

FEES & CHARGES POLICY

Document Control

Title	Fees & Charges Policy for QEOP Venues
Organisation	London Legacy Development Corporation
Description	This policy sets the guidelines for increases in the fees and charges applied at venues where LLDC has direct control or influence over the charges set.
Author(s)	Peter Tudor, Director of Visitor Services, Park Operations & Venues
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Approvals	Investment Committee
Distribution	Park Operations & Venues
Protective Marking	Not Protectively Marked

Version Control

Version	Date	Amendments	Author
V0.1	12.02.15	Draft policy	Peter Tudor
V0.2	17.02.15	Following EMT	Mark Camley
V1.0	03.03.15	Approved with minor wording change agreed at Investment Committee (3 March 2015)	Peter Tudor
V1.1	09.11.15	Updated with minor wording amendment agreed at Investment Committee (9 June 2015)	Peter Tudor

1 CONTEXT

- 1.1 LLDC does not have a single policy approach to setting fees and charges. In broad terms LLDC's approach has been based on balancing full commercial rates with encouraging local engagement and use. This has led to a range of pricing approaches. In general terms Business To Business pricing is more market price orientated than Consumer pricing which is designed to encourage use of the venues.
- 1.2 LLDC has a range of commercial contracts in place for the venues, catering outlets and other activity within QEOP and other projects. The exact terms of the contracts vary, as does LLDC's direct influence over the fees and charges which can be applied. These are summarised in the table in the Appendix.
- 1.3 LLDC sets only a subset of fees and charges within the Park and Venues (see Appendix). This paper focuses on the approach to those fees and charges we can set.

2 POLICY

- 2.1 LLDC's pricing should breakeven and work towards a surplus to contribute to the management and operation of the Park and Venues. However, particularly in the near term, price increases need to sit within the context of local pricing.

3 PRICE REVIEW METHODOLOGY

- 3.1 Given the range of fees and charges, even where LLDC set the charging mechanism different factors come in to play. These range from simple indexation (e.g. CPI and RPI) to comparing with local prices. The individual charging regimes are largely set out in operator contracts, although LLDC set a few directly (e.g. Park event rate card). Details of the approach are set out in the Appendix.

4 APPROVAL PROCESS

- 4.1 The Executive Management Team (EMT) are authorised to approve any future changes to LLDC venue fees and charges, provided they are within the agreed Policy and within the principle of charging no more than the highest cost of one of the neighbouring boroughs. These increases will be presented to the Investment Committee and to the Board for noting. All other individual price rises will be considered by EMT, before being presented to the Investment Committee for approval and to the Board for noting. The Mayor of London and the four neighbouring boroughs will also be notified of sensitive price increases before the Board meeting.
- 4.2 The process will be:

	VENUES & FACILITIES	LAC & CBA	AMO
1	The Venue Operator will submit proposed fees and charges for the subsequent financial year no later than the last day of January of the preceding year. This is part of the business planning process for the year, and identifies the impact on forecast income and highlights anticipated expenditure issues.	The Operator is required to submit background information, such as HB prices for similar facilities. This is part of the business planning process for the year, and identifies the impact on forecast income and highlights anticipated expenditure issues.	The Operator will submit proposed fees and charges for the subsequent financial year no later than the last day of January of the preceding year. This is part of the business planning process for the year, and identifies the impact on forecast income and highlights anticipated expenditure issues.
2	<p>LLDC Park Operations & Venues Team will review the proposals and test them against LLDC's Ten Year Plan expectation, Fees & Charges Policy and LLDC's strategic objectives. Other tests may include:</p> <ul style="list-style-type: none"> • Benchmarking against similar facility. • Ensuring appropriate costs are covered. • Ensuring LLDC Priority Theme commitments are maintained where feasible. • Demand for facility. • Viability of proposed price adjustments in line with operating budgets. • Expert third party analysis. 	LLDC Park Operations & Venues Team will review the proposals and test them against LLDC's Ten Year Plan expectation, Fees & Charges Policy and LLDC's strategic objectives.	<p>LLDC Park Operations & Venues Team will review the proposals and test them against LLDC's Ten Year Plan expectation, Fees & Charges Policy and LLDC's strategic objectives. Other tests may include:</p> <ul style="list-style-type: none"> • Benchmarking against similar facility. • Ensuring appropriate costs are covered. • Ensuring LLDC Priority Theme commitments are maintained where feasible. • Demand for facility. • Viability of proposed price adjustments in line with operating budgets. • Expert third party analysis.
3	Where LLDC can benefit from enhanced revenue (e.g.: turnover share) the relevant officers will	n/a	Where LLDC can benefit from enhanced revenue (e.g.: turnover share) the relevant officers will provide

