

REPORT TO SCRUTINY COMMITTEE - ECONOMY

Date of Meeting: 3 March 2016

Report of: Events, Facilities & Markets Manager

EXETER CORN EXCHANGE – PERFORMANCE REVIEW

Is this a Key Decision?

No

Is this an Executive or Council Function?

Executive

1. What is the report about?

To update Members on the performance of the Corn Exchange.

2. Recommendations:

That Scrutiny Committee – Economy notes and comments on the content of the report.

3. What are the resource implications including non-financial resources.

There are no resource implications.

4. Section 151 Officer Comments

There are no financial implications contained within the report.

5. What are the legal aspects?

None.

6. Monitoring Officer's comments

The report raises no issues for the Monitoring Officer.

7. Background

7.1 The Corn Exchange is part of the Facilities & Markets section of Economy. The section also encompasses the Matford Centre, Tourist Information Centre, Underground Passages, Quay House Visitor Centre, Red Coat Guides, Leisure Facilities Contract Management and Markets.

7.2 The venue is a directly managed facility which hosts a programme of arts and entertainment events as well a number of community and business related events.

7.3 The Corn Exchange has a staffing establishment of 4.1 FTE plus currently one apprentice. These employees cover programming, administration, marketing, box office, facility management, event management, bar, catering, maintenance and cleaning. Casual employees are also used to provide the bar & catering service and front of house and contractors are used for tech requirements and some maintenance/cleaning.

8 Arts & Entertainment Programme

- 8.1 The Corn Exchange stages a year round programme of arts and entertainment events. This programme is increasingly a major part of the cultural offer within the city. Events in this category are those for which the venue box office sells tickets and the venue markets the events through its events' guide and website.

These events are organised in various ways. Some are directly promoted by the venue team (the artist is paid a guaranteed or variable fee and income is retained by the venue), some are jointly promoted with the artist or a third party (typically box office income would be split between the venue and the joint promoter) and a few are venue hires (the artist or promoter pays an agreed fee for the venue and all box office income is paid over after the event).

- 8.2 The number of such events staged at the venue has increased notably over the last five years:

Year	2011	2012	2013	2014	2015
Events	78	91	99	101	137

- 8.3 The financial value of promoting these events is measured by comparing the Nett income to the venue from ticket sales, hire fees and ancillary income (including bar/catering receipts) with all variable costs incurred by staging the event. These costs include artists' fees, technical costs, casual staffing, bar/catering cost of goods sold and PRS fees.

- 8.4 The financial performance of the arts/entertainment programme has also improved notably over the last five years:

Year	2011	2012	2013	2014	2015
Profit (£)	82,000	97,500	101,500	114,000	155,000

- 8.5 Amongst the best supported shows at the venue in 2015 were comedy performances by Alan Carr, Al Murray, Tim Vine, Milton Jones, Sean Lock, Henning Wehn, Josh Widdicombe, Andy Parsons, Ed Byrne, Rich Hall and Stewart Francis, all of which sold out. As did the performance by Jimmy Carr which the Corn Exchange team promoted at the Riverside Leisure Centre.

- 8.6 Other sold out events at the venue were Steve Backshall, The Unthanks, Monty Don, Gordon Buchanan, Banff Mountain Film Festival, Robin Trower, Livewire & Limehouse Lizzy, International Ocean Film Festival and Ukulele Orchestra of Great Britain

9 Other Events at the Venue

- 9.1 In addition to the 137 events which formed the arts & entertainment programme in 2015, the Corn Exchange also hosted another 245 events (events for which the venue does not provide a box office facility, these are all venue hires). These events were:

Participation Dance	130
Examinations	23
City Council bookings	16
Stage Shows	16
Conferences/Training	14
Tech/Rehearsal Days	13
Blood Donor sessions	9
Presentation events	4
Sports/games	6
Fairs	6
Other events	8

9.2 The average hire fee received from these bookings after discounts allowed for non commercial/charity events was £495. This compares to £445 achieved in 2014.

