

**WELWYN HATFIELD BOROUGH COUNCIL
COUNCIL – 3 OCTOBER 2016
REPORT OF THE DIRECTOR (FINANCE AND OPERATIONS)**

CW ENTERTAINMENT – REVIEW OF FEES AND CHARGES

1 Executive Summary

- 1.1 At the present time all fees and charges levied for activities and services at CW Entertainment are reviewed once a year at the same time all other Council fees and charges are reviewed as part of the budget setting process.
- 1.2 The increasing complexity of CW Entertainment's business since it underwent a major refurbishment in 2014, coupled with its position in a locally competitive market for its services, has led Officers to conclude there must be some flexibility to review fees and charges during the year.
- 1.3 As the setting of fees and charges form part of the overall budget setting process, this will require the Council to approve delegated authority to the Cabinet to agree and implement any in-year changes to fees and charges at CW Entertainment.

2 Recommendation(s)

- 2.1 Council considers and approves delegated authority to the Cabinet to review and agree all in-year changes to CW Entertainment's fees and charges on receipt of a report from the Executive Member and Director. This is in addition to the annual review of fees and charges as part of the Council's overall budget setting process.

3 Explanation

- 3.1 CW Entertainment is the trading name for the business which currently comprises the Hawthorne Theatre, Garden City Cinema, Roller City, Soft Play City and Humphrey's Cafe and Bar. Two new cinema screens, a new soft play area and a new kitchen and cafe were all added during a major refurbishment of the business in 2014.
- 3.2 The business is in direct competition with others in the area who also present live theatre productions, show films, operate soft adventure play areas and run food and beverage services. The only exception to this is roller skating where CW Entertainment does have a local monopoly within Hertfordshire.
- 3.3 To preserve its competitive edge, and to continue to grow the business over the coming years, CW Entertainment needs to respond quickly to the prices and offers of its competitors. This helps to avoid losing customers who may not return and to draw in new ones who are seeking better value or something different in their leisure and entertainment.
- 3.4 Having the ability to change fees and charges in-year for ticketed services, and for other purchases made in person, by phone or online, means CW Entertainment can maintain its local competitiveness by deciding at what level its services become price sensitive. All changes will be linked to its sales and marketing activity across all of its services.

Implications

4 Legal Implication(s)

- 4.1 There are no legal implications directly arising from the contents of this report. None of the fees and charges at CW Entertainment are statutory, or are ones which may be set nationally or otherwise governed by law. Local market forces apply to all of its prices.

5 Financial Implication(s)

- 5.1 Income across the business arising from any in-year review of fees and charges will vary depending on whether they go up or down. However the cost of providing these services remains relatively static over the year.
- 5.2 For example, adding 50 pence to the price of a standard weekday film ticket or perhaps setting a higher charge for Roller City sessions will improve income but the cost of these will not change in-year. The ongoing use of the Zebra Discount Card, which offers average discounts of 15 per cent to those customers who have signed up for one, will help to keep prices locally affordable and competitive.

6 Risk Management Implications

- 6.1 The risks related to this proposal are as follows:
- 6.1.1 Reputation: CW Entertainment is wholly owned and operated by the Council. This means there is an expectation among some customers that its fees and charges should be less than its private sector competitors. Some feel they have a vested interest in the business and frequently share their views with Officers and Councillors. Price rises are rarely popular but it is an economic reality when the cost of providing leisure and entertainment services increase year on year. *Impact – Medium, Likelihood – Medium.*
- 6.1.2 Income: If price increases are seen to be fair and equitable by its customers, and are increased incrementally over a number of years, most will adjust to them rather than object to a sudden 'price shock'. CW Entertainment's reviews of its fees and charges always seeks to achieve a balance between its commercial and community responsibilities. *Impact – Medium, Likelihood – Low.*
- 6.1.3 Costs: Managing the cost of CW Entertainment's staff, premises and supplies and services is just as important as reviewing fees and charges. Accurate profiling of these will help the business to improve its income streams without compromising on the quality or range of the services on offer, or excluding some sections of the community from enjoying them. *Impact – Low, Likelihood – Low.*

7 Security & Terrorism Implication(s)

- 7.1 There are no known security or terrorism implications directly arising from the contents of this report.

8 Procurement Implication(s)

- 8.1 There are no procurement implications directly arising from the contents of this report.

9 Climate Change Implication(s)

- 9.1 There are no climate change implications directly arising from the contents of this report.

10 Link to Corporate Priorities

10.1 The subject of this report is linked to the Council's Corporate Priority to *Maintain a Safe and Healthy Community* and specifically to *Provide for a Wide Variety of Leisure covering Arts, Culture, Fitness and Sport*.

11 Equality and Diversity

11.1 An Equality Impact Assessment (EIA) has not been carried out in connection with the proposals set out in this report, as it seeks approval to vary fees and charges at CW Entertainment only.

Name of author **Paul Underwood (01707 357220)**
Title **Head of Policy and Culture**

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Background Paper:

Summary of CW Entertainment Fees and Charges 2016-17.