

**WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 1 NOVEMBER 2016
REPORT OF THE EXECUTIVE DIRECTOR**

CW ENTERTAINMENT – REVIEW OF FEES AND CHARGES

1 Executive Summary

- 1.1 The purpose of this report is to seek Cabinet approval to a revision of the main fees and charges at CW Entertainment to take effect from 1 January 2017.
- 1.2 This follows on from the report agreed at the full Council meeting on 3 October 2016. This enables CW Entertainment to seek Cabinet approval to vary its fees and charges in-year.

2 Recommendation(s)

- 2.1 Cabinet considers the proposed list of fees and charges appended to this report, and approves its implementation at CW Entertainment from 1 January 2017.

3 Explanation

- 3.1 CW Entertainment 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 ground floor cafe were all added to the business during a major refurbishment 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 to the prices and offers of its competitors. This means both increasing and decreasing them subject to market forces.
- 3.4 Having the ability to change fees and charges in-year for ticketed and hired services enables CW Entertainment to maintain its local competitiveness by deciding at what level its services become price sensitive. By linking all changes to its sales and marketing activity it knows what sells and at what price point.

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 ones, or ones which are set nationally or otherwise governed by law. Local market forces apply to all of its prices.

5 Financial Implication(s)

- 5.1 Income streams across the business are impacted by any in-year review of its fees and charges, as it will mean more revenue in those services where prices rise. The cost of providing these same services remains relatively static in-year.

- 5.2 Reducing prices can help to encourage more customers into the building. It can also stop them from going elsewhere if prices are better there. In this event revenue can remain static or increase at a slower rate if new customers are attracted in.
- 5.3 Use of the Zebra Discount Card, which offers average discounts of 15 per cent to those customers who have signed up for one, helps to keep prices locally affordable and competitive in most cases. The main exception to this is the opening week of a blockbuster film where the discount is suspended. The proposed charges set out in Appendix One include VAT at the standard rate of 20 per cent, but not the Zebra discount.

6 Risk Management Implications

- 6.1 The risks related to this review of CW Entertainment fees and charges are:
- 6.1.1 **Reputation:** CW Entertainment is wholly council owned and operated, so 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 if they are local residents and share their views with the council and its councillors. Price rises are rarely popular with anyone, but it is an economic reality when the cost of providing leisure and entertainment services increases. *Impact – Medium, Likelihood – Medium.*
- 6.1.2 **Income:** If price increases are seen to be fair and equitable by customers, and are increased incrementally over time, then they will adjust to them rather than object to a sudden 'price shock'. *Impact – Medium, Likelihood – Low.*
- 6.1.3 **Costs:** Cost control is important to CW Entertainment for its staff, premises and supplies and services. Other work is ongoing at this time to reduce its costs and this is reviewed at meetings of the Campus West Cabinet Panel. It is important to get the balance right between increasing income and reducing costs so that the business can continue to grow. *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 only seeks approval to vary fees and charges at CW Entertainment.

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Date October 2016

Background papers:

Appendix One – CW Entertainment Review of Fees and Charges.

Appendix Two – Local Competitor Analysis (Cinema and Soft Play).

CW ENTERTAINMENT – REVIEW OF FEES AND CHARGES

It is proposed that CW Entertainment varies the fees and charges for its main businesses with effect from 1 January 2017 as set out below.

These changes are based on an analysis of existing customer demand for these services at CW Entertainment; an analysis of the current charges by local competitors for Cinema and Soft Play; and where there is still growth potential in some of the business units.

All fees shown here are inclusive of VAT at the standard rate of 20%, but do not include the Zebra Card discount which is applied at 15% to the majority of ticket types and admissions.

Business	Current Fee (£)	Proposed Fee (£)
<u>Garden City Cinema (Monday –Thursday):</u>		
- Standard film ticket	5.50	5.80
- 3D film ticket	7.50	7.90
<u>Garden City Cinema (Friday – Sunday):</u>		
- Standard film ticket	7.40	8.40
- 3D film ticket	9.40	10.40
- Standard film ticket (Children U14 / Seniors / Students)	6.20	7.40
- 3D film ticket (Children U14 / Seniors / Students)	8.20	10.40
<u>Other Screenings:</u>		
- Standard Mini Cini Ma (parent & baby)	4.50	5.80
- 3D Mini Cini Ma (parent & baby)	6.50	7.90
- Standard Kid’s Club (Saturday & Sunday mornings)	1.50	2.50
- 3D Kid’s Club (Saturday & Sunday mornings)	3.50	4.50
<u>Roller City:</u>		
- Standard Skate ticket (all day)	7.80	8.40
- Standard Skate hire (all day)	2.40	2.40
- Spectator ticket (all day)	3.90	3.00

