

Scrutiny committee

Report of Head of Community Services

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2018/19 performance report for The Beacon, Wantage.

Recommendation

Scrutiny committee is asked to note The Beacon's performance for 2018/19.

Purpose of report

1. The purpose of this report is to update scrutiny committee on the performance of The Beacon's against 2018/19 performance indicators.

Strategic objectives

2. The provision of The Beacon contributes towards achieving the council's strategic objective "sustainable communities and well-being" and the corporate priority of "expanding the range and quality of activities at The Beacon, Wantage".

Background

3. The Beacon is a council run venue delivering a wide range of services, events and activities. It encourages the wider community of VOWH to participate in activities designed to promote health and wellbeing, leisure activities for all age groups.
4. 2018/19 represented a year of change for The Beacon with a new management structure and Head of Service. The latter part of the year has focused on improving the commercial approach to the business. The team have taken a number of actions to improve the revenue position and this has resulted in revenue growth of 4%. The team have adopted a more commercial approach to the operations, focusing on full cost recovery and scrutinising margins. This has had some success in 2018/19, but transforming the business is a longer term process and there is more work to be done.

5. The three year business plan (2016-2019) for The Beacon sets out the key objectives for the facility and the key performance indicators. As the three year business plan draws to an end, the purpose of The Beacon and the operating model of the service needs to be clarified. A purely commercial operation will require a very different operating model compared with a more accessible service focused on community and public value. Work has started on drafting the next three-year business plan for The Beacon that proposes increasing revenue, stabilising expenditure and great customer experience.

KPIs for 2018/19

6. The key performance indicators for 2018/19 are:
- KPI 1: year on year increase in revenue and a reduction in actual net spend (previously reported as the council contribution or the deficit)
 - KPI 2: increase in occupancy with more people using the venue more often
 - KPI 3: attract new audiences and users
 - KPI 4: improve the customer experience to ensure repeat business
 - KPI 5: raise awareness of the facility and improve communication

KPI 1: Increase in revenue and a reduction in actual net spend (previously reported as the council contribution and the deficit)

7. The council's planned budget for The Beacon was £236,258. At year end, The Beacon had exceeded that budget by £18,668.

This was due to The Beacon missing its income target by £19,427. However, the actual income growth compared to the previous year was 4%, which is strong. The income target set was ambitious given there was a c.£28k difference between actual income achieved in 2017/18 and the target set for 2018/19. For this reason the income target for 2019/20 has remained the same as 2018/19 and the service is currently on track to achieve this at year end.

8. Table 1 below shows the expenditure and income figures for the past six years.

Table 1 Financial performance 2013-14 to 2018-19							
Financial Year	Budgeted Income	Actual Income	Budgeted Expenditure	Actual Expenditure	Planned Budget ¹	Actual net spend ²	Variance against budget
2013/14	-96,010	-102,646	304,334	286,964	208,324	184,318	-24,006
2014/15	-126,010	-156,441	306,985	383,084	180,975	226,643	45,668
2015/16	-170,949	-188,129	381,176	396,386	210,227	208,257	-1,970
2016/17	-192,449	-185,827	404,443	431,070	211,994	245,243	33,249
2017/18	-249,800	-225,315	459,080	465,663	209,280	240,348	31,068
2018/19	-253,672	-234,245	489,930*	489,171	236,258*	254,926	18,668

* This includes the base budget and virement following the restructure.

¹ net spend for the year

² Previously reported as the Council Contribution or deficit

9. Table 2 provides the breakdown of expenditure in 2018/19, using the standard Chartered Institute of Public Finance and Accountancy breakdown. This table shows that actual expenditure was under budget by £760.

Table 2	Budgeted Expenditure	Actual Expenditure	Variance
Employee Costs	307,485	301,234	-6,251
Premises	77,075	81,013	3,938
Travel costs	450	71	-379
Supplies and Services	104,920	106,852	1,932
Total	489,930	489,170	-760

10. The team have analysed of the types of bookings and income generated, including secondary spend, to focus on those events that have the potential for the highest return. Comedy events perform well in this area partly due to the overheads for technical support are less and the audience tends to be larger. Both music and comedy events have generated strong bar takings as well as good performance in ticket sales. The comedians Sean Lock and Seann Walsh both performed strongly on ticket sales and bar income. The “An evening with...” events perform strongly in terms of ticket sales (70% sold on average), but perform less well in terms of secondary spend.
11. Children’s shows performed strongly with an average of 83% of tickets sold. Creating opportunities for secondary spend will be increasingly important for family events where the bar isn’t operational, for example Santa’s Grotto and children’s shows without an interval like *The Snail and the Whale*.
12. As part of the new commercial approach, all new business is subject to a business case. This calculates the forecast net cost of any new business to model how the event can cover its costs and to improve the understanding of margins. This has focused the team on the commercial aspects of the business and led to more cross selling to increase secondary spend. The café offer has been changed to focus on improving margins and better stock management whilst maintaining a quality offer for customers. In 2019/20 a similar exercise will be undertaken for the bar operation.
13. Business development is focusing on targeting individual hirers to stage events to complement The Beacon’s own programming. These are lower risk events and there is the added opportunity to generate secondary spend from the bar, café as well as the opportunity for cross selling.

