

Room Hire Review 19 January 2010

Report of Head of Property Services

PURPOSE OF REPORT			
This report reviews the process and charges for the hire of rooms and facilities in the Municipal buildings for the next financial year.			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	January 2010		
This report is public			

RECOMMENDATIONS OF COUNCILLOR THOMAS

- (1) That the revised charging format and room hire charges as set out in appendix A to the report be adopted.
- (2) To retain the 50% reduction in room hire charges for registered local charitable organisations (whose proceeds go to local charities) and local non profit making organisations and to extend the 50% reduction to all registered charities

1.0 Introduction

- 1.1 As part of the 2009/10 budget process a review of room hire was requested. As part of this review the current charges for room hire were to be examined to ensure that a break even position on bookings is achieved. It was anticipated at that time that this would require to achieve additional income of £10,000.
- 1.2 Whilst the income line for venue hire is clearly identifiable within the budget book, there are associated costs such as heat, light, rates, Performing Rights Society fees (PRS), cleaning, staffing, and administration that need to be factored in to any calculations. These have all been included in the costings provided within this report.
- 1.3 The operational use of the rooms available for hire takes precedence and income is a bonus to the council rather than leaving rooms empty whilst providing facilities for local organisations and businesses.

2.0 Proposal Details

2.1 Room Hire Charges

2.2 In March 2003 Cabinet approved the change in the room hire charge format from a morning, afternoon and evening basis to an hourly rate. This has proved popular with our hirers and it is proposed that no change be made to this format.

2.3 Room hire charges were last increased in April 2006 and it is proposed that an increase should now be made.

2.4 Room bookings for 2008/09 made an overall profit of £3,000.

2.5 The data collected from 2008/09 to review the room hire charges has been used with a view to revising the prices in a manner that, would address some of the issues mentioned below, ,but not discourage our hirers. The following areas were considered in the review:

2.6 Weekday rates

Where a hire charge is made even with a 50% discount these bookings never make a loss. This is largely due to the fact that there are no additional staff costs as staff are already on duty. The rates are set competitively to attract hirers and indeed our biggest surpluses come from these bookings.

2.7 Week day evening rates

Week day evening bookings, where the full hire charge is made, hardly ever make a loss. On the few occasions where a loss is made a discount on the room hire charge has generally been made. Any losses are relatively small.

2.8 Weekend rates

The current pricing structure is two tiered with a day rate and an evening rate which reflects the additional staff overtime costs incurred out of hours. This works successfully Monday to Friday for now there are no plans to change this format.

2.9 However, at the weekend this pricing structure becomes confusing as additional staff costs are added to the Monday to Friday charges.

2.10 To eliminate this confusion it is proposed to set a single weekend rate for day and evening hire charges for each of the rooms. This hire charge to be increased sufficiently to eliminate the losses currently made on weekend hire.

2.11 Registered local charitable organisations and local non profit making organisations

2.12 The current charging format allows for a 50% discount for registered local charitable organisations and local non profit making organisations and a 25% discount for registered non local charities. This was approved by the former Estates Service Group and confirmed by the former Finance and Resources Policy Committee in 1992 and was reaffirmed by Cabinet in July 2002.

2.13 To minimise the impact these increases may have on bookings by such organisations it is proposed to retain the 50% reduction in room hire charges for registered local charitable organisations (whose proceeds go to local charities) and local non profit making organisations as approved by Cabinet in July 2002.

2.14 Last year there were twenty-six bookings entitled to a 50% reduction in hire charges and only five bookings entitled to a 25% reduction. To further simplify the charging structure and reduce confusion it is proposed to extend the 50% reduction to all registered charitable organisations. The impact on income would be minimal. In 2008/09 the reduction in income would have been £200. For information, if the discounts were removed completely, the council's income would increase by £2,500..

2.15 Alternatively a single discount rate of 25% could be introduced. This would increase the Councils income by £2,600 provided that there was no adverse customer reaction.

2.16 Comparability of room hire charges

2.17 City Council Venues – for full comparison see Appendix B

2.18 Saturday evening commercial concert

Venue	Charge
Platform	£485
Dome	£495
LCC Ashton Hall	£390

Whilst the hire charge for the Ashton Hall is lower than the Platform and Dome this is due to Ashton Hall being a basic room hire without sophisticated sound and lighting systems that the other two venues offer.

