



Report of the Acting Director of City Development

Executive Board

Date: 15 December 2010

Subject: LeedsCard and Breezecard Entry to Tropical World and Home Farm

Electoral Wards Affected:

All

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report – section 4)

EXECUTIVE SUMMARY

1. This report sets out the background of the delegated decision to remove free entry for LeedsCard and Breezecard holders at Tropical World and Home Farm (Temple Newsam). The delegated decision has been referred to Executive Board as the Chief Recreation Officer wishes to reaffirm the original decision, with some modification to extend further discounts to 'extra' card holders arising from an equality impact assessment. It addresses the issues raised following referral from Scrutiny Board (City Development) on 7th September 2010.
2. It provides the financial context and visitor profile and considers the impact of the decision on the budget.
3. It recommends that Executive Board endorse the decision to replace free entry for LeedsCard and Breezecard holders with an appropriate discount for LeedsCard and Breezecard holders similar to those applied to other visitor facilities.
4. To agree that LeedsCard Extra card holders will receive a discount of 50%

1.0 Purpose Of This Report

- 1.1 This report sets out the background to the delegated decision to remove free entry for LeedsCard and Breezecard holders at Tropical World and Home Farm (Temple Newsam) following the referral from Scrutiny Board (City Development) on 7th September 2010. It provides further information in support of a request for Executive Board to take a decision on this matter.

2.0 Background Information

- 2.1 Since the introduction of admission charges for Tropical World, LeedsCard (adults) and Breezecard (children 8yrs -15yrs) holders have enjoyed free entry to Tropical World. Similarly, cardholders have enjoyed free entry since the introduction of admission charges for Home Farm. This situation is unlike other Council attractions that provide discounted entry to LeedsCard and Breezecard holders.
- 2.2 A delegated decision (D37181) was taken by the Chief Recreation Officer on 16th August 2010, approving the recommendation that free entry for LeedsCard and Breezecard holders be replaced by a 20% discount from 1 September 2010.
- 2.3 The decision was called in for review by Scrutiny Board (City Development) on 7th September 2010. The outcome of call-in was to refer the delegated decision back for reconsideration by the Chief Recreation Officer in the light of information not included in the original report. The minutes of Scrutiny's discussion are attached at Appendix A.
- 2.4 The proposal was brought forward in the context of the significant financial challenges that the Council faces in managing its budget in 2010/11 and the further constraints it will face from 2011/12 onwards.
- 2.5 This report addresses the issues raised by Scrutiny, provides additional information and a resulting modified proposal.

3.0 Main Issues

- 3.1 From the minutes of Scrutiny Board (City Development) contained in Appendix A, the following issues are considered in turn:
- Financial context
 - Projected impact of replacing free entry with discounted entry
 - Impact on secondary spend
 - Potential impact on disadvantaged groups and young people
 - Consultation with benefactors at tropical world
 - Impact on the viability of LeedsCard and Breezecard and links with City Card
 - Other issues, including transport access, how users will be informed and the potential to pilot the proposal

Financial Context

- 3.2 Members will be aware of the acute financial challenges that the Council faces as outlined in the paper on initial budget proposals which forms part of this agenda. In this context it is necessary to review all aspects of the Council's business and free entry to LeedsCard and Breezecard holders to Tropical World and Home Farm is therefore considered appropriate as an area of review.
- 3.3 (a) Tropical World is an integral part of the visitor attractions at Roundhay Park, with a shop linked directly to the attraction with a range of goods as well as ice cream sales. The recently refurbished Explorers Café is near Tropical World, but has appeal to all visitors within this vicinity and in particular those to Canal Gardens.
- (b) Home Farm is also managed as part of the wider Temple Newsam estate, however the shop and café are contained in a central courtyard quite separate from the attraction, more akin to Castle Howard or Harewood House. Therefore part, but not all of the café and shop turnover is linked to these attractions.
- 3.4 The visitor profile and income modelled on current pricing and free entry for cardholders is set out in the following table:

| Visitor Profile <i>based on 2009 year end totals</i> | Visitors | | £ | £'000 | |
|--|-----------------------|------------------|----------------|-----------------------|------------------|
| Visitor Type | Tropical World | Home Farm | Pricing | Tropical World | Home Farm |
| Adults | 126,131 | 35,673 | 3.25 | 410 | 116 |
| LeedsCard adults | 27,681 | 24,491 | 0.00 | 0 | 0 |
| Children | 37,539 | 4,659 | 2.00 | 75 | 9 |
| Breezecard | 16,242 | 13,995 | 0.00 | 0 | 0 |
| | 207,593 | 78,818 | | 485 | 125 |

