

Agenda item: 

**Title of meeting:** Culture, Leisure and Sport Decision Meeting

**Date of meeting:** 7 February 2014

**Subject:** Parks, Recreation and Seafront Charges for 2014-15

**Report by:** Head of Transport and Environment  
Head of City Development and Cultural Services

**Wards affected:** All

**Key decision:** No

**Full Council decision:** No

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**1. Purpose of report**

The purpose of this report is to propose revised fees and charges for Parks, Recreation and Seafront activities for 2014-15

**2. Recommendations**

- 2.1 That the fees and charges be approved in accordance with the attached schedules.**
- 2.2 That the changes to golf charges are approved for the 2014/15 financial year as a trial. Officers will report again in a year with the outcomes of the trial, and with recommendations for future prices.**
- 2.3 That approval is given to terminate the trial at any point in the year if it becomes apparent that income from golf charges is consistently declining further than would be expected, taking into account the overall decline in the current golf market.**

**3. Background**

In line with Audit Commission recommendations and Financial Rules our fees and charges have been reviewed and market rates applied where appropriate. The attached schedule sets out the current charges and details of the proposed changes.

**3.1 Inflation index**

Parks, Recreation and Seafront charges have until now been inflated where appropriate using the Retail Prices Index excluding mortgage interest payments (RPIX).

In accordance with the Statistics and Registration Service Act 2007, the Retail Prices Index and its derivatives have been assessed against the Code of Practice for Official Statistics and found not to meet the required standard for designation as National Statistics.

Accordingly, it is proposed that when fees and charges are to be inflated, that the Consumer Prices Index (CPI) is used.

### **3.2 Sports Pitches**

It is proposed to increase fees by the current rate of CPI inflation of 2.1%.

### **3.3 Seafront and Site Hire Fees**

Following budget savings approval in November 2013, sun hut charges are to increase by 9%.

The current minimum for ETC boards that clients have to book is 7 ETC boards for a week, the total cost of this is £288 and this may be putting clients off as the cost of producing artwork for ETC boards is quite high whereas one-offs can be less expensive. It is recommended that the minimum number of ETC boards that can be hired at any one time is reduced to one and that the A1 boards remain the same cost of £4.80 each for a booking of 10 or more and £6 each for a minimum booking of 5 posters. The overall effect of this change will be cost neutral but will make the promotion much more flexible.

It is proposed to increase all other fees by the current rate of CPI inflation of 2.1%.

### **3.4 Non-seafront Site Hire Fees**

It is proposed to introduce a schedule of fees for the hire of parks and open spaces for events that are not included in the seafront schedule.

A number of events take place across the city that are not part of the programme of seafront events. Many of these are small local events or small charity events that are currently not charged, and it is not proposed to change this arrangement. There are also from time to time larger events that should incur charges. A schedule of charges for these events is proposed that is significantly less than charges on the seafront.

An exception is Victoria Park, for which higher charges will apply.

### **3.5 Golf**

Great Salterns Golf Course continues to produce a net income for the council; however income has been below target for four of the last five years. The wider golf market is in decline. Industry estimates are currently around a 10% reduction per year. Competition from other venues remains strong.

Golfers pay for their round either by purchasing a season ticket, or by purchasing a 'pay-and-play' green fee.

### **3.5.1 Season tickets**

Market research carried out by the golf professional at Great Salterns and independent golf consultants suggests that the season ticket prices are well placed in comparison with our local competitors - i.e. lower than most, reflecting the course's position at the lower end of the market. The recommendation is to apply CPI inflation only to the season tickets, with some rounding to bring prices just below significant price thresholds (e.g. £599 for a 7-day maxi ticket, £499 for a 5-day maxi ticket).

### **3.5.2 Green Fees**

Officers have consulted with the golf professional at Great Salterns Golf Course and propose significant alterations to the fees to bring Great Salterns Golf Course more in line with its position in the market.

Officers have also commissioned a report from independent golf consultants who have endorsed the proposed strategy of reducing prices to drive up participation and income.

Market research by those consulted suggests that the cost of green fees is higher than would be expected from the golf course's position in the market. The off-peak green fees (generally available after 2pm, times vary through the year) attract more players and in 2013 the income from the lower off-peak tickets exceeded the income from the full price tickets. It was suggested that lower green fees were trialled to gauge the effect on participation and income at peak times.