2.19 Competing local venues – for full comparison see Appendix C

Venue	Charge	Function
Kings Arms Hotel	£18.75 per hour	Small meeting
LCC Committee Rooms A&B	£15.00 per hour	Small meeting
Lancaster University	£20.00 per hour	Large meeting
LCC Banqueting room	£20.00 per hour	Large meeting

There are variations in the hire charges on Appendix C, and some are considerably higher. These venues tend to be aiming for the conference type business and the charges reflect this. Others, like the Sun Hotel and the Borough, are lower as these often rely on the sale of refreshments and catering to boost income.

2.20 Performing Rights Society (PRS) Fees

2.21 The Ashton Hall is licensed by the PRS for the performance of live music. After each event a programme return of all works performed is sent to the PRS. From the information supplied on the programme they invoice the City Council for the fees due on the performance. The PRS use the fees to pay royalties due to the holders of the copyright for the works performed.

2.22 Currently the Council bears the cost of these fees, which were £1,300 in 2008/09, from its miscellaneous licences budget. The majority of these costs could also be recharged as part of the hiring agreement.

2.23 It is proposed that as these fees only apply to events where live music is performed the cost of the fees should be recharged to those hirers as an additional cost to the hire fee.

2.24 Repeat bookings

2.25 45% of the total income for 2008/09 came from just two hirers, the Tribunal Service (48 bookings) and The National Blood Service (9 bookings) To encourage these hirers, and to try to attract others like them, it is proposed to offer a 5% discount on room hire charges to anyone booking rooms on 5 or more occasions or for 3 or more consecutive days in a 12 month period.

2.26 Such a discount will also partly mitigate the increase in hire charges to these two hirers and as such reduce the likelihood of them looking elsewhere for accommodation.

2.27 Equipment hire

2.28 Currently charges are made for the hire of various items of equipment and the current charges are as follows:-

Facility	Charge	2008/09 income
Flip chart	£15 per day plus VAT	£105
OHP / screen	£20 per day plus VAT	£40
Multi media projector / screen	£100 per day plus VAT	£900
TV & Video	£15 per day plus VAT	£0
Portable dance floor	£80 per day plus VAT	£320
Stage blocks	£15 each per day plus VAT (maximum 6 blocks)	£270
	Total	£1635

These items are priced competitively and it is not proposed to increase the hire charge at this point

2.29 It is however proposed to add additional items to those available and make the following hire charges (inclusive of associated expenditure)

Glasses	£1.00 per 10 glasses
Cutlery	£1.00 per 10 items
90" x 90" table cloths	£5.00 per cloth

2.30 This will increase income by utilising otherwise unused equipment and will provide an extra facility for our hirers.

2.31 Proposed Room Hire Charges

2.32 Taking all the above in to account a revised schedule of charges as set out in appendix A is proposed. This gives a small increase in the weekday prices and to

weekday evening prices where the losses are relatively small and are mostly made by hirers entitled to a discount. A single weekend charge per room and more substantial increase is proposed for weekend lettings where losses are more frequently incurred.

2.33 The proposed room hire charges as set out in Appendix A have been applied to the 2008/09 room bookings to determine the affect on the cost of individual room bookings and room hire as a whole.

2.34 The new charges brought 97.3% of the fee paying events into surplus and increased the overall surplus to £9,500. In addition 173 out of 194 bookings incurred increases of less than £50 and out of these 105 bookings incurred increases of £25 or less. Therefore the impact of the proposed new charges should be minimal on the majority of our hirers.

3.0 Details of Consultation

3.1 This report relates to the Council's own fees and charges in the municipal buildings and therefore there has been no consultation on the content of this report.

4.0 Options and Options Analysis (including risk assessment)

4.1 Room hire charges

4.2 Option 1

That the hire charges be raised to the proposed level as detailed in the body of the report. This will ensure that the majority of fee paying events make a surplus and may potentially raise income by £6,500 (giving an overall surplus of £9,500 based on 2008/09 bookings), noting that this is separate from inflationary increases already applied during the 2010/11 Draft Budget Process, therefore the additional surplus over and above that already included in the 2010/11 Budget is actually £3,900.

4.3 The majority of hirers will only incur small increases in hire charges which it is hoped will not affect their choice of venue. Although any increase in charges will inevitably be unpopular and may result in some hirers seeking alternative venues which could reduce income.

4.4 Option 2

No change. This will be popular with hirers but will leave 13.5% of bookings where a hire charge is making a loss. It is envisaged that room hire would continue to make a small surplus.

