on Christmas 2015 and the last 2 year's seasonal trading have laid good foundations for the coming year; the Apex is being marketed as exclusive venue for exclusive parties and, as at March 2015, 3 of the 4 allocated events have been sold.

3.6 The cessation of the National Trust contract at Ickworth in November 2014 has also helped drive business into the venues, £18K worth of which has moved to

the Apex (the remaining £60K+ moving to the Athenaeum). From an operational perspective the Apex has also benefitted with the whole management team now focussing on the SEBC venues alone.

- 3.7 A more structured approach to marketing has also proven fruitful with valuable support from Sodexo's central marketing team. Sodexo's new Prestige Venues and Events website is linked into the main Apex site generating an increase of 12% in enquiries. Joint marketing initiatives between Sodexo and the Apex team, both on and offline, have had the added benefit of increasing awareness of the venue outside of its concert purpose and joint events such as the recently launched monthly Sunday Brunches, the first event having attracted over 100 diners, have helped grow the wider audience of the Apex and Sodexo partnership. A recent Environmental Health Officer un-announced visit, carried out a thorough inspection front and back of house, and Sodexo were awarded a 5 star rating.
- 3.8 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 growth and operational excellence remaining the top priority for Sodexo.

4.0 Analysis of budgets

4.1 Budgets and Actuals

In net expenditure below the variance, if shown with a preceding minus figure, is positive in that it is an underspend on budget.

2012/13	Budget £	Actual £	Variance	
Expenditure				
Total	1,318,450	1,474,680	156,230	
Income				
Total	(-542,850)	(-679,018)	(-136,168)	
Net Expenditure	775,600	795,662	20,062	

2013/14	Budget £	Actual £	Variance	Actual Improvement over 2012/13 Budget
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

- 4.2 The 2014/15 outturn figure above shows an underspend of £74,732 reducing the net expenditure to £597,108. The budget for 2015/16 has been set, prior to the final outturn position being known, at £639,431. This budget takes into account an increase in service and insurance charges and a new capital expenditure budget for equipment replacement, however it is anticipated that the Apex performance will come under budget as the positive performance of 2014/15 continues into 2015/16

5.0 Conclusion

The Apex management team has been successful in reducing the subsidy over the last financial year, mainly due to increasing revenues from ticket sales.

- 5.1 It is anticipated there will be a further positive impact through increased programming and ticket sales which for 2015/16 are forecast to be £1.150m, approximately 15% increase on 2014/15. Over and above this there is income from the Sodexo concession. The total increase in income will mean coming in under budget this year.
- 5.2 Income levels will 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.
- 5.3 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.