

Three Rivers District Council

Watersmeet Business Plan Report

Date: 26 February 2023

Report Originator Judy Simpson & Ben Terry	Head of Service sponsor Josh Sills	Date Originated 16/11/23
Lead Member Name: Cllr Chris LLOYD	Area of Responsibility: Leisure	
CMT Date:	12 December 2023	
JLT Date (if applicable):	8 January 2024	
REASON FOR REPORT		
Reason	JLT/CMT Feedback for Officer and further instructions	Recommendation to JLT/CMT:
To agree the three-year business plan for Watersmeet	To clarify that this is not authorisation of budget but to be used for service planning purposes	To agree and adopt the business plan
Consultees consulted	Finance Yes Date: 22/11/23	Legal Yes Date: 22/11/23
Consultees to be consulted following CMT before report publication	Chief Executive Date: (Consulted at CMT)	Shared Director of Finance Date: (Consulted at CMT)
		Associate Director Date: (Consulted at CMT)
PROPOSED ROUTE FOR FURTHER APPROVAL		
		Date
Committee CLIMATE CHANGE, LEISURE & COMMUNITY COMMITTEE		13 March 2024
Council (if required)		N/A

CLIMATE CHANGE, LEISURE & COMMUNITY COMMITTEE

PART I

Watersmeet Business Plan 2024-2027

1 Summary

- 1.1 The new Watersmeet Business Plan 2024-2027 focuses on areas of growth and sets the strategic direction for Watersmeet. It sets out a clear vision and the steps required to continue to build on the success of the venue both with audience numbers and financial income. The plan supports the achievement of the council's Corporate Framework 2023-2026 objectives and the Customer Experience Strategy 2023-2026.
- 1.2 This report recommends that the Watersmeet Business Plan 2024-2027 be approved so that the venue can continue to expand on its successes and to further develop with an extensive programme of shows, event cinema and films over the next three years.

2 Details

- 2.1 The plan articulates a compelling vision which emphasises its core values, sets out strategic priorities, presents financial targets and outlines performance monitoring. The sections within the plan delve into each aspect of the business model to gain a deeper understanding of the strategic roadmap for Watersmeet.
- 2.2 The business plan identifies how Watersmeet will contribute towards the council's Corporate Framework objectives and further key strategies such as the Customer Experience Strategy.
- 2.3 The proposed business plan details how it will provide a financially sustainable arts and entertainment hub for the community which delivers an outstanding customer experience that is welcoming and friendly. It looks to develop relationships with external and internal partners and businesses in order to reach more people, support the community, and raise the profile of the theatre.

3 Options and Reasons for Recommendations

- 3.1 To approve the venues business plan will provide a clear strategic direction for Watersmeet setting out how the theatre will contribute towards the corporate framework objectives and the customer experience strategy.
- 3.2 To not agree the Watersmeet Business Plan would result in an undefined and unfocused programme. This in turn would have a negative impact on its customers, customer service and the reduction of carbon emissions.

4 Policy/Budget Reference and Implications

- 4.1 The recommendations in this report are within the council's agreed policies and budgets.
- 4.2 The business plan sets out medium term ambitions and a clear direction of travel for Watersmeet, highlighting potential capital works necessary, staffing expansion plans and growth opportunities. Some of these will only be achievable with additional resource and this report and business plan does not commit the council to any additional expenditure. Outline Business Cases, and growth bids will be submitted for consideration alongside other council services at appropriate times for any budget implications.

5 Financial Implications

- 5.1 The medium-term financial plan (MTFP) spans the next three-year period April 2024- March 2027, outlining income targets and identifying growth opportunities.
- 5.2 Utilities and rates are flat lined over the MTFP following the council's decision not to adjust utilities year on year whilst there continues to be volatility in energy prices.
- 5.3 It is anticipated that the financial year 2024/25 will return Watersmeet to pre-covid attendance figures and earned income. However due to increased costs from high inflation, it is not expected to return a net direct surplus until after this business plan cycle unless growth bids are approved to expand the permanent staffing and further increase capacity and scope for generating income.
- 5.4 Agency income has been separated to show where income is held on behalf of visiting companies and hirers where Watersmeet provides box office services. This adjustment in accounting process is the reason for zero budget allocation

in the agency section, however the net outturn position is unchanged by the adjustment to accounting.

