

DECISION-MAKER:	DIRECTOR OF ECONOMIC DEVELOPMENT		
SUBJECT:	PRICE REVIEW FOR LEISURE AND CULTURE SERVICES		
DATE OF DECISION:	19 th FEBRUARY 2013		
REPORT OF:	SENIOR MANAGER 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 Monday 1st April 2013. (Senior Managers) 1.2.8 Senior Managers may set, approve or vary, following consultation with the relevant Cabinet Member, Senior Manager: Finance & IT and the Senior Manager: Legal, HR & Democratic Services, the scale of fees and charges for all services within their Directorate or Division. The revised scale of fees and charges must be made available on the Council's internet and/or be available in paper form on request.

RECOMMENDATIONS:

- (i) To approve the 2013-14 price structure for Leisure & Culture Portfolio services, as per Appendix 1 to take effect from Monday 1st April 2013.

REASONS FOR REPORT RECOMMENDATIONS

1. Approval for these revisions is necessary in order that they can be implemented from Monday 1st April 2013, and in order to meet revised budgets set for the 2013-14 financial year.

CONSULTATION

2. The price changes, once approved, would be advertised within the Leisure & Culture portfolio service areas. Notices will be displayed informing customers that there will be a price increase for some services from 1st April 2013. The fees increases for most of the leisure centres are based on proposals submitted by the Council's 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 2013, 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 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 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 2013-14 budgeted income targets have not been adjusted **for inflation**. The current approved pricing structure for Leisure & Culture 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. The leisure centre contractors have benchmarked against local providers in the area.
7. Appendix 1 details the price increases for various services and venues within the Leisure & Culture Portfolio, this includes pricing proposals from the leisure centres' 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.
8. 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

9. **Active Nation**
The key price increases for most activities have been raised in line with inflationary increases in our costs especially around maintenance, however, we have had large increases in our utility bills which have meant that the price increases to our supporters have been necessary in order for us to continue to offer a quality leisure experience.
Despite increasing costs we have not increased the prices of any of our membership packages and we have had to significantly decrease our membership prices during the last 12-18 months to ensure that we stay competitive in the market place. The previous normal price for a membership was £37 and it was only this category which was available, we have since introduced membership packages starting from as little as £15.99 per month. Our other prices, and the more common of these, such as casual swimming and aerobics classes have all undergone a vast competitor analysis process to ensure that we are remaining in line with all other local leisure facilities spanning a 30 mile radius from Southampton. With some of the more specialist prices at the outdoor facilities we have again undertaken substantial competitor analysis nationally and have found

our prices to be mainly cheaper than many other organisations. This is mainly due to the fact that where in the past these activities have been heavily subsidised they were very cheap, now that they are not subsidised we have to start to increase the base price and we are having to play a catch up within the market place, however we remain extremely good value for money in these outdoor areas.

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 for the Council to unreasonably refuse any amendments. In addition the purpose of the outsourcing process is to give a third party the ability and opportunity to manage the business. The main changes to prices (not increased in line with inflation) are summarised below:

- Adult and Junior swims have increased by more than the rate of inflation. This is to recognise the market rate and does not take into account a 20p discount for adults with a leisure card and does not apply to under 8's (who swim free)
- Swim pool party hire has gone up at Bitterne by 16.5% to reflect the market rate.
- There has been an increase of 11.5% for diving lessons but there is a discount if advance payment is made.
- The biggest increases have been seen at SWAC. All RYA course prices have been increased so that they are in line (slightly cheaper) with other RYA training providers in the area.
- Direct debit membership prices at SWAC and Woodmill have increased. However, annual prices have remained the same as last year.
- Tuition rates for instruction at the Ski centre have increased by more than inflation due to a national increase in instructor rates.

10. 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 for the Council to unreasonably refuse any amendments. The main changes to prices are summarised below:

- Adult 18 and 9 hole rounds have increased by more than inflation. This is following a competitor analysis which shows it is still cheaper than main competitors. Ultimately My Time Active wants to bring prices in line with other courses that it manages in the area.
- Adult and child (combined tickets have increased by 10/11% but still offers a considerable reduction on buying separate tickets.
- Year and 7 day season tickets have increased significantly.

However, this is offset by the fact that there is now no round fee.

- Existing members will be offered a 30% discount on the shown prices to reflect the disruption caused by the Environment Agency works.

11. Oakland's Swimming Pool

Price increases have not been included for Oakland's pool as the facility currently remains closed whilst options are explored for a community group to take over.

Arts and Heritage

12. Some Arts and Heritage charges have been increased in specific areas to uplift income performance in line with targets and market comparators. Some prices have slightly increased in line with inflation. In addition, some prices within the Learning Activities section have risen above the level of inflation to reflect the increases in cost of materials and overhead costs for hiring freelance artists to deliver workshops. The increased prices remain competitive when compared with similar activities and offers at other venues.

In April 2012 SeaCity Museum opened to the public. The pricing structure that was put in place for opening for both entry fees and venue hire reflected the charges required to achieve income targets, and are comparable with similar museums or visitor attractions in the local region. Tudor House and Garden visitor numbers are showing a decline in 2012/13, while SeaCity Museum is performing above planned visitor number targets. In order to maintain visitor numbers and remain competitive with comparable venues it is proposed that entry charges for both venues remain the same for 2013/14.

Venue hire is an emerging, and increasingly important service for Arts and Heritage public venues. There was evidence of market resistance to some elements of the pricing structure across the venues, and less resistance demonstrated to other price points. In order to improve take up and marketability of the venues, prices either remain static where there has been least resistance, and have decreased in other areas to encourage private hire bookings and achieve set income targets for private hire venues.

Libraries

13. The current budget proposals will reduce opening hours in the eight busiest libraries by 15 hours per week each. If implemented all income targets will come under significant pressure and it is not thought advisable to increase charges. There is one small reduction for scanning as staff are no longer required to assist customers.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

14. Not applicable

Revenue

15. The 2013-14 budget does not include any adjustment to income for inflation.
16. 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.
 - 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's. 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 5 years.
 - Ongoing economic downturn continuing to affect discretionary leisure spend of consumers.
17. 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

18. Not Applicable

Other

19. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

20. 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:

21. 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

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

SUPPORTING DOCUMENTATION

Appendices

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

25	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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