Accordingly, lower prices were trialled all day during the 3 bank holidays in May and August 2013, and participation on these days was increased compared with previous years. Income was higher on these days compared with previous years.

It is therefore recommended that peak-time green fees are reduced from £23.00 to £20.00 at weekends and from £19.50 to £16.00 on weekdays. The off-peak tickets remain the same at £11.00 (7 days a week). Senior citizen and junior rates are reduced in line with the rates above.

## **4. Reasons for recommendations**

To ensure that fees and charges are set at the appropriate level.

## **5. Equality impact assessment (EIA)**

An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

## **6. Legal Implications**

- 6.1 Under the City Council's Financial Rules, Strategic Directors and Heads of Service are required to review any fees and charges for goods and services under their control at least annually.
- 6.2 The level of the charges determined must be in accordance with any agreed Cabinet and Council budget decisions and policies as relevant and must be agreed by the Head of Financial Services/Section 151 Officer.
- 6.3 Any new charges proposed must additionally be agreed with the City Council's Monitoring Officer to ensure that the Council has the power to make the charge.
- 6.4 The delegated power of Heads of Service to determine increases in existing charges is limited to proposed increases in line with RPI, However, the Cabinet Member for Culture, Leisure and Sport has power to approve the recommendations in this report.
- 6.5 The City Solicitor and Monitoring Officer is satisfied that the Council has power to make to the new charges proposed in this report in relation to Parks (non-seafront) Sites.

## **7. Head of finance's comments**

- 7.1 The attached schedules have been reviewed by Finance following assessments and proposals by the relevant service managers.
- 7.2 In general, fees have been inflated by CPI of 2.1% with the exception of sun huts, poster sites and golf income.
- 7.3 The introduction of non seafront site charges will be brought in from 2014/15 and will ensure that the council is able to recover fees where applicable.
- 7.4 Golf fees and charges have been reviewed, and recommendations made by the golf professional at Great Salterns Golf course to bring charges in line with its position in the market. The recommendations made by the golf professional have been supported by an independent consultant.

There are 2 significant changes to the pricing structure for golf.

7.4.1 Green fees - Recommendation to reduce the current green fees for casual rounds.

- The income budget for green fees in 2013/14 is £238,000. For the last 2 years there has been a significant reduction in participation of rounds played and currently expectations suggest a £55,000 shortfall against

budget this financial year. This shortfall is being met from the Parks, gardens and open spaces budget for 2013/14.

- The current golf market remains in decline and there is further risk that income may again be lower in 2014/15. Inflating the green fees by CPI alone may only result in an additional £4,000 assuming that participation does not decrease any further. This suggests that further intervention is required with the aim of increasing income.
- A trial over the May and August Bank Holidays, whereby green fees were reduced with the aim to attract more users to the golf club proved successful with an increase of 75% and 48% against the same days in 2012 and 2011 respectively. There has been no apparent displacement from the Saturday and Sunday leading up to the three trial days. It should be noted that participation is undoubtedly affected by environmental factors, and therefore the increase experienced may not be solely as an effect of the price reductions.

By extending the trial across all sessions the expectation is that it will replicate the increased participation to weekends and weekdays. An 11.5% increase in the number of rounds is required to match this years income level. In order to achieve the £238,000 budget participation needs to increase by at least 40%.

- Due to the unknown impact of price on demand, the underlying decline in the golf market and environmental factors all affecting participation, then close monitoring of participation and income is required. If necessary, the trial should be stopped if it does not appear to be improving the income position.

7.4.2 Senior Citizen Flexi ticket - Recommendation to increase the annual flexi ticket cost for senior citizens and reducing the start fee for each round played.

- Based on a flexi ticket holder undertaking a weekly round of golf there is a small positive effect on the income PCC receives from introducing this alternative charge.

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Signed by:  
**Stephen Baily**  
**Head of City Development and Cultural Services**  
**Simon Moon**  
**Head of Transport and Street Management**

**Appendices:**

Appendix A - Fees Schedule

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>
PORTSMOUTH CITY COUNCIL: INDEPENDENT REVIEW OF THE COUNCIL'S TWO GOLF COURSES	W:\CUL\Parks\Golf\Golf Review 2013

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the Cabinet Member for Culture, Leisure and Sport on 7 February 2014.

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Signed by:  
**Cabinet Member for Culture, Leisure and Sport**