

DECISION-MAKER:	CABINET		
SUBJECT:	PRICE REVIEW FOR LEISURE, CULTURE AND HERITAGE PORTFOLIO		
DATE OF DECISION:	15 MARCH 2010		
REPORT OF:	CABINET MEMBER FOR LEISURE, CULTURE AND HERITAGE		
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STATEMENT OF CONFIDENTIALITY

None

SUMMARY

Cabinet is asked to approve a number of above inflation increases for the reasons set out below and as listed in Appendix 1, as part of a new pricing structure to be effective from Thursday, 1st April 2010. The Scheme of Delegation paragraph 1.54 allows Leisure, Culture and Heritage to vary fees and charges and to increase fees and charges annually by no more than the annual rate of inflation, such rate to be advised by the Head of Finance.

RECOMMENDATIONS:

- (i) To approve the 2010-11 price structure for Leisure, Culture and Heritage Portfolio services, as per Appendix 1 to take effect from Thursday 1st April 2010.

REASONS FOR REPORT RECOMMENDATIONS

1. Approval for these revisions is necessary in order that they can be implemented from 1st April 2010, and in order to meet revised budgets set for the 2010-11 financial year.

CONSULTATION

2. The price changes once approved, would be advertised within the Leisure, Culture and Heritage portfolio service areas. Notices will be displayed informing customers that there will be a price increase for some services from 1st April 2010. Some fee increases are as a result of the decision taken at the Council budget setting meeting and consultation on the Executive's proposals has been extensive.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**Option One - General reduction / freeze on prices**

3. Any overall reduction or freeze on Leisure, Culture and Heritage prices would have the effect of increasing the net revenue cost of leisure facilities and in the current financial climate is not considered to be appropriate or financially viable.

Option Two - Increase all prices by inflation

4. Historically the common practice across Leisure, Culture and Heritage was for pricing to be rounded up or down, usually to the nearest 5 or 10 pence, for ease of cash handling. However, this would mean that an overall increase exactly in line with inflation is difficult to achieve.

DETAIL

5. As part of the roll forward 2010-11 budget guide, overall income targets were raised by **1.7%% for inflation** but some of the base budgets have not been achieved recently and did not reflect the reduced demand that has been reported as part of corporate monitoring during 2009-10. Savings have been found elsewhere in the portfolio budgets and this has enabled some of the income estimates to be reduced to less than the guide. It is anticipated that the price increases recommended in this report will generate the income targets agreed in the 2010-11 budget setting process.
6. The current approved pricing structure for Leisure, Culture and Heritage allows for prices to be varied up to a maximum level. These proposals seek approval to raise the maximum price that can be charged for some activities. Inevitably, prices do vary within the year to remain competitive and to respond to seasonal changes. The areas for which pricing changes are sought can be found in Appendix 1.
7. Delegated power 6.2.2 gives officers the authority to “approve the implementation of discount prices for Leisure, Cultural and Heritage services where considered appropriate to meet market conditions or policy requirements”. During the year, should it become apparent that prices will not enable us to achieve our objectives (including securing the increased income targets) then the prices can be altered.
8. A benchmarking exercise for Sport and Recreation against neighbouring local authorities and similar service providers has taken place. The proposed price increases will either be higher or in line with our competitors in most cases. Some prices have been reduced to reflect competitor prices and/or public demand.
9. Appendix 1 details the price increases for various services and venues within the Leisure, Culture and Heritage Portfolio, which should enable the 2010-11 budget income targets to be met. The review of prices includes some which are above inflation and some below. Proposed maximum price columns are for activities for which approval is sought to allow greater flexibility in responding to supply and demand.
10. A full set of service area prices, including those which have not increased or have been increased by less than the rate of inflation, is available from each service area manager on request.

Sport and Recreation

11. In undertaking the pricing review, the recession has played a part in the price proposals. However, where opportunities exist to increase pricing of key products this has taken place.

12. It should be noted that the 2009-10 prices reflected in the appendices for Sport and Recreation 2009-10, reflect VAT at 17.5%. Subsequently, VAT reductions of 15% took place against these prices in December 2008 and then returned to 17.5% in January 2010. Therefore, the new prices for 2010-11 once approved, will reflect a VAT level of 17.5%. Benchmarking has taken place for most of the products across the services.

13. **SWAC and Woodmill**

Following last year's overhaul to the pricing structure for Southampton Water Activity Centre (SWAC) and Woodmill Outdoor Activities Centre; Sport and Recreation has reviewed the successes and failures of these changes and now propose further revisions as per Appendix 1. This reflects 18 months of work to deliver a useful pricing matrix that will fully establish the centres as competitive market leaders. One proposed change is to move away from individual pricing to a group pricing structure as currently, prices charged do not reflect the customer booking trends.

Individual session prices were in place to provide a sliding scale discount scheme for schools and other discounted users which simply has not worked and it is felt that a group pricing structure will assist in creating a cost effective product.