5.5

Agency Sales	2022/23 Actual Outturn	2023/24 Budget	2023/24 Predicted Outturn	2024/25 Budget	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
Promoter share of co-promoted shows ticket income	(£144,538)	£0	(150,000)	£0	(154,000)	(162,000)	(170,000)
Distributor share of film ticket income	(£12,000)	£0	(12,000)	£0	(13,000)	(14,500)	(15,000)
Hirers ticket Sales	(£200,000)	£0	(£210,000)	£0	(£220,000)	(£230,000)	(£240,000)
Total agency sales	(£356,538)	£0	(372,000)	£0	(387,000)	(406,500)	(425,000)

Theatre Income	2022/23 Actual Outturn	2023/24 Budget	2023/24 Predicted Outturn	2024/25 Budget	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
Theatre share of co-promoted shows ticket income	(£58,619)	(£105,000)	(£60,000)	(£105,000)	(£61,000)	(£63,000)	(£65,000)
Theatre share of film ticket income	(£18,000)	(£51,000)	(£19,000)	(£51,000)	(£20,000)	(£21,500)	(£24,000)
Pantomime ticket income	(£179,484)	(£194,000)	(£194,000)	(£194,000)	(£205,000)	(£215,000)	(£225,000)
Box office commission	(£75,255)	(£39,450)	(£81,000)	(£39,450)	(£85,500)	(£91,000)	(£96,500)
Venue Hire	(£111,637)	(£153,111)	(£111,221)	(£153,111)	(£123,000)	(£126,000)	(£129,000)
Bar & Merchandise	(£115,050)	(£109,820)	(£121,800)	(£109,820)	(£124,800)	(£128,800)	(£132,800)
Rent	(£61,500)	(£62,670)	(£61,500)	(£62,670)	(£61,500)	(£61,500)	(£61,500)
Other	(£26,495)	(£16,220)	(£31,000)	(£15,800)	(£32,500)	(£33,000)	(£33,500)
Total	(£646,040)	(£731,271)	(£679,521)	(£730,851)	(£713,300)	(£739,800)	(£767,300)

Theatre Expenditure	2022/23 Actual Outturn	2023/24 Budget	2023/24 Predicted Outturn	2024/25 Budget	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
Cost of co-promoted shows	£10,000	£90,000	£10,000	£90,000	£15,000	£15,000	£15,000
Cost of film	£3,000	£27,000	£3,000	£27,000	£3,500	£4,000	£4,500
Cost of pantomime	£113,009	£147,450	£133,400	£147,450	£140,000	£146,000	£153,000
Bar & Merchandise	£48,674	£45,100	£48,900	£45,100	£50,900	£52,900	£54,900
Staff	£266,840	£272,834	£290,834	£274,836	£303,836	£313,240	£322,951
Marketing	£23,456	£20,000	£25,000	£20,000	£26,000	£27,000	£28,000
Box Office Charges and Licensing	£25,506	£13,000	£27,000	£13,000	£29,000	£32,000	£34,500
Repairs & Maintenance	£41,378	£40,500	£46,500	£40,500	£48,500	£51,500	£54,500
Services – Cleaning, Refuse Internet, and Phones	£28,614	£22,100	£40,600	£22,100	£41,700	£45,200	£47,200
Utilities & Rates	£140,675	£70,506	£70,506	£70,506	£70,506	£70,506	£70,506
Other	£11,076	£12,550	£13,550	£12,550	£15,050	£15,050	£15,050
Total	£712,228	£761,040	£709,290	£763,042	£743,992	£772,396	£800,107

Net cost (surplus)	£66,189	£29,769	£29,769	£32,191	£30,692	£29,096	£26,807
---------------------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------

Net turnover (incl. agency sales)	(£1,002,578)	(£731,271)	(£1,051,521)	(£730,851)	(£1,100,300)	(£1,146,300)	(£1,192,300)
--	--------------	------------	--------------	------------	--------------	--------------	--------------

5.6 To achieve the full potential of the theatre and the ambitious goals of this business plan Watersmeet will need to submit growth bids as part of the council's budget setting process over the next few years. These growth bids will outline the benefits the increased investment in the short term could deliver for the longer-term financial growth and sustainability of the theatre. Any revenue growth bids will demonstrate improved long-term net outturn position. Council budget setting needs to be considered within the wider context of council services which is why this business plan does not specify or propose budget changes at this stage.

5.7 2023-24 forecast outturn is expected to be higher than the original budget due to significantly increased utility costs and staff pay awards.

6 Legal Implications

6.1 None specific.

7 Staffing Implications

7.1 None specific. Reference to staffing in the business plan will be subject to Outline Business Cases.

8 Equal Opportunities Implications

8.1 The Business Plan introduces an expansion of the film programme that includes regular screenings of relaxed, dementia-friendly and accessible screenings to target those with additional needs. The implications of this are that not all groups can be accommodated but Watersmeet will actively seek feedback to ensure a range of films are shown at appropriate times to meet the needs of the community.