- 3.5 With regard to the retail and café functions, the gross profit is set out in the following table with reference to the budget for 2010/11, which is consistent with projected outturns:

| Budget 2010/11 | Explorer's Café | Shop at Tropical World | Temple Newsam Café and Shop |
|-----------------------|------------------------|-------------------------------|------------------------------------|
| | £ '000 | £ '000 | £ '000 |
| Sales | -208 | -190 | -341 |
| Cost of sales | 70 | 78 | 114 |
| Gross Profit | -138 | -112 | -227 |

Projected Impact of Replacing Free Entry with Discounted Entry

- 3.6 The proposal set out in the delegated decision is to introduce a 20% discount to cardholders, which is most likely to have an impact on the number of visitors as people would now have to pay when previously they were able to access the attractions for free.
- 3.7 A factor involved to assess fall-off in visitor numbers is whether the proposed change would still represent value for money. Pricing analysis has been conducted for 21 Yorkshire visitor attractions. On average, the adult admission price for these attractions is £6.50 and the average child price is £3.95. The equivalent price

before the planned VAT increase for entry at Tropical World and Home Farm under the proposed pricing regime would be £2.60 for an adult and £1.60 for children with the application of the 20% discount. This represents less than half the cost of comparable regional attractions. It should be noted that under 5s continue to get free entry.

- 3.8 A further factor to consider is the frequency of visit by each cardholder. Visit frequency from a sample of data is set out in the following table:

| Number of Visits | Percentage |
|------------------|------------|
| 1 | 89.3% |
| 2 | 8.6% |
| 3 | 1.6% |
| 4 – 9 | 0.5% |

- 3.9 From this data just over 89% of cards were only swiped once, with around 2% more than twice, so there is no evidence to support the view that card users are frequent visitors. This would suggest that the likely fall off in visitors will not be greater than that identified in the original delegated decision, although this data is only available for Tropical World and not Home Farm. Based on the cautious assumption of a 33% fall off in visitor numbers, then the impact of this is illustrated as follows:

| Visitor Type | Estimated Visitor Fall Off | | Total |
|------------------|----------------------------|---------------|---------------|
| | Tropical World | Home Farm | |
| LeedsCard adults | 9,227 | 8,164 | 17,391 |
| Breezecard | 5,414 | 4,665 | 10,079 |
| Total | 14,641 | 12,829 | 27,470 |

- 3.10 The actual fall off in visitor numbers is difficult to assess and the table below illustrates impact on income by considering four hypothetical scenarios as follows:

| Sensitivity Analysis – Assuming drop-off percentage: | Tropical World £'000 | Home Farm £'000 | Total £'000 |
|--|----------------------|-----------------|-------------|
| 10% | 88 | 77 | 166 |
| 25% | 73 | 65 | 138 |
| 33% | 66 | 58 | 123 |
| 50% | 49 | 43 | 92 |

It illustrates a potential variance of between a total of £92k additional income up to £166k.

- 3.11 The working assumption used in the delegated decision was an estimated fall off of 33%, and this is profiled in more detail in comparison with the table set out in paragraph 3.4. The impact that a decision to introduce 20% discount would have on visitor profile (indicated with a grey background) is set out as follows:

| 20% Discount | Visitors | | | £'000 | |
|---------------------|-----------------------|------------------|----------------|-----------------------|------------------|
| Visitor Type | Tropical World | Home Farm | Pricing | Tropical World | Home Farm |
| Adults | 126,131 | 35,673 | 3.25 | 410 | 116 |
| LeedsCard adults | 18,454 | 16,327 | 2.60 | 48 | 42 |
| Children | 37,539 | 4,659 | 2.00 | 75 | 9 |
| Breezecard | 10,828 | 9,330 | 1.60 | 17 | 15 |
| | 192,952 | 65,989 | | 550 | 183 |

The projected impact based on this assumption is an additional income of £65k at Tropical World and £57k at Home Farm, a total of £122k.

