**Redesign Board Workshop 5 December 2017**

**Lets Pricing and Demand**

**1 Introduction**

* At the Redesign Board Workshop on 14 November, Members requested an assessment of a proposal to reduce prices of school lets to stimulate demand, and in particular a possible pilot in Dingwall ASG.

**2 Pricing and Demand**

* Demand for lets has fallen by an estimated 33% between 2013/14 and 2016/17. This coincides with more rigorous and consistent application of pricing policy which followed a report to ECAS Cttee in Aug 2014.
* More recently, a comparison of the first six months of FY2017/18 and the first six months of FY2016/17 indicated a decline of 25% in the number of lets and a 16% decline in income following a 10% across the board price increase on 1 April 2017.
* There are other possible causes for reduced demand for lets, including less interest in some of the activities/groups on offer and volunteer fatigue.
* The above evidence indicates that demand for lets is at least in part price sensitive, suggesting that pricing could be used to manage demand.

**3 Other Pricing Considerations**

Managing demand is not the only consideration with regards to setting prices. The following, which received favourable feedback from the Redesign Board workshop held on 17 October, also require to be considered:

* Managing costs – lets currently operate at a deficit which the Management of Lets Project aims to address. The key actions for this are:
  + Improve the booking process to reduce administration costs, ensure consistent pricing and coordinate the management of lets.
  + Focus lets into fewer schools to use resources efficiently and to fully utilise the allocation of Flexible Use Hours in PPP schools.
* Maintain parity of prices between leisure centres and schools. The Council agreed this policy in 2009.
* Supporting communities – some groups/activities will continue to receive discounts or not be charged for lets.
* Promotion and marketing – once the central booking function is established and prices have been standardised, it will be possible to gather information on demand, identify surplus capacity and deliver coordinated marketing of the facilities available for lets. At that point it will be possible to pilot promotional pricing to stimulate demand where there is surplus capacity.

**4 A Pilot Study in Dingwall ASG**

* Dingwall ASG is well-served by leisure facilities including:
  + Dingwall Leisure Centre
  + Dingwall Academy (after 6pm and at weekends)
  + Dingwall Community Centre
  + Dingwall Town Hall
  + Highland Football Academy (Dingwall)
  + Ben Wyvis Primary School.
* Lets in all of the above facilities are managed by High Life Highland.
* HLH has maintained lets pricing in line with 2009 policy, but the Council has no control over HLH pricing (this is a requirement of HLH’s charitable status).
* There are only three regular lets per week in Dingwall ASG schools where lets are managed by the Council (Dingwall PS and Tarradale PS),suggesting little unmet demand.
* The range of available facilities, and apparent lack of unmet demand, combined with the lack of Council control over pricing suggests that Dingwall ASG would not be appropriate for a pricing pilot.

Please note, renegotiating the Flexible Use Hours allocation as proposed at the Redesign Board Workshop on 14 November will not reduce the allocation of hours at Dingwall Academy or other schools, assuming continuing demand.

**5 Conclusions**

* The evidence suggests that price is a key determinant of demand and can be used to manage that demand.
* There are other factors to consider around pricing.
* Promotional pricing offers a way to stimulate demand without undermining a standardised price structure.
* Management of Lets Project needs to address process, structural and management issues before introducing a promotional pricing pilot
* Dingwall ASG is not a suitable choice for a pilot.