9.3 The total number of events staged at the venue (arts and entertainment programme and venue hires combined) in 2015 was 382. The number of events staged at the venue over the last five years has shown little variation.

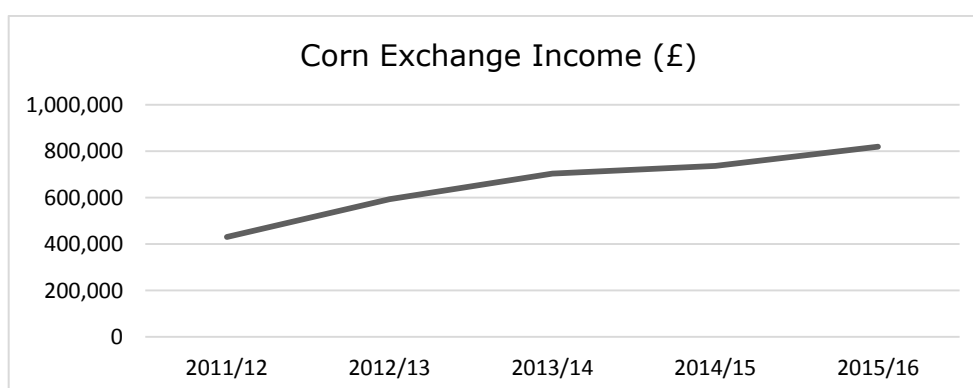
Year	2011	2012	2013	2014	2015
Events	382	377	385	378	382

9.4 The reason for the total number of events showing little variation year on year is the limited availability of the venue for evening events outside the summer months. There is potential to increase daytime bookings and the Corn Exchange team are exploring ways to address this.

10 Financial Performance

10.1 Income earned at the venue has increased over the last five financial years, from £430,000 in 2011/12 to an estimated £820,000 in the current financial year.

Year	2011/12	2012/13	2013/14	2014/15	2015/16
Income (£)	430,000	594,000	703,000	737,000	820,000

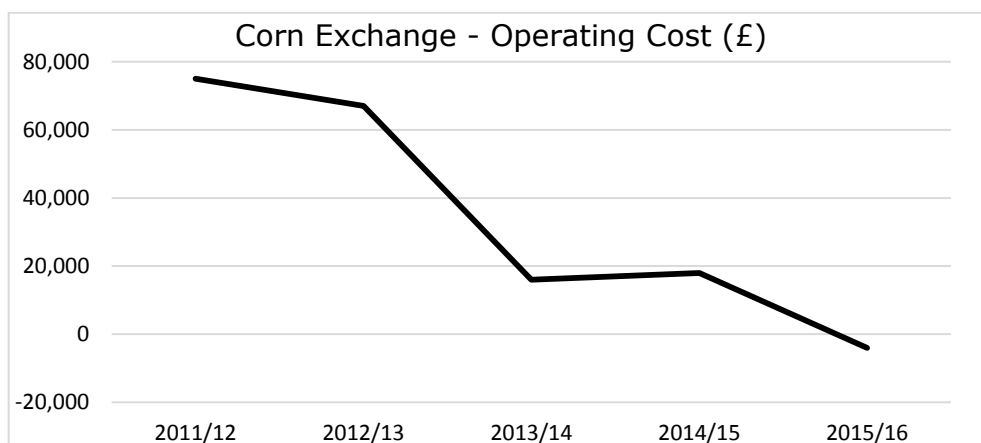


Note:

The income for the 2015/16 financial year is the current projection and subject to change.

10.2 The overall cost to the Council of providing the venue has decreased over the last five financial years, from £75,000 in 2011/12 to an estimated surplus of £4,000 in the current financial year.

Year	2011/12	2012/13	2013/14	2014/15	2015/16
Venue cost (£)	75,000	67,000	16,000	18,000	+4,000



Notes:

The income for the 2015/16 financial year is the current projection and subject to change.
 Figures exclude capital charges

- 10.3 These figures include approximately £35,000 a year paid to other council departments (support services).
- 10.4 It is important to note that the Corn Exchange differs from many other entertainment/arts venues, both within the city and nationally, in that it receives no external funding.
- 10.5 The Corn Exchange building also incorporates a number of retail units and an indoor car park, these are leased by the Council to private tenants and the income from these leases is accounted for separately by the Property Services section of the Council. The income from these properties is approximately £300,000 per year.