	provide the appropriate challenge/check process to the operator to ensure that rates proposed are appropriate.		the appropriate challenge/check process to the operator to ensure that rates proposed are appropriate.
4	Where LLDC is responsible for charging the fees directly (e.g.: event spaces, car parking), ratecard proposals will be tested by colleagues in a separate part of the business (e.g.: Finance).	n/a	n/a
5	Approval: EMT are authorised to approve any future changes to LLDC venue fees and charges, provided they are within the agreed Policy and within the principle of charging no more than the highest cost of one of the neighbouring boroughs. These changes will be noted at Investment Committee and Board. All other changes will be by the Investment Committee via EMT. Noted at Board.	Approval: EMT are authorised to approve any future changes to LLDC venue fees and charges, provided they are within the agreed Policy and within the principle of charging no more than the highest cost of one of the neighbouring boroughs. These changes will be noted at Investment Committee and Board. All other changes will be by the Investment Committee via EMT. Noted at Board	Approval: EMT are authorised to approve any future changes to LLDC venue fees and charges, provided they are within the agreed Policy and within the principle of charging no more than the highest cost of one of the neighbouring boroughs. These changes will be noted at Investment Committee and Board. All other changes will be by the Investment Committee via EMT. Noted at Board

- 4.3 The rate card for hire fees for external events will be set by 31 March of the preceding year in order that bookings can be contracted at the correct rate (as bookings in this category are often made a year in advance). For example, the rate card for 2016 will be set by the end of March 2015.
- 4.4 In certain cases it may be appropriate for LLDC to provide a more direct influence on the operator in order to ensure venue viability and where LLDC meets costs separately from the venue operator. This process will be documented as part of the Quarter 4 activity outlined in the table above.
- 4.5 All fees and charges should be approved and set no later than the fifteenth day of March each year to enable the necessary changes to be put into place prior to the start of the next financial year.

5 REVIEW

- 5.1 This process will be reviewed annually and updated as determined by the operating environment.

APPENDIX: SUMMARY OF FEES/CHARGES IN CURRENT CONTRACTS					
Project	Entry Charges	Hire Charge	Lease Rent	Estate Charge	Notes
QEOP Commercial events	✘	✓	na	na	Set by LLDC.
Copper Box Arena	✓	✓	set in contract	set in contract	GLL propose and LLDC test and approve. LLDC has full discretion and approval rights on all pricing and charging changes, although GLL are able to apply CPI increases year on year as a minimum. The operator contract states that after the second year of operation (LAC 1 st March 2016, CBA 27 th July 2015), charges will be market led for NGB use and event use and can be higher than the equivalent 6HB maximum charges for pay and play, courses, clubs, and health and fitness.
London Aquatics Centre	✓	✓	set in contract	set in contract	
ArcelorMittal Orbit	✓	✓	na	na	Set by LLDC in agreement with the operator.
Podium	✘	✘	set in contract	set in contract	
Timber Lodge	✘	✘	set in contract	set in contract	
Kiosks	<i>Stadium Plus Operator from April 2014</i>				
Three Mills Studios	na	✓	na	na	Set by LLDC in agreement with the operator.
Car Parking	✓	na	na	na	Set by LLDC benchmarked against local prices
Multi-Storey Car Park	✓	✓	na	na	Set by LLDC.

Key

✘	LLDC cannot affect directly or entry charges do not apply	✓	LLDC can stipulate the charges
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