Business	Current	Proposed
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	Fee (£)	Fee (£)
<u>Soft Play City:</u>		
- Standard Child ticket (U12 months - all day)	Free	Free
- Standard Child ticket (1 – 3 Years - all day)	6.00	3.00
- Standard Child ticket (4 – 9 Years - all day)	7.20	7.50
- Accompanying Adult ticket (all day)	3.00	3.00
<u>Hawthorne Theatre (Hire Fee):</u>		
- Monday to Wednesday (8am – 4pm)	960.00	1056.00
- Monday to Wednesday (4pm – Midnight)	1080.00	1188.00
- Thursday to Sunday (8am – 4pm)	1200.00	1320.00
- Thursday to Sunday (4pm – Midnight)	1440.00	1584.00
<u>Campus West / Hazel Grove & Vineyard Barn:</u>		
- Carpet Bowls (per person per session)	4.20	4.20
- Table Tennis (per person per session)	4.20	4.20
- Keep Fit (per person per session)	4.20	4.20
- Medau Keep Fit (per person per session)	4.20	4.20
- Bridge & Scrabble (per person per session)	4.20	4.20
- Art Basics & Beyond (per person for 11 Classes)	108.00	120.00

LOCAL COMPETITOR ANALYSIS – CINEMA AND SOFT PLAY

For cinema the current ticket prices available at the *Odeon Hatfield* and *Cineworld Stevenage* are shown here. Both are multiplex sites with 12 and 16 screens respectively, whereas CW Entertainment is a miniplex with only 3 screens. As such the customer experience is quite different.

Business	Mon-Thurs (£)	Fri-Sun (£)	3D Films (£)
<u>Odeon Hatfield (12 screens):</u>			
- Child ticket (U13 years)	6.50	6.50	9.50
- Teen ticket (13-17 Years)	6.50	6.50	9.50
- Student ticket	6.50	6.50	9.50
- Senior ticket	6.50	6.50	9.50
- Adult ticket (18+)	7.00	9.50	12.50
- Odeon Kids (Saturday/Sunday mornings)	N/A	2.50	5.50
- Family ticket (4 tickets including 1 adult)	22.00	26.00	34.00
- Premium seat (all films)	+1.30	+1.30	+1.30
- Blockbuster film premium	+2.00	+2.00	+2.00

Business	All Week (£)	3D Films (£)	IMAX Films (£)
<u>Cineworld Stevenage (16 screens):</u>			
- Child ticket (U15 years)	8.50	10.10	14.50
- Student ticket	9.00	10.60	15.00
- Senior ticket	9.00	10.60	15.00
- Adult ticket (15+)	11.00	13.20	17.00
- Junior Movies (Saturday/Sunday mornings)	2.50	3.50	N/A
- Family ticket (4 tickets including 1 adult)	36.00	42.40	60.00

For soft adventure play the current ticket prices available for *Get Wild!* at the Hatfield Galleria, *360 Play* in Stevenage, and *Kids Fun Zone* in Birchwood, Hatfield, are shown here. The first two installations are larger than the facility at CW Entertainment whereas the one at Birchwood is considered to be smaller.

Business	All Week (£)
<u>Get Wild! @ Hatfield Galleria:</u>	
- Adults	Free
- Children (U12 Months)	Free
- Children (1 & 2 Years)	4.00
- Children (3 – 5 Years)	5.00
- Children (5 - 12 Years)	6.00

Business	All Week (£)
<u>360 Play, Stevenage:</u>	
- Membership Fee (one off, per family)	5.00
- Children (U12 Months)	Free
- Children (1 & 3 Years)	6.95
- Children (4 – 12 Years)	9.25
- Quarterly Pass (1 Child)	55.00
- Annual Pass (1 Child)	125.00

Business	All Week (£)
<u>Kids Fun Zone, Birchwood, Hatfield:</u>	
- Adults	£1.00
- Children (U12 Months)	Free (with paying child)
- Children (1 - 4 Years)	4.00
- Children (max height 5 feet / 1.52 metres)	5.00