



OVERVIEW AND SCRUTINY COMMITTEE

Report of the

CULTURAL AND LEISURE SCRUTINY PANEL

into

**CHARGING POLICIES IN
CULTURAL SERVICES AND
LEISURE AND RECREATION SERVICES**

14 May 2000

INTRODUCTION

Members of the Panel which considered this issue at scheduled meetings on 16 October 2001, 13 November 2001, 19 March 2002, 16 April 2002 are:

Councillors Briggs (Chair), Allonby and C Smith

Lead Officer: Cliff Stewart, Head of Personal Services Resources Group

Committee Administrator: Julie McDowell

The Panel is grateful to the following Officers who presented information:-

Mr J Drake, Head of Cultural Services

Mrs J Stephenson, Senior Finance Officer (Cultural Services)

Mr R Bealing, Assistant Head of Cultural Services

Mr C Green, Assistant Head of Leisure and Recreation Services

The Standing Cultural and Leisure Scrutiny Panel has investigated Charging Policies in Cultural Services and Leisure and Recreation Services as part of its work programme in the municipal year 2001/2002, which was approved by the Scrutiny Committee on 14 August 2001.

Terms of Reference

The Review was considered to be necessary as it was felt that existing charging policies are ad hoc and possibly needed updating. The Terms of Reference were:-

- * To examine the reasons for the current policies encompassing their aims and objectives and to make comparisons with the corporate policy and strategy.

Background Papers:

Briefing Note on Charging Policies in Leisure and Recreation Services, October 2001.

Briefing Note on Charging Policies in Cultural Services, November 2001.

Report on Leisure and Recreation Fees and Charges, 2002/2003.

Report on Cultural Services Fees and Charges, 2002/2003.

INFORMATION AND EVIDENCE

Leisure and Recreation Services

The Panel heard that charges do more than simply raise income to balance and offset expenditure. They have a significant role to play in the achievement of a range of Council objectives, from corporate objectives to social inclusion or the environment to the health of the local community. They also have a central role to play in service delivery, raising income, controlling access, responding to competition and affecting user behaviour. Many of the services provided by Leisure and Recreation depend on significant levels of income to offset expenditure in the service planning process.

The Panel was informed that the main charging areas for Leisure and Recreation Services are:-

- * Sports Centres and Swimming Pools (£4.01 income per annum, net subsidy £4.69m per annum) (It was noted that responsibility for Sports Centres and Swimming Pools would transfer to the Leisure Trust from 1 April 2002).
- * Sports Fields and Pavilions (£92,700 income per annum, net subsidy £75,000 per annum)
- * Allotments (£16,800 per annum, net subsidy £8,260)
- * Cemeteries and Crematoria (£1.24m. per annum, net subsidy £0.3m. per annum)
- * Bradley Park Golf Course (£495,000 per annum, net surplus £76,000 per annum)

The Panel heard that a District Audit Report on Kirklees Charging Policies published in August 1999 had looked at how the Council makes use of charges to achieve its policy objectives. The District Auditor had recommended an Agenda for Action including the following statement in the context of policy:

"There should be a corporate approach to income and charging and a recognition of its potential to achieve policy and service objectives. This approach should include explicit links between:-

- Corporate cost cutting policies (such as anti-poverty agenda etc)
- Individual service objectives
- Target Groups
- Pricing tactics".

The Panel was informed that following the report by the District Auditor and the Best Value Inspection of the Sport and Leisure Management Review that a number of key issues relating to charging had been identified for example a need to ensure a more consistent approach to ensure that existing good practice in individual services is developed and more widely used. The Panel was informed that a list of generic actions were being applied to all charging areas of the Service. These were under the headings of:-

- Financial Context for example determine why the service is subsidised and the range of users benefiting from the subsidy
- Market Intelligence for example to develop a consistent approach to ensure that complete information about users and competitors is gathered and utilised
- Tariff Design for example fundamental review of existing tariff structures to ensure they fully reflect local market intelligence and the relative quality of facilities and services available and sufficient freedom to Service Managers to set charges in response to local market conditions.

The Panel was informed that under the Social Exclusion Agenda there was potential for conflict in how the Service does things in future. A clear definition of target groups was

necessary. There were discrepancies for example the price of a swim is the same across Kirklees. Colin Green stated that prices across West Yorkshire Authorities could be set for key activities and a corporate policy could address the public's perceptions about prices.

Cultural and Leisure Services

The Panel received information on current charges for Libraries and Information Services, Community History Services, hiring of Town Halls, hiring out of public halls and community centres and charges for arts events and activities.

The Panel heard that income received by Cultural Services for 2000/2001 totalled £1.6m. representing 14% of the gross budget. Of the £1.6m. 10% related to grants and contributions received for specific projects, 35% related to internal charges within the Authority and 55% related to sales, fees and charges.

The Panel was informed that the Service aimed to achieve a mix of objectives through its charging policy. These are income generation for example weddings, to affect user behaviour for example overdue charges for library books, cost recovery and reinvestment. In line with the Council's Vision some of the current charging policies' aims are to:-

- * Reduce social exclusion
- * Encourage lifelong learning
- * Increase access to information
- * Protect the environment
- * Involve young people
- * Celebrate cultural diversity of Kirklees

The Panel was informed that the annual review of fees and charges is currently undertaken in February/March in line with the Council's budget setting process. Prices set depend upon inflationary increase, current market prices and the relevant Officer knowledge of both demand and competition in the market. The Head of Service has delegated powers to negotiate charges, which is based upon a recommended scale of fees and charges, enabling the service to be more responsive to the needs of the community and the opportunities presented by the market.

The Panel was informed of areas being improved as part of the Cultural Services Improvement Plan. For example as part of improvement of "intelligent" analysis of Performance Indicators there would be a shift in focus from pure financial monitoring of targets to achievement of the aims identified in the Charging Policy. In future middle managers would be required to produce, with the involvement of their team, a Resource Plan stating how their team would achieve the objectives of the Service.

The Panel heard that all areas of Cultural Services were linked into a relevant benchmarking club either within the region or across the North of England. In addition the Service responded to questionnaires/surveys carried out by other bodies for example CIPFA. The Service also made use of the current market position especially around charges for hall hire, weddings etc.

The Panel has noted the annual fees and charges approved for both Cultural Services and Leisure and Recreation Services in 2002 for April 2002 to March 2003. The Panel heard that the charges set were budget driven. For Leisure and Recreation Services they have increased by an average of 3% in line with inflation. For Cultural Services the increases were based upon an inflation of 2% and comparisons with prices set by private venues was an influencing factor on the charging rates for Town Halls.

Conclusions

The Panel noted that there is a lack of corporate overview of charging policies.

The Panel was not entirely sure how the charging policies of Cultural Services and the Leisure and Recreation Service fitted the Council's Vision when it was acknowledged that prices in the competitive market were taken into account.

The Panel submitted a briefing note to the Chair of the Scrutiny Committee suggesting corporate co-ordination of charging policies be put in place for the 2002/2003 budget process and that this area possibly be the subject of a corporate scrutiny. Subsequently the Panel was informed that the Resources Scrutiny Panel was monitoring a corporate review by Officers of Charging Policies across the Authority. This Review was put on hold during 2001/2002 and there are no firm plans to continue it yet. The Panel expressed disappointment that this review has been put on hold and Members commented that they would have appreciated the opportunity to consider this subject in the context of the corporate review.

Recommendation

That the Overview and Scrutiny Committee note the findings of the Cultural and Leisure Scrutiny Panel.