8.2 Impact Assessment

An Equality Impact and Outcome Assessment (EIA) has been completed. It has highlighted that not all minority communities will be accommodated in the film programme and to mitigate this, Watersmeet will use census information to target the largest minority communities in Three Rivers and review the programme provision to meet these requirements if financially viable. It will also separate the different film types to meet group needs.

9 Climate Change and Sustainability Implications

9.1 Watersmeet has developed a route to net carbon zero plan and is committed to becoming a sustainable theatre. It is working towards meeting its net carbon zero targets and will continue to invest in sustainable technologies, replacing end of life equipment and infrastructure with energy efficient alternatives whilst giving emphasis to procuring sustainable products sourced from local suppliers wherever possible.

10 A sustainability impact assessment has been undertaken resulting in a score of:

Climate and Sustainability Impact Assessment Summary

Homes, buildings, infrastructure, equipment and energy	2.6
Travel	3.0
Goods and Consumption	3.0
Ecology	3.0
Adaptation	3.0
Engagement and Influence	3.0
Total Overall Average Score	2.9

11 Community Safety Implications

11.1 None specific.

12 Public Health implications

12.1 Engaging with the arts can alleviate anxiety, depression and stress. This vital engagement can help with major challenges such as ageing and loneliness. It can help to boost confidence and make members of the community feel more connected and resilient.

12.2 Watersmeet will develop the equality and diversity of its events by programming dedicated films that appeal to groups with special accessibility requirements.

13 Customer Services Centre Implications

13.1 None specific – Watersmeet has a dedicated box office, enquires email and telephone number which handles all theatre related customer service enquiries.

14 Communications and Website Implications

14.1 The Watersmeet marketing team (who are part of the communications team) will be essential to the delivery and success of the business plan which includes continuous development of the theatre's website to improve the customer experience which is an ongoing process.

15 Risk and Health & Safety Implications

15.1 The Council has agreed its risk management strategy which can be found on the website at <http://www.threerivers.gov.uk>. In addition, the risks of the proposals in the report have also been assessed against the Council's duties under Health and Safety legislation relating to employees, visitors and persons affected by our operations. The risk management implications of this report are detailed below.

15.2 The subject of this report is covered by the Customer Experience Service Plan. Any risks resulting from this report will be included in the risk register and, if necessary, managed within this/these plan(s).

Nature of Risk	Consequence	Suggested Control Measures	Response (tolerate, treat, terminate, transfer)	Risk Rating (combination of likelihood and impact)
The council does not agree the business plan	There is no clear direction for the venue	The business plan is approved	Tolerate	6

15.3 The above risks are scored using the matrix below. The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood scores 6 or less.

Very Likely ----- Likelihood ----- Remote	Low 4	High 8	Very High 12	Very High 16
	Low 3	Medium 6	High 9	Very High 12
	Low 2	Low 4	Medium 6	High 8
	Low 1	Low 2	Low 3	Low 4
	Impact			
Low -----> Unacceptable				

Impact Score

- 4 (Catastrophic)
- 3 (Critical)
- 2 (Significant)
- 1 (Marginal)

Likelihood Score

- 4 (Very Likely (≥80%))
- 3 (Likely (21-79%))
- 2 (Unlikely (6-20%))
- 1 (Remote (≤5%))

15.4 In the officers' opinion none of the new risks above, were they to come about, would seriously prejudice the achievement of the Strategic Plan and are therefore operational risks. The effectiveness of the management of operational risks is reviewed by the Audit Committee annually. The remainder are therefore operational risks. Progress against the treatment plans for strategic risks is reported to the Policy and Resources Committee quarterly. The effectiveness of all treatment plans are reviewed by the Audit Committee annually.

16 Recommendation

- 16.1 That: Climate Change, Leisure & Community Committee approve the adoption of the Watersmeet Business plan 2024-2027.

That public access to the report be immediate.

Report prepared by:

Ben Terry – Watersmeet General Manager

Judy Simpson – Marketing & Campaigns Manager

Data Quality

Data sources: Ticketsolve (Watersmeet’s box office system), CP (financial system), EPOS Now (Watersmeet till system)

Data checked by: Wendy Stratford, Watersmeet Operations & Events Manager

1	Poor	
2	Sufficient	x
3	High	

Background Papers

Corporate Framework 2023-2026

Customer Experience Strategy 2023-2026

Watersmeet Covid Recovery Plan

Watersmeet Business Plan 2018-2020

APPENDICES / ATTACHMENTS

Appendix 1 – Watersmeet Business Plan 2024-27

