

DECISION-MAKER:	EXECUTIVE DIRECTOR OF NEIGHBOURHOODS		
SUBJECT:	PRICE REVIEW FOR LEISURE, CULTURE AND HERITAGE PORTFOLIO		
DATE OF DECISION:	15 th February 2011		
REPORT OF:	HEAD OF LEISURE AND CULTURE		
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STATEMENT OF CONFIDENTIALITY

None

SUMMARY

A number of above inflation price increases are proposed for the reasons set out below and as listed in Appendix 1 as part of a new pricing structure to be effective from Friday 1st April 2011. The Scheme of Delegation gives authority to the Executive Director of Neighbourhoods under delegation 1.1.8 "That Chief Officers may set, approve or vary, following consultation with the relevant Cabinet Member, Head of Finance and the Solicitor to the Council, the scale of fees and charges for all services within their Directorate or Division.

RECOMMENDATIONS:

- (i) To approve the 2011-12 price structure for Leisure, Culture and Heritage Portfolio services, as per Appendix 1 to take effect from Friday 1st April 2011.

REASONS FOR REPORT RECOMMENDATIONS

1. Approval for these revisions is necessary in order that they can be implemented from 1st April 2011, and in order to meet revised budgets set for the 2011-12 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 2011. The fees increases for most of the leisure centres are based on proposals submitted by the Council's new management partners, Mytime Active and Active Nation (known as the leisure centre's contractors hereafter). Southampton Solent University will not consider increasing prices until September 2011, in line with the new academic year.

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 the portfolio and also it could have implications to the leisure centres contractors in delivering their

contractual obligations. In addition 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. The 2011-12 budget guide overall income targets were not adjusted **for inflation**. 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.
6. 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 the Council’s run Leisure, Cultural and Heritage Services to achieve our objectives (including securing the increased income targets), then the prices can be altered to the maximum price proposed in Appendix 1.
7. The leisure centre contractors have benchmarked against local providers in the area and a similar exercise has been undertaken by Oakland’s Swimming pool.
8. Appendix 1 details the price increases for various services and venues within the Leisure, Culture and Heritage Portfolio, this includes pricing proposals from the leisure centre’s contractors. The review of prices includes some of 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.
9. 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.

Outsourced Leisure Venues and Oakland’s Swimming pool

10. Active Nation

Under the terms of the contract with Active Nation the Council’s consent to amend prices is at its absolute discretion. However the contractor has an obligation to use all reasonable endeavours to increase actual income so in practice it may be difficult to for the Council to unreasonably refuse any amendments. The main changes to prices are summarised below:

- A high number of water activities at SWAC have had no price increase. This approach is to enable the venue to remain competitive and also drive participation levels up.
- It is also positive to note that the health and fitness membership (platinum) has seen no proposed price increases. This approach is again to drive participation levels up at a value for money price.
- The aqua aerobics classes at Bitterne Leisure Centre have increased by over 13%. This increase is to bring all classes in line across the venues.
- Woodmill Activity Centre has taken a similar approach to SWAC and has kept price increases to a minimum or had no increase. The most noteworthy exception is the 2 day BCU 3 Star training for Kayak/Canoe/Sea, this will see an increase of 34% which brings the price in line or under our competitors pricing.
- There are price increases and pricing tariff structure changes for the Southampton Diving Academy (SDA) direct debit fees. It is proposed to have a 'racking rate' price for the number of sessions a customer attends each week, the more they attend the better value to the customer and this approach is supported by the SDA Committee. The proposed price increases and changes could see some customer resistance however a service level agreement is under review by both parties, therefore the price increases proposed will be the maximum fee for 2011/12 .
- The Sport Centre highest percentage increases are predominately related to the junior fees. These increases have been made to address the low fees being charged at what is considered to be peak demand periods. Also the increase in fees allows for the costs associated with preparing and maintaining pitches and other areas to be more accurately reflected.

11. Mytime Active

Under the terms of the contract with Mytime Active the Council's consent to amend prices is at its absolute discretion. However the contractor has an obligation to use all reasonable endeavours to increase actual income so in practice it may be difficult to for the Council to unreasonably refuse any amendments. The main changes to prices are summarised below:

- All season tickets have had a general price increase of between 9 and 15% however these increases are still on the whole cheaper than the Golf Course competitors.
- In the majority of price increases proposed by Mytime Active they are still in line or cheaper than other Golf Courses such as Dibden and Paultons. Our partner believes these fees reflect the market rate for the service.

12. Oaklands Swimming Pool

- The biggest percentage price increases at Oakland's swimming Pool are those that are 'combo' offers such as Adult and child ticket. The percentages vary from an increase of 15% to 31%. These increases still offer a value for money compared to each individual activity price.

Arts and Heritage

13. Arts and Heritage charges have been increased in specific areas to uplift income performance in line with targets and market comparators. Westgate charges have been increased to reflect the quality of the refurbished venue and new Tudor House charges have been introduced in line with Business Planning and market comparators for corporate and private hire. Tudor House entry charges are subject to final confirmation from the Heritage Lottery fund which is anticipated in early February 2011.

Libraries

14. The income generated from the hire of DVDs is under pressure as people switch to downloads and postal services. The increase in cost to people with concessionary cards and the reduction in the loan period would, if applied to the current year level of loans, have meant that targets would have been achieved. A subscription service is being introduced which will offer customers a more economical way to pay and the library service guaranteed income for the year ahead.
15. Charges for inter-library loans (books not in our stock) reflects the actual cost of obtaining them. The charges increase as we seek for items further afield. Customers will be given the option of incurring, or not, the additional cost at key stages.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

16. Not applicable

Revenue

17. The 2011-12 roll forward budgets do not include any adjustment to income for inflation.
18. Risks to achieving the income targets are as follows:
- Testing the market with a new, commercial approach to arts and heritage venue hire and Arts Lease fees may suffer from price resistance.
 - On going Repair and Maintenance issues for Oaklands Swimming Pool which if not addressed may result in periodic closure until addressed.
 - Potential for some customer resistance with some of the price increases proposed by the leisure centre's contractors however the risk is (and the management of any possible resistance) the leisure centre's contractors not the Council. Also the leisure centre's contractors have a duty to balance price increases against usage as they have contractual commitment to increase participation by 3% each year for the first 5years.
19. 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

20 Not Applicable

Other

21 None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

22 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:

23. 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

24. The proposal is consistent with the objectives set out in the Community Strategy and Library Strategy.

25. This proposal is consistent with the City of Southampton Strategy, Strategic Objective 5; ***to provide imaginative arts and cultural opportunities.***

SUPPORTING DOCUMENTATION

Appendices

1-13	Price Structure for all services.
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Documents In Members' Rooms

	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)

	Non	
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Background documents available for inspection at:

KEY DECISION? Yes **WARDS/COMMUNITIES AFFECTED:** ALL