4.5 Registered charitable organisations and local non profit making organisations

4.6 Option 1

Remove the 50% discount for registered local charitable organisations and local non profit making organisations and the 25% discount for non local registered charities. This would be extremely unpopular with these organisations and combined with the proposed increase in hire charges would have a detrimental effect on their events. This is likely to result in the cancellation of such events, adverse publicity and a loss of income.

- 4.7 Option 2
Introduce a single discount rate of 25%. This would increase the Councils income by £2,600 but is likely to be unpopular with hirers who have previously enjoyed a 50% reduction. It may result in adverse publicity and some seeking an alternative venue or not holding their event at all.
- 4.8 Option 3
Extend the 50% discount to include all registered charities. This would have little impact on income, would simplify the charging format, and may attract other hirers which would ultimately increase income.
- 4.9 Option 4
No change. Retain the 50% discount for registered local charitable organisations and local non profit making organisations and the 25% discount for non local registered charities.
- 4.10 Performing Rights Society (PRS) Fees
- 4.11 Option 1
Recharge the hirers incurring fees under the PRS music licence the actual cost of those fees. This would be a saving for the Council and only the hirers incurring the charges would be affected.
- 4.12 Option 2
No change. Lancaster City Council continues to pay the fees incurred by hirers due under the PRS music licence. These fees are specifically for music performed and are incurred by only a few hirers. Continuing to pay the fees would be popular with these hirers but at a cost to the Council.
- 4.13 Repeat bookings
- 4.14 Option 1
Introduce a 5% discount on room hire charges to anyone booking rooms on 5 or more occasions or for 3 or more consecutive days in a 12 month period. This may encourage repeat bookings from hirers and will encourage existing hirers who use our rooms regularly to continue to do so.
- 4.15 Option 2
No change. This may result in the loss of one or both of our most profitable hirers if the proposed charges are approved. Whilst the increase on each booking is relatively small it becomes a significant amount when multiplied over many bookings.
- 4.16 Equipment hire
- 4.17 Option 1
Introduce the suggested charge for hire of glassware, cutlery and tablecloths. The City Council owns these items and they are currently used only for in house events. It would seem sensible to make them available for hire and raise some additional income from their use.
- 4.18 Option 2
No change – the items would be retained for council use only.

5.0 Officer Preferred Option (and comments)

5.1 Room hire charges

5.2 The preferred option is option 1 (4.2 above) to raise the room hire charges to the proposed level set out in appendix A. This will increase income from room hire whilst not imposing big increases in charges on our hirers.

5.3 Registered charitable organisations and local non profit making organisations

5.4 The preferred option is option 3 (4.8 above) to extend the 50% discount to include all registered charities. This would have little impact on income, would benefit charities, would simplify the charging format, and may attract other hirers which would ultimately increase income.

5.5 Performing Rights Society (PRS) Fees

5.6 The preferred option is Option 1 (4.11 above) to recharge the hirers incurring fees under the PRS music licence the actual cost of those fees. This would be a saving for the Council and only the hirers incurring the charges would be affected.

5.7 Repeat bookings

5.8 The preferred option is option 1 (4.14 above) to introduce a 5% discount on room hire charges to anyone booking rooms on 5 or more occasions or for 3 or more consecutive days in a 12 month period. This may encourage repeat bookings from hirers and will encourage existing hirers who use our rooms regularly to continue to do so.

5.9 Not doing this may result in the loss of one or both of our most profitable hirers if the proposed charges are approved. Whilst the increase on each booking is relatively small it becomes a significant amount when multiplied over many bookings.

5.10 The loss of either of these hirers would have a significant impact on the room hire income which could potentially decrease by up to 45%.

5.11 Equipment hire

5.12 The preferred option is option 1 (4.17 above) to introduce a hire charge for glassware, cutlery and table cloths. Currently these items are used only for City Council functions and meetings. It would seem sensible to make them available for hire and raise income from their use.

6.0 Conclusion

6.1 The introduction of the proposed new hire charges would benefit the City Council by increasing income whilst having a relatively minor impact on the majority of hirers.

6.2 Retaining the 50% discount for registered local charities and local non profit making organisations and further extending it to all registered charities will enable the City Council to support these organisations in their fund raising efforts and encourage use of the municipal buildings by these community groups.

- 6.3 Overall room hire does make a surplus and with the introduction of the proposed changes should continue to do so whilst at the same time simplifying the room booking procedure and charges.

