|  |  |
| --- | --- |
| **HIGH LIFE HIGHLAND**  **REPORT TO BOARD OF DIRECTORS**  **11 DECEMBER 2019** | AGENDA ITEM  REPORT NO. HLH /19 |

|  |
| --- |
| **PRICING REVIEW UPDATE – Report by Chief Executive** |

|  |
| --- |
| **Summary**  The purpose of this report is to update Directors as to the processes currently being undertaken in relation to *high****life*** card and ‘pay-as-you-play’ pricing review in preparation for the 2020/21 management fee settlement from The Highland Council.  Directors are asked to comment on and note the content of the report and the preparatory work that has been undertaken on the pricing reviews. |

|  |  |
| --- | --- |
|  | **Business Plan Contribution** |
|  | This report supports the highlighted Business Outcomes from the High Life Highland (HLH) Business Plan:   1. Sustain a high standard of health and safety, and environmental performance 2. Implement the Service Delivery Contract with THC 3. Improving customer engagement and satisfaction 4. Improving staff engagement and satisfaction 5. **Enhance the positive charity image** 6. Be a trusted and effective partner 7. **Achieve sustainable growth across the organisation** 8. Develop health and wellbeing across Highland communities 9. **Develop and promote the High Life brand** |
|  | **Background** |
|  | Directors will be aware that the Charity’s budget preparation approach has been to focus on three key areas:   * Income increases * Efficiency improvements * Services/activities reductions.   This pricing review focuses on **increasing income**. |
|  | The report will update Directors on the pricing reviews in the following areas:   * *high****life***card pricing review and member consultation * Pay-as-you-play (PAYP) pricing * New income generating services/activities. |
|  | *high****life* card pricing review** |
|  | Directors will be aware that the *high****life*** card has had minimal pricing increase over the last five years. In April 2019 the card price was increased to:   * Individual membership = £20.60 pcm * Family membership = £31 pcm |
|  | As part of a wider *high****life*** card pricing review it was agreed that direct customer consultation/research would be undertaken to establish member views in terms of the current charges; the value for money associated with the *high****life*** card and the point at which the card would be deemed to be too expensive.  This information was obtained using the following processes:   * Four facilitated customer focus groups held in Aviemore, Inverness, Lochaber and Wick * An online survey seeking customer views. |
|  | In the focus groups, customers were asked the following key questions based on the existing offering of the *high****life*** card thus:   1. *At what price would you consider the product/service to be a bargain – a great buy for the money (cheap/good value)?* 2. *At what price would you consider the product/service is starting to get expensive – it’s not out of the question, but you’d have to give some thought to buying it? (expensive/high)?* |
|  | On the online survey members were asked the following question based on the existing offering of the *high****life*** card:   1. *At what price would you think that your membership would stop being good value for money?* |
|  | The information is being collated and options for *high****life*** card price increases to be applied in financial year 2020/21 are being considered taking into account:   * The additional comments taken from focus group customers relating to expected service delivery levels/standards * Standards/capacities of facilities across the estate * Up-to-date competitor analysis in key locations across the Highlands * Consideration given to the impact of the ‘bottom line’ as result of a price increase on “dormant members”. |
|  | **Pay-as-you-play (PAYP) review** |
|  | Directors will be aware that in previous years the Charity has applied a standard 5% increase to PAYP activities. |
|  | A full pricing review has recently been undertaken on all PAYP activities across all HLH services.  [Directors should note that in undertaking the review no aspect of the budget *high****life*** charges have been considered and it is not proposed to make any changes to the 50p scheme that offers access to those on means tested benefits.] |
|  | The PAYP pricing review has considered the following:   * Archive and family history research * Rationalisation of charges for engagement programme charges at archives, museums and libraries * Inverness Castle Viewpoint * Implementing charges for ‘blockbuster’ exhibitions at museums * Outdoor pitches and fields * Rationalisation of pricing/charges applied to similar activities/services across the Charity * Review of pricing options for high profile events/concerts at Bught Park/Northern Meeting Park/Inverness Leisure etc. * Consideration given to pricing freezes in leisure facilities * Review of charging packages for Strathpeffer Pavilion events/weddings * Letting income for facilities/venues * Music tuition – including introduction of sibling discounts * Charges at visitor attractions such as Highland Folk Museum; charges for bus/coach tours/parking * Extension of partnerships with local businesses (B&Bs, Hotels, Transport firms, new housing developments etc.) * Opening hours at key sites (e.g. piloting 24-hour opening of gym at Inverness Leisure) * Review of “happy hour” sessions in favour of offering site Managers the opportunity to promote key activities to generate additional income. |
|  | The information gathered from Senior Managers across all services is being considered in line with the information outlined in 3.5 of the report. |
|  | The Charity will also give due cognisance to the following areas;   * A phased approach across a period of years where appropriate * A clear understanding of any unintended consequences (cancellations; transfer to other facilities/venues etc.) * Understanding the tipping points as outlined in the aforementioned focus groups * Working with local agencies, such as B&B Associations; Chambers of Commerce; Business Improvement Districts etc. * The user profile of members and customers * How any changes to charging will be communicated to customers; members; stakeholders; media etc. * Concession charges, i.e. charges for 60+ . |
|  | **New income generation activities/services** |
|  | As part of the wider pricing review all services Principal Managers are being asked to consider ways in which new income could be generated or new initiatives that could make services more efficient. |
|  | New income generation suggestions include (not exhaustive):   * Combination tickets in visitor attractions – offering multiple activities on one ticket * Sponsorship opportunities for various aspects of the charity – Youth Parliament Conference, Leadership Programme, locations/sites or parts thereof * Introduction of AirBnB experiences * Increased donations targets in key services where not otherwise targeted * Paid for activities sessions in museums, archives and libraries (beyond the core free services) * Sports Development opportunities offered by sports teams out of core sport**scotland** funded proportions * Botanic Gardens subscription – monthly garden box * Improved catering provision across sites not currently offering catering * Promotional opportunities for site managers to be able to highlight areas of the business with growth opportunity (on a local basis) * Introduction of new group-fitness/personal fitness programmes * Experience days at museums, archives and libraries * Themed birthday parties and corporate events in libraries, museums and archive centres * HLH presence at high footfall events such as Piping Inverness/Belladrum to promote and sell services and/or charge for HLH to offer services to these events etc. |
|  | Considerations will be given to the resources required to deliver the above initiatives to ensure that any developments are costed and generate appropriate surpluses to make the initiative worthwhile.  Once evaluated, formal proposals will be presented to the Charity Board as part of the 2020/21 budget planning process. |
|  | **Implications** |
|  | Resource implications – there may be financial and human resource implications arising from the recommendations of this report. However, these will be duly considered with a cost/benefit analysis to any resources required. |
|  | Legal implications – there are no new legal implications arising from the recommendations in this report. |
|  | Equality implications – there are no new equality implications arising from the recommendations of this report. |
|  | Risk implications – there are no new risks arising from the recommendations of this report at this stage. |

|  |
| --- |
| **Recommendation**  Directors are asked to comment on and note the content of the report and the preparatory work that has been undertaken on the pricing reviews. |

**Designation:** Chief Executive

**Date:** 27 November 2019