Impact on Secondary Spend

- 3.12 An issue raised at Scrutiny Board was whether charging an entry fee would have an impact on secondary spend, and thus income and running costs of each venue. It is acknowledged that if fewer people continue to visit (as illustrated in paragraph 3.9) then this will have an impact on secondary retail opportunities. As mentioned in paragraph 3.2, sales from Tropical World shop are directly linked to visitors to Tropical World. If there are 14,641 less visits to Tropical World then this represents 7% fewer visitors which if directly linked to shop turnover would mean a loss of income estimated at £13k which translates into an estimated loss in gross profit of £7.8k.
- 3.13 From a residents survey conducted in 2009 it is possible to assess that there are around 8 million visits to Roundhay Park and 2 million visits to Temple Newsam. From the table in paragraph 3.4, there are around 44,000 cardholder visitors to Tropical World and just over 38,000 to Home Farm. Cardholder visitors therefore represent 0.5% and 1.9% respectively of the total visits at each site. The impact on secondary spend at the Explorer café and Temple Newsam courtyard will therefore be considerably less than the shop at Tropical World as they are not directly linked to the attraction.
- 3.14 The information presented in paragraph 3.9 also has a potential bearing on secondary spend as the evidence for Tropical World suggest a high proportion of cardholders are not frequent visitors. Hence it could be argued they are more likely to use the café and retail facility compared to those that visit on a more regular basis.
- 3.15 It is not anticipated that any change to entry arrangements will have an impact on any other income or running costs as the infrastructure and point of sale functions are already in place and will continue to run as before.

Potential impact on disadvantaged groups and young people

- 3.16 A key concern raised at Scrutiny Board was the impact that removing free entry to card holders would have on disadvantaged groups. An equality impact assessment has been conducted on the decision that identified potential negative impacts for users with income related benefits, and recommended that further measures are put in place to mitigate this impact. The equality impact assessment has been submitted to the Equality Team and will be published prior to the Executive Board meeting.

3.17 The cardholder profile as at August 2010 for Breezecard (18 years and under) is 162,905 out a total of 255,090 cardholders, almost 64%. The remaining LeedsCard holders are shown in the following table:

| LeedsCard Type | Description | Number | % |
|--------------------------------|--|---------------|----------|
| LeedsCard | 19 – 59 years | 33,405 | 36.2% |
| LeedsCard 60 | 60 years and over | 39,726 | 43.1% |
| LeedsCard Extra | 19 – 59 years on income or disability related benefits | 10,220 | 11.1% |
| LeedsCard 60 Extra | 60 years and over on income or disability related benefits | 8,834 | 9.6% |
| Total as at August 2010 | | 92,185 | |

3.18 A further point to note is that in 2010 all school children in Leeds have been allocated Breezecards for free. This provides opportunity for many children who previously did not enjoy these benefits access to discounts at a range of attractions.

3.19 Regarding LeedsCard use at Tropical World, it is also possible to determine the types of card usage captured using the data sample exercise conducted in 2008/9:

| Card Type | Percentage |
|--------------------|-------------------|
| LeedsCard | 56.8% |
| LeedsCard 60 | 27.0% |
| LeedsCard Extra | 12.2% |
| LeedsCard 60 Extra | 4.0% |

The table in paragraph 3.17, identifies that 43% of overall cardholders fall into the '60' category, which is 16% more than Tropical World. The proportion of 'Extra' cardholders are a little less than the overall cardholder profile with 20.7% compared to 16.2% at Tropical World.

3.20 There is an opportunity to extend further discounts to LeedsCard Extra and LeedsCard 60 Extra holders, providing a larger discount to around 19,000 cardholders. It is therefore proposed that a larger discount is made available to this type of cardholder. A 50% discount has been used as a guide for 'Extra' cardholders, along with 20% to other cardholders. Taking account of the 2.5% VAT increase, this would mean that the price point for cardholders from 2nd January 2011 would be as follows:

| Card Type | Entrance fee including VAT @ 20% £ |
|---------------------|---|
| LeedsCard | 2.65 |
| 'Extra' cardholders | 1.65 |
| Breezecard | 1.65 |

3.21 It is proposed that this additional discount will address concerns expressed by Scrutiny Board in 3.15 above.

LeedsCard Extra and LeedsCard 60 Extra cardholders must provide proof of entitlement for the following specific benefits:

- Housing benefit
- Council Tax Benefit
- Working Tax Credit
- Pension Credit
- Disabled Persons Tax Credit
- Income Support
- Incapacity Benefit
- Disability Living Allowance
- Carers Allowance
- Attendance Allowance
- Disabled Persons Bus Pass
- Blue Badge Holder
- Registered Blind
- Job Seeker Allowance

Consultation with Benefactors at Tropical World

3.22 Scrutiny Board requested clarification as to whether or not specific benefactors or Tropical World in particular had been consulted on proposed admission charges. The Ziff family have been consulted on the proposals outlined in this report in recognition of the financial support provided to the development of Tropical World. The Ziff family have indicated that they would prefer the existing discounts to remain; however, they acknowledge and understand the financial constraints that the Council has to manage and the realities of why the Council wishes to introduce this change.