RELATIONSHIP TO POLICY FRAMEWORK

There are no direct links to Council priorities. However, the Medium Term Corporate Property Strategy approved by Cabinet in November 2009 identifies the need for improved corporate management of assets and the need to deliver value for money.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The ability to let space within the municipal buildings enables the council to meet the needs of certain sectors of the community who require space for meetings or events. The use of buildings out of normal working hours does allow for more intense use of the buildings but at the same time requires the use of heating and lighting etc which results in minor increases in carbon emissions.

FINANCIAL IMPLICATIONS

The current draft general fund revenue budget for room hire is set out in the table below, however is still subject to the current budget process. As part of the 2010/11 revised budget process the income budgets have already been increased in line with general inflation (2010/11 0.75% and 1% thereafter). This should be taken into account when considering future years' charges. The table below also shows the impact of the proposed charges on current draft budgets:

	2010/11	2011/12	2012/13
Revised Budget (incl Inflation)	-33,800	-34,200	-34,600
Proposed Budget	-37,700	-38,100	-38,500
Surplus Unbudgeted Income	-3,900	-3,900	-3,900

The calculations for this report have been costed taking 2008/09 actual throughput as an average year. The 2009/10 draft revised budget was left at £31,200 as it was anticipated that unexpected ceiling repairs in Ashton Hall would have a detrimental impact on bookings. However, this has already been exceeded by £6,500 as at 31st December (period 9). Future years have been increased back to the original levels plus inflation.

The report highlights the intention to increase some charges and decrease others. This will simplify the charges whilst ensuring that the rates are competitive with local businesses.

Members need to be aware that in making this decision, then if they approve anything that does not meet the current draft budget assumptions as a minimum, i.e. inflationary

increases, then this will impact on the need to make savings in other areas of activity and would also need to be taken forward as a budget proposal, for consideration and approval by Council.

SECTION 151 OFFICER'S COMMENTS

Members are advised to consider any savings or growth proposals in context of their proposed priorities, relevant policy and the Council's financial prospects.

LEGAL IMPLICATIONS

There are no legal implications arising out of this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Room Hire charges are attached

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APPENDIX A**ROOM HIRE CHARGES****WEEKDAY RATES**
LANCASTER TOWN HALL

	2009/10	Proposed	% change
	£. hourly	2010/11	
		£.hourly	
<u>ASHTON HALL</u>			
9.00 a.m. to 6.00 p.m.	35.00	40.00	14.3%
6.00 p.m. to 12.00 a.m.	First hour 46.00	45.00	-2.2%
	Thereafter 40.00		12.5%
Extra Charge for Seating	100.00	Included in hire charge	
Erection of Tiered Seating	At cost + VAT	At cost + VAT	
Removal of Stage Extension	At cost + VAT	At cost + VAT	
Organ – playing, weekdays between 12 noon and 2.00 p.m.	-	-	
<u>BANQUETING ROOM</u>			
9.00 a.m. to 6.00 p.m.	17.00	20.00	17.6%
6.00 p.m. to 12.00 a.m.	First hour 26.00	30.00	15.4%
	Thereafter 20.00		50%
<u>RECEPTION ROOM</u>			
9.00 a.m. to 6.00 p.m.	15.00	18.00	20%
6.00 p.m. to 12.00 a.m.	First hour 23.00	25.00	21.7%
	Thereafter 17.00		47.1%
<u>BANQUETING SUITE</u>			
9.00 a.m. to 6.00 p.m.	32.00	35.00	9.4%
6.00 p.m. to 12.00 a.m.	37.00	40.00	8.1%
<u>COUNCIL CHAMBER</u>			
9.00 a.m. to 6.00 p.m.	14.00	15.00	7.1%
6.00 p.m. to 12.00 a.m.	First hour 23.00	25.00	8.7%
	Thereafter 17.00		47.1%
<u>COMMITTEE ROOMS "A" and "B"</u>			
9.00 a.m. to 6.00 p.m.	13.00	15.00	15.4%
6.00 p.m. to 12.00 a.m.	First hour 23.00	25.00	8.7%
	Thereafter 17.00		47.1%

KITCHEN (with other rooms only)

For Beverages only (includes crockery)	44.00	44.00	0%
For Food and Beverages	115.00	115.00	0%

SUNDRY ADDITIONAL CHARGES

Use of any room after midnight, additional charge per hour or part thereof	76.00	After 6pm room hire rate	
Tuning of Piano	Hirer to Arrange	Hirer to Arrange	0%
Setting-up days required by hirer	Hourly rate as applicable	Hourly rate as applicable	0%
Tea/Coffee and Biscuits per Session	90p + VAT per head	90p + VAT per head	0%