Commercial course take up has been down this year which is in part due to current economic climate. The industry as a whole is down by around 20%, therefore some prices will be frozen.

14. Other Sport and Receptions venues worth highlighting from Appendix 1 are:-

- Holiday crash courses and full day diving camps are to be increased by 4% at the Quays.
- Swimming lessons at Oakland's and Bitterne Leisure Centres are to increase by 6%.
- The season ticket for the Bowling Green is to increase by 5%.
- In 2008/09, the outdoor sports centre changed its policy on charges for the all weather pitches and floodlighting away from separate charges, to an all inclusive price. This was in response to a number of customer comments, and was found to be common practise at other venues. Southampton Hockey Club were unhappy with the process and subsequently a discount for that year only was agreed with the Club. This was in recognition of the Club's value as a customer and to aid the transition from one practice to another. The price has remained static since 2008/09 and following benchmarking, there is no proposal to increase it for 2010/11. The Club have continued to express dissatisfaction with the policy. A recent review has confirmed that many pitches, including those at Eastleigh Flemming Park, Wide Lane (Southampton University), Alton and Bournemouth also use the all-inclusive price, and that no complaints have been raised by other users. It is not proposed therefore to change the pricing policy.

Arts and Heritage

15. Arts and Heritage charges will be increased in line with annual inflation, or accumulated inflation where prices have not been increased in previous

financial years; in particular in relation to charges for Archaeological records deposits by external contractors.

16. Exceptions to this are where charges are now low in comparison to appropriate market comparators, or where charges levied elsewhere for a nationally agreed standard product have risen by more than the standard or relevant inflationary figure, e.g. the English Heritage charge for a standard finds storage box.
17. Where services are supplied off the relevant premises, in addition to the fee, users will be charged expenses and additional staff time where applicable. Charging periods for Art In Schools have been rationalised so as to continue providing the service whilst avoiding frequent changeovers, which occupy significant staff time.

Libraries

18. The higher charges for DVD's are no longer appropriate. Our commercial competitors are charging £2 per week and this change makes the service more competitive.
19. Music sets are costly to supply. The proposed change is large but is reasonable. The Council cannot subsidise specialist interests as has been done in the past in the current financial climate.
20. Meetings rooms will be the subject of a concerted drive to attract fee paying use in 2010. The price is competitive with other similar offers in the City.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

21. Not applicable.

Revenue

22. The 2010-11 roll forward budgets include an assumed **1.7% increase in income**.
23. There is inevitably some risk in achieving these income targets. Key factors include:
 - Testing the market with a new, commercial approach to Arts and Heritage venue hire and Arts Lease fees may suffer from price resistance.
 - Substantial Repair and Maintenance works are required which, if not addressed, may result in closure of one or more venues.
 - Schools and other centres such as outdoor centres, under cutting activity prices and therefore impacting on Leisure venues income.
 - Greens income is below expected levels due to adverse weather conditions, resulting in the closure of the Golf Course for 12 days in January 2010.
 - Potential for increased customer resistance in some pricing which is becoming more evident in the responses to the Sport and Recreation Customer Satisfaction Surveys. Also locally, "cost of activities" is identified in the top 3 barriers as to why the people of Southampton are not active.

24. Regular monitoring takes place to track income generation, which should identify any early concerns over the ability to achieve the targets. Cost reduction measures, new promotions and price related promotions will all be considered should changes be required to deliver the targets.

Property

25. Not Applicable.

Other

26. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

27. The City Council's power to increase prices within the leisure service areas is in accordance with the powers granted under Section 19 of the Local Government (Miscellaneous Provisions) Act 1976. This allows a local authority to provide recreation facilities and to make such facilities available for use on payment of charges as it thinks fit. The Council has the power to charge for discretionary services in accordance with Section 93 of the Local Government Act 2003 provided that charges in any one year do not exceed the cost of the service.

Other Legal Implications:

28. In undertaking the proposals set out in this report, the Council has had regard to Equality legislation, Section 17 of the Crime and Disorder Act 1998 and the Human Rights Act 1998.

POLICY FRAMEWORK IMPLICATIONS

29. The proposal is consistent with the objectives set out in the Community Strategy and Library Strategy.
30. This proposal is consistent with the City of Southampton Strategy, Strategic Objective 5; **to provide Imaginative arts and cultural opportunities.**

SUPPORTING DOCUMENTATION

Appendices

1.	Price Structure for all services
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Documents In Members' Rooms

2.	None
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Background Documents

Title of Background Paper(s)

Relevant Paragraph of the
Access to Information
Procedure Rules / Schedule
12A allowing document to be
Exempt/Confidential (if
applicable)

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Background documents available for inspection at:

FORWARD PLAN No:

KEY DECISION?

Yes

WARDS/COMMUNITIES AFFECTED:	ALL
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