KPI 2: Increase in occupancy with more people using the venue more often

14. One of the measures of The Beacon’s performance is the average cost per occupied hour. The industry standard for this type of facility is around 40 per cent occupancy, which equates to 6,585 hours per year, or just under 550 hours a month. A previous ambition had been to reach the industry standard by 2020, however, given the current figures this is unlikely to be met. In 2018/19, The Beacon was operating at an average of 32 per cent occupancy.

15. The average cost per occupied hour has continued to increase over the last four years. There was an increase in occupancy in 2018/19, however, this did not translate into enough additional income to offset the increased costs.

Table 3				
Average cost per occupied hour				
Year	Council Contribution (Actual net spend)	Total hours of occupancy	Percentage of available hours booked	Average cost per occupied hour
2013/14	£184,318	4064	25%	£45.35
2014/15	£226,643	5070	31%	£44.70
2015/16	£208,257	6060	37%	£34.37
2016/17	£245,243	6270	38%	£39.11
2017/18	£240,348	5082	31%	£47.29
2018/19	£254,926	5271	32%	£48.36

16. In order to improve this KPI, a focus will be required on increasing the number and duration of events and hires. Though perversely, not the number of people attending those events. The average cost per occupied hour does not reflect the number of people using The Beacon and benefitting from it, for example, those who use the café, visit the town council or attend events booked by regular hirers. To better reflect the total usage of The Beacon, officers have calculated the cost per visit. The estimated total number of visitors to The Beacon in 2018/19 was 150,403. The resulting cost per visit being £1.69. This represents an increase in cost per visit of £0.14p on the previous year. The total number of visits is slightly down on 2017/18, however, the door counter failed at the end of February 2019 so the figures for March 2019 are based on those from the previous year.

KPI 3: Attract new audiences and users

17. Audiences travel from across both the Vale and South Oxfordshire to visit The Beacon, and the majority of customers attend an event once or twice a year. 2018/19 saw live shows from comedians Sean Lock, Seann Walsh and Rory Bremner, two of which were sell outs.
18. Ticket sales have increased again. 8,042 tickets were sold in 2017/18 and this increased to 8,454 in 2018/19. Detailed analysis has been carried out in terms of the success of the type of performance staged. Comedy has proved popular with two sell out shows. It is proposed as part of the new business plan there is focus on a more financially sustainable events programme. Generating new audiences often means trialling new and different types of events, which can be risky in terms of their popularity. It may be more prudent to focus on developing the hire business to supplement the events programme and to bring in new audiences and users via this method.

KPI 4: Improve the customer experience to ensure repeat business

19. Customer service remains a top priority for The Beacon and the staff are regularly complimented for their excellent, friendly and efficient service.
20. Feedback from customers remains extremely positive, reflecting the efforts the team put in to interacting with the community to provide a range of services. More work can be done to proactively collect customer feedback to improve

programming and the service offer. The team are actively monitoring and responding to reviews left online by customers. We have feedback cards in reception as well as on the reception desk and in the coffee shop and bar where customers can leave their comments and suggestions. We aim to have compliments making up at least 80% of the comments received. Feedback figures for 2018/19 are:

Year	Number of comments	Number of positive comments	Number of negative comments
2016/17	40	36	4
2017/18	119	114	5
2018/19	89	85	4

21. Where negative comments have been received these have been logged and actioned as appropriate.

KPI 5: Raise awareness of the facility and improve communication

22. We have continued to raise The Beacon's profile through social media and our online presence:

	2016/17	2017/18	% change	2018/19	% change
Mailing List subscribers	904	1068	18	1614	51
Facebook page likes	1195	1514	27	1794	18
Twitter followers	683	893	31	1036	16
Instagram followers	n/a	n/a	n/a	476	n/a

23. Strong growth has been seen in the number of social media interactions, which is a key method for reaching new and existing users as well as managing customer feedback.

Summary of plans for 2019/20 and beyond.

24. Some of the key actions for 2019/20 and beyond include:

- Clarify the purpose and operating model for The Beacon in order to finalise the business plan for 2019/20-2021/22, potentially focusing on increasing revenue, stabilising expenditure and great customer experience.
- Review and refine the bar and café offers to improve margins.
- Introduce methods to proactively collect customer feedback to inform event programming and the customer offer.
- Focus on developing the hire business and building a range of packages to offer hirers.

Conclusion

25. The committee is asked to note this report on performance at The Beacon and make any further suggestions to the cabinet member for community services.