WEEKDAY RATES
MORECAMBE TOWN HALL

	2009/10 £ Hourly	Proposed 2010/11 £. Hourly	% change
<u>COUNCIL CHAMBER</u>			
9.00 a.m. to 6.00 p.m.	14.00	15.00	7.14%
6.00 p.m. to 12.00 a.m.	First hour 23.00 Thereafter 17.00	25.00	8.69% 47.06%
Tea/Coffee and Biscuits per Session	90p + VAT per head	90p + VAT per head	0%

WEEKEND AND BANK HOLIDAY RATES

Saturday 9am to 6pm, the weekday rates plus	£. 2009/10 £4 per hour per member of staff
Saturday evenings from 6pm, weekday rates plus	No additional charges
Sunday 9am to 6pm, the weekday rates plus	£9 per hour per member of staff
Sunday evenings from 6pm, weekday rates plus	£4.50 per hour

LANCASTER TOWN HALL

<u>ASHTON HALL</u>	Proposed 2010/11 £. Hourly 65.00
Extra Charge for Seating	Included in hire charge
Erection of Tiered Seating	At cost + VAT
Removal of Stage Extension	At cost + VAT
Organ – playing, weekdays 12.30pm – 1.30pm	5.00 per session
<u>BANQUETING ROOM</u>	45.00
<u>RECEPTION ROOM</u>	35.00

<u>BANQUETING SUITE</u>	55.00
<u>COUNCIL CHAMBER</u>	30.00
<u>COMMITTEE ROOMS "A" and "B"</u>	30.00
<u>KITCHEN</u> (with other rooms only)	
For Beverages only (includes crockery)	44.00
For Food and Beverages	115.00

MORECAMBE TOWN HALL

**Proposed
2010/11
£. hourly**

<u>COUNCIL CHAMBER</u>	30.00
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SUNDRY ADDITIONAL CHARGES

Use of any room after midnight, additional charge per hour or part thereof Weekend hourly rate for room/s used

**LANCASTER TOWN HALL
CIVIL WEDDING CEREMONIES**

	£. 2009/10	Proposed 2010/11 £. Hourly	% change
Council Chamber – 2 hours	£266	£350	31.58%
Banqueting Suite – 2 hours	£325	£350	7.69%

**LANCASTER TOWN HALL
DISCOUNTS**

	£. 2009/10	Proposed 2010/11 £. Hourly
Registered local charitable organisations (whose proceeds go to local charities)	50%	50%
Registered non-local charitable organisations	25%	50%

Please note that when live music is performed, there is an additional fee payable to the Performing Rights Society. The amount of this fee will be added to the hire charge.

APPENDIX B

Hire Charges – City Council Venues

The Platform	
Commercial Hire	
Mon. – Fri. Sat/Sun/Bank Holiday	£485 per 8 hour let day or evening
Charity Rate (Non Profit Making Organisations.)	
Mon. – Fri. Sat/Sun/Bank Holiday	£385 per 8 hour let day or evening

The Dome				
Commercial Hire				
Mon –Thur	9.00am- 12.30pm	1.00pm-5.00pm	6pm-11pm	After 11.00pm
	£76	£90	£350	£65
Fri,Sat,Sun & Bank Hols	£211	£215	£430	£65
Charity Hire				
Mon - Thur	£40	£45	£315	£40
Fri,Sat,Sun	£110	£175	£315	£40
Bank Hol			£430	

Citylab			
Mon - Fri	Per hour	Half day (4 Hours)	Full day (8 hours)
Ashton Room / Dalton Room	£15	£50	£90

APPENDIX C

Hire Charges – Local Competing Venues

Venue	Room	Seats	Hourly Rate	Half Day	Full Day
Lancaster University	Large meeting room	120 Theatre style		£90	£160
	Small meeting room	30 theatre style		£60	£110
	The Great Hall	700 theatre style			£800
Lancaster House Hotel	Small meeting room	20 theatre style			£100
	Training room	90 theatre style			£410
	Large function room	200 theatre style			£585
The Kings Arms Hotel	Large Function room	100 theatre style		£300	£600
	Small meeting room	20 theatre style		£75	£150
The Borough	Small meeting room	25 theatre style 18 boardroom	£10 Day £15 Eve Fri/Sat Eve £25		
The Sun Hotel	Small meeting room	15 boardroom		£25	£50