Impact on the viability of LeedsCard and Breezecard and links with City Card

3.23 The cost of the various types of card available is as follows:

| | |
|--------------------|--------------------|
| Breezecard | Free |
| LeedsCard | £7.50 per year |
| LeedsCard Extra | £2 per year |
| LeedsCard 60 | £2 one-off payment |
| LeedsCard 60 Extra | £2 one-off payment |

3.24 LeedsCard and Breezecard holders are entitled to discounts at museums, theatres and events such as ice cube, film festival and Leeds International Concert Season as well as retailers in the City. 'Extra' cardholders are entitled to discounts at Golf courses and paid services at Libraries. They are also used extensively in Leisure Centres with 26,069 LeedsCard users who visited a total of 441,739 times in 2009/10, with 46,802 Breezecard users visiting 259,739 times.

3.25 Appendix B shows a ward analysis of the data sample conducted at Tropical World in 2008 along with ward analysis of overall cardholder membership. Out of 227,983 LeedsCard holders, there were only 5,343 cardholders who visited Tropical World and this represents just over 2% of total membership. The data indicates that a slightly higher proportion of visits are from those people in wards adjacent to Tropical World. Overall ward distribution of cardholders is fairly evenly spread across Leeds.

3.26 As previously discussed, Breezecard holders have been allocated cards free of charge to all school children in Leeds and these will not need to be renewed until the cardholder reaches the age of 19. Breezecard discounts would still be made available at Tropical World and Home Farm as set out in the recommendations.

3.27 From the data presented above it is considered that there is a wide range of uses of LeedsCard and that attractive discounts would remain. The data sampled at

Tropical World showed only a small percentage of overall cardholders and the overall conclusion is that there is not a significant risk to LeedsCard viability.

- 3.28 With regard to the City Card project, it was intended that this card would be issued free of charge and enable access to discounts. However, it was agreed at Executive Board on 25th August 2010 that remaining funding of £1.3 million for the scheme be removed as part of the Capital Programme update. The proposed decision to remove free entry at the attractions identified would therefore not impact on the City Card project.

Other Issues Raised

- 3.29 With regard to transport, there is direct access by local bus service to Tropical World. Whilst there is not a regular bus service to Temple Newsam, there is access to free car parking for visitors.
- 3.30 Users will be informed via relevant websites, by notices displayed prominently at each respective venue and via the LeedsCard magazine.
- 3.31 The suggestion has also been made that this approach is piloted in order to assess the impact. Whilst a formal pilot has not been recommended, charges are reviewed on a regular basis at these attractions and the impact would be closely monitored to inform future decisions on this matter.

4.0 Implications For Council Policy And Governance

- 4.1 The delegated decision has been referred to Executive Board as Scrutiny Board (City Development) referred the decision back to the Chief Recreation Officer for reconsideration. In these circumstances where the original decision is being confirmed then it must be referred to Executive Board for which the decision is not eligible for call in.

5.0 Legal And Resource Implications

- 5.1 The terms and conditions sent out following application for a LeedsCard state "(4). All LeedsCard offers are liable to withdrawal and subject to the availability and the terms and conditions of the service provider." Likewise, Breezecard terms and conditions state "5. All Breezecard offers are liable to withdrawal and subject to the availability and the terms and conditions of the service provider."
- 5.2 The change proposed would therefore not present an issue as cardholders have been made aware that offers can be withdrawn and the terms and conditions do not prevent such a withdrawal.
- 5.3 From a financial perspective, at Tropical World, introducing a 20% discounted price for LeedsCard/Breezecard holders and assuming a fall off in visitor numbers of one third, would provide estimated additional income of £65k for a full year. At Home Farm, Temple Newsam it is also assumed there would be an estimated fall off in visitor numbers of one third which would provide an estimated additional income of £58k. The total full year effect would be £122k. If a further discount was offered to people with income and disability related benefits then this would reduce estimated additional income by £7k to £115k for a full year effect, assuming that the proportion of 'Extra' cardholders remains the same. The impact on secondary spend is estimated at £7.8k.

6.0 Recommendations

6.1 Executive Board is recommended to approve the following:

- To endorse the decision to replace free entry for LeedsCard and Breezecard holders with an appropriate discount for LeedsCard and Breezecard holders similar to those applied to other visitor facilities.
- To agree that LeedsCard Extra cardholders will receive a discount of 50%.
- To agree that subject to the above, the price points that will apply from 2nd January 2011 will be as follows:

| Card Type | Entrance fee including VAT @ 20% £ |
|---------------------|---|
| Adults | 3.30 |
| LeedsCard | 2.65 |
| 'Extra' cardholders | 1.65 |
| Breezecard | 1.65 |

- That under 5s continue to get free entry

7.0 Background Papers

7.1 Delegated decision report

7.2 Equality impact assessment

**Appendix A – Minutes of Scrutiny Board (City Development)
on 7th September 2010**