



# Cabinet (Resources) Panel

15 October 2013

<b>Report Title</b>	Mid-Year Review of Civic Halls and Slade Rooms Retail Prices	
<b>Internal decision designation</b>	AMBER	
<b>Cabinet Member with Lead Responsibility</b>	Councillor Mattu Leisure and Communities	
<b>Key Decision</b>	No	
<b>In Forward Plan</b>	Yes	
<b>Wards Affected</b>	All	
<b>Accountable Strategic Director</b>	Tim Johnson, Education and Enterprise	
<b>Originating service</b>	Partnerships, Economy and Culture	
<b>Accountable officer(s)</b>	Mark Blackstock Tel: Email:	Head of Entertainments and Events 01902 55(2122) markblackstock@wolvescivic.co.uk

---

### Recommendations for action or decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the increase of specific bar retail prices to generate additional income and in response to the increase in the price of certain stock items.
2. Approve that the current fees and charges protocol is varied to allow the delegation of authority to the Head of Service and Assistant Director Partnerships Economy and Culture to increase retail prices of stock without consultation with the "Assistant Director Finance" provided any change increases the gross margin on that stock item. Such a variation to be recorded, along with the reason, as part of the normal audit process.

3. Approve the delegation of authority to the Head of Service to set retail prices on new products that are procured from existing approved suppliers where that price will be set in accordance with the approved retail price and gross margin of similar stock items, without consultation with the Assistant Director Finance.
4. Approve the delegation of authority to the Head of Service to vary fees and charges for hall hire when the opportunity arises to secure an act or event where a response is required in 24 hours or out of hours without consultation with the Assistant Director Finance when any change in price makes less than a 10% difference to the approved hall hire rates. Such a variation to be recorded, along with the reason, as part of the normal audit process. Details of any variations to be sent to Strategic Finance within 48 hours of this decision being made.
5. Approve the delegation of authority to the Head of Service to reduce approved retail prices of surplus perishable stock at the end of events by up to 50%. Such a variation to be recorded, along with the reason, as part of the normal audit process.
6. Confirm that all other variations to approved fees and charges are subject to existing fees and charges protocol.

## **1.0 Purpose of Report**

- 1.1 The Entertainments and Events service is required to generate income in order to cover the rising costs for the Civic Halls and Slade Rooms. The cost of certain stock items has also risen recently.
- 1.2 As a result, we recommend the raising of prices in the Civic Halls and Slade Rooms by a small margin.

## **2.0 Background**

- 2.1 A large proportion of the income generated by the Civic Halls and Slade Rooms comes from sales at the venues' bars. Two years ago, at the height of the recession, income from secondary sales had significantly reduced, and a one year growth bid of £100K for 2013/2014 was originally included in the Council's Medium Term Financial Strategy, whilst the independent review on options for invest to save proposals was prepared. This proposed growth bid was subsequently removed from the final budget strategy which was agreed by Cabinet on 26 February 2013. Civic Halls now need to find alternative proposals to address this shortfall of £100K and meet 2013/14 savings targets for the service.
- 2.2 Since February 2013, a new approach to marketing and promotion has been successful in increasing income levels thus reducing the shortfall. It is proposed that the remaining shortfall is met by a small increase in food and drink prices.
- 2.3 Historically the Head of Service for Entertainments and Events had the delegated authority to vary fees and charges in order to be able to negotiate on the spot variations, or to be able to secure acts or events at short notice. This authority was removed as part of the Fees and Charges Report 2013/14, which was approved by Cabinet (Resources) Panel on 3 April 2013.
- 2.4 The Fees and Charges protocol states:
  - (i) That in the following instances authority will be delegated to the responsible Head of Service to vary fees and charges during the financial year
    - a) Where the cost of food and drink procured for resale increases, fees and charges can be increased in proportion with the increased costs, after consulting with the Assistant Director Finance or their representative
    - b) Where an opportunity arises to secure an act or event at short notice and the projected net cost of the act or event is to break even or better, after consulting with the Assistant Director Finance or their representative
  - (ii) That any variation to fees and charges made under delegated authority must be recorded in order to ensure that there is a robust audit trail

That, in accordance with the requirements of the Financial Procedure Rules, any other variation to fees and charges during the financial year must be approved in advance at one of the monthly meetings of Cabinet (Resources) Panel, using the standard report template.

- 2.5 The result of the Fees and Charges Protocol is that it restricts the opportunity for the Head of Service to negotiate hall hire rates with agents and suppliers for outhouse events in order to gain the best return for the Council where a short or on the spot decision is required. Frequently an agent will want an offer for an act / event at very short notice and the current protocol and consultation required with Assistant Director Finance means that response times could be restricted and an opportunity lost.

### **3.0 The Proposed Way Forward**

- 3.1 There are three levels of prices charged at the Civic and Wulfrun Halls and two levels charged at The Slade Rooms. At the Civic and Wulfrun Halls, Level 1 (the highest) is charged at concerts, Level 2 at club nights and Level 3 at community based events. At The Slade Rooms, Level 1 is charged for concerts and Level 2 at club nights. The retail prices at the Civic and Wulfrun Halls are based on prices charged at the NEC and the Academy Group venues and are very competitive when compared to those venues. The prices charged at the Slade Rooms are comparable with similar sized venues, such as the Robin Hood 2 in Bilston and the Hare and Hounds in Birmingham.
- 3.2 It is proposed to make small immediate increases (10p or 20p per item) in the prices charged for beers, wines and spirits on Level 1 prices at the Civic Halls and Slade Rooms.
- 3.3 It is proposed that the protocol is varied to enable Head of Service and Assistant Director Partnerships Economy and Culture to be assigned delegated authority to increase retail prices “without consulting Assistant Director Finance” where this results in an increase in the gross margin on that stock item. This, along with the reason for the change, is to be recorded as part of the normal audit process.
- 3.4 It is further proposed to allow the Head of Service delegated authority to vary hall hire charges without consultation with Assistant Director Finance - ‘Where an opportunity arises to secure an act or event and a response is required within 24 hours or out of hours and the variation in fee makes less than a 10% difference to the approved hall hire rate. This would enable the Head of Service to act quickly in response to agents.’
- 3.5 It is also proposed that the Head of Service is given delegated authority to set prices on new products without consultation with Assistant Director Finance where those products are procured from approved suppliers and the price is set in accordance with the retail price and gross margin of similar stock items. This will enable the service to react to requests from promoters or artists for the stock of different products from the usual stock list and price accordingly.
- 3.6 It is also proposed that the Head of Service has delegated authority to reduce approved retail prices of surplus perishable stock at the end of events by up to 50%. This enables the service to maximise sales and minimise wastage.

#### **4.0 Financial Implications**

- 4.1 Using the level of sales achieved for each item during the previous financial year of 2012/13 it is estimated that the proposed price increases would produce additional income of £50,516 for the Civic and Wulfrun Halls and additional income of £12,606 for The Slade Rooms. This would give a full financial year's additional income of £63,122
- 4.2 In 2013/14 it is estimated that 75% of the year's events at the venues are yet to take place, meaning that a potential of £47,341 additional income could be generated during the remainder of 2013/14. This additional income will offset existing revenue savings and make a contribution towards the running costs of Civic Hall and Slade Rooms. [CF/02102013/Z]

#### **5.0 Legal Implications**

- 5.1 The Council can make the charges for refreshments in accordance with section 145 (2) (c) of the Local Government Act 1972. [MS/04102013/H]

#### **6.0 Equality Implications**

- 6.1 None

#### **7.0 Environmental Implications**

- 7.1 None