11 Box Office

- 11.1 In June 2015 the Corn Exchange introduced a new box office system – Spektrix. This replaced the previous system which had been perfect whilst we were developing our events programme but it wasn't able to cope with the increased business.
- 11.2 The new box office system has allowed us to improve our marketing and analyse ticket sales much better as well as making it much easier for people to book on line which was very difficult with the previous system.
- 11.3 The cost of the box office system has been covered by booking fees charged to customers. This has brought the Corn Exchange into line with most other venues and hasn't been a barrier to ticket sales. The booking fee levied for online bookings is lower than it was with the previous system.

12 Marketing

- 12.1 The venue has a marketing/printing budget of £15,000 a year. This is mostly utilised in the printing and distribution of a twice yearly events guide. Some of the budget is also used for posters, email marketing, social media ads and occasional press advertisements.
- 12.2 Analysis of ticket sales through the box office system (since the system was introduced in June 2015 until the end of the year) shows that the source of information for events selected by ticket buyers those who specified such was as follows:

Corn Exchange events guide (brochure)	27%
Corn Exchange website	22%
Other websites	12%

Corn Exchange email marketing	11%
Social media	9%
Posters	7%
Publications (mainly Exp & Echo & Citizen)	7%
Other sources	5%

12.3 The number of people visiting the venue's website has increased substantially since the sub-site for the venue was created (separating it from the main Council website). In the first full year that the site was operational (2012) there were 56,000 visits to the site and 246,000 page views. In 2015 these figures had increased to 135,000 and 821,000 respectively.

Year	2012	2013	2014	2015
Visits to website	56,000	81,000	99,000	135,000
Individual page views	246,000	427,000	539,000	821,000

12.4 The venue's website is now outdated and lacks functionality. The Corn Exchange team are working with Strata Services to replace this with a new fit-for-purpose website in the near future.

12.5 The marketing plan for the venue is currently very much centred on the events guide, website, email marketing, media releases and social media. Paid for media advertising is only used on rare occasions and the venue's marketing plan is to continue with the present policy which has resulted in increased business without increasing the marketing spend.

13 Bar & Catering

13.1 Bar and catering income earned at the venue has increased over the last five financial years, from £171,000 in 2011/12 to an estimated £213,000 in the current financial year.

Year	2011/12	2012/13	2013/14	2014/15	2015/16
Income (£)	171,000	174,000	196,000	182,000	213,000
COGS (£)	39,000	45,000	59,000	57,000	66,000
Gross Profit	77%	74%	70%	69%	69%

Notes:

The income for the 2015/16 financial year is the current projection and subject to change

COGS = Cost of Goods Sold: the purchase cost of the drinks/food

The gross profit is the difference between the income and the COGS expressed as a % of the income

13.2 Approximately 80% of the bar and catering income comes from drink sales with 20% from food. The potential to increase the food sales for events is limited because of the type of events staged and the location of the venue in the city centre with its level of competition. However, one or two initiatives aimed at increasing food sales are beginning to achieve results and food income for 2015/16 is projected to be £66,000 which would be the highest figure recorded at the venue and 24% of the total bar and catering income.

14 Other Issues

14.1 The main issues affecting the venue are:

14.2 The capacity is restricted to just 500 people because of fire exits. This limits the events that can be attracted to the venue. There is no identified way to solve this without major capital works.

- 14.3 There has been a notable increase in anti-social behaviour in the vicinity. The venue team, together with other interested parties, continue to work with the police and other sections of the council in an attempt to address this issue.
- 14.4 All tenancies within the Corn Exchange building expire in 2020. Because the venue is programmed up to two years in advance there will shortly need to be a decision taken regarding the future of the venue from this date. The Corporate Manager Property is leading on this issue and an asset review will be undertaken shortly.

David Lewis, Events, Facilities & Markets Manager

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

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