

1. INTRODUCTION

This paper provides options regarding a tiered pricing policy further to report CG/10/205 'Accord Card: Citizen Roll Out'. This report was referred from the Finance & Resources Committee of 1st February 2011.

2. RECOMENDATIONS

It is recommended that elected members:

- i) Consider the content of the report and agree that a tiered pricing policy should be introduced as outlined in section 3 of this paper;
- ii) Subject to agreeing i), instruct the appropriate officer(s) in each service to assess the implications of this policy and implement where appropriate;
- iii) Subject to agreeing i), instruct the appropriate officer(s) in each service to work with partner organisations to encourage, through establishment of the potential benefits for citizens and partners, to implement, where practicable and financially viable, the Council's tiered pricing policy managed via the Residents pass.

3. TEIRED PRICING POLICY

In principle, there would be three tiers of charging for services provided, these being:

- Standard charge;
- Accord card holders charge (with Residents pass);
- Concession charges.

The Accord card charge would equate to the current level of charge for services, with the Standard charge being higher, thereby allowing Aberdeen City residents who have an Accord card to benefit from a preferential rate. Based on this, the following process for taking this forward is recommended.

3.1 IMPLEMENTATION

As soon as practicable and with due consideration to other work priorities, each service will review their service provision with a view to implementing a tiered pricing policy. This will allow each service to assess the potential impact and determine if there is a sound financial business case for implementing the policy. Issues for services to consider include;

- legal implications;
- external funding / grants;
- staffing requirements;
- ICT requirements;
- determine the number of non-resident service users;
- assess the level of charging their specific market place could bear.

For those services in Education, Culture and Sport, this could be linked to the review of arts and sports services funding (ECS1-C10, mentioned in section 4 of the main report) as part of the Priority Based Budgeting process.

As services assess (and where appropriate received service Committee approval) the impact of implementing and managing a tiered pricing policy and there is a business case to proceed, implementation can commence as appropriate either on a service by service basis or as part of the larger rollout.

As stated in the main report, the first stage in this process will be to order smartcards for Accord card production which will take 12 to 16 weeks to procure. Once received, Accord cards can start to be printed and the policy implemented.

As agreed at Finance & Resources Committee of 1st February 2011, the Finance & Resources Committee is to be updated on progress each alternative cycle. It will be the responsibility of each service to provide this information to the Finance & Resources Committee.

4. An alternative approach was considered whereby the Council could set a 'blanket' flat rate increase across all services which would be the new Standard charge. However, there were risks associated with this option, i.e.
 - Increase in price may be more than specific market place can tolerate resulting in number of non-resident users dropping with a negative impact on income;
 - takes no account of grant/ funding implications for services;
 - takes no account of staffing resource required at each service/ facility to manage the Residents pass;
 - takes no account of ICT resource required at each service/ facility to manage the Residents pass;
 - As most services do not record if a service user is either a resident or non-resident, it may not be financially viable to implement a tiered pricing policy at certain facilities as the number of non-residents using the facility may be low (e.g. at libraries, non-residents account for only 3.3% of users)

The above risks mean that it is difficult to predict with any degree of certainty the overall impact on revenue should the tiered pricing policy be introduced in a 'blanket' approach.

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