

For publication

Fees and Charges for Sport and Leisure 2018/19 (HW000)

Meeting:	Cabinet
Date:	30 January 2018
Cabinet portfolio:	Health and Wellbeing
Report by:	Operations Managers

For publication

1.0 Purpose of report

- 1.1 To set Council's fees and charges for Sport and Leisure facilities with effect from 1 April 2018.

2.0 Recommendations

- 2.1 That the charges set out in **Appendix A** are approved and introduced from 1 April 2018.
- 2.2 That the proposals for Concessionary charge eligibility be approved as outlined in **Appendix A** and that the Concessionary memberships continue as Change4Life.
- 2.3 That on-going analysis of membership and centre usage is continued to assess any possible impacts of the changes to fee and charges.
- 2.4 That support for continued development of the services enables additional fees to be applied to new activities.
- 2.5 That there is no further price increase implemented prior to April 2019.

2.6 Where there are promotional opportunities to stimulate usage, ensure retention of customers or to respond to external market forces it is to be approved that changes to fees and charges can be agreed with the Health and Wellbeing Manager and Portfolio holder.

3.0 **Background**

3.1 The report reflects the approach taken over the past three years on charging for sports and leisure services and the need for financial efficiencies for service sustainability.

3.2 In the past the Council has completed a series of reviews through corporate efficiency requirements. This process includes the Sport and Leisure Service operating in a more business-commercial manner. However, the importance of the service in delivering affordable access to experiences is essential to support the Council's priority of improving health and wellbeing outcomes and reducing inequalities.

3.3 Chesterfield has significant areas of deprivation and the Sport and Leisure Service provides a variety of programmes and initiatives that contribute to promoting positive and healthy lifestyles. Whilst access and locality is a potential barrier to use, price and quality of services are also a key factor.

3.4 As with all Council services the sports centres continue to work under economic pressures. There is increasing competition locally with attractive pricing structures, e.g. gym only membership for £9.99/monthly and along with the general economic position this increases the focus towards competing on a cost basis. Maintaining a good quality but affordable market position coupled with a need for continuous improvement is essential. The fees and charges need to be clear to customers and flexible enough to maintain a competitive offer. Managers need to adopt flexibility in pricing and continuously review competition to react to demand and threats in the market place in a timely manner.

3.5 The Council is taking a more commercial approach to service delivery where appropriate. The need for a balance between competitive pricing, maximising income and community wellbeing

priorities should be maintained in the approach to fees and charges. This is a challenging conundrum and the service can't lose sight of working towards a self-sufficient position by 2020, as outlined with the Council Plan, 2015 – 2019.

- 3.6 Direct debits will be introduced for various activities such as swimming lessons, gymnastics courses and trampoline courses. This will provide more frequent but also lower fees for parents to pay. Where these are applied multiples of the individual lesson fee will apply.
- 3.7 Benchmarking has been undertaken to identify charges applied by other sport and leisure providers throughout Derbyshire and in neighbouring counties. These are presented in appendix B.

4.0 **Issues for Consideration**

4.1 Setting the fees and charges for the Sport and Leisure Centre service is a careful balancing act. Given the concerns over maintaining membership levels and the associated income and the risk of increased competition the proposals have taken into account:

- The need to develop income opportunities to work towards a zero subsidy for sports and leisure services
- The repayment funding that has been borrowed for the replacement of QPSC and the continued development of the HLC
- The level of fees and charges applied by neighbouring sports and leisure providers
- Potential costs of any staffing redesign required to effectively resource the service in line with a service five year plan
- Broader value for money considerations including accessibility, booking arrangements, service quality and membership benefits
- Potential impact of local competition on centre use and membership
- The Council's Concessions Policy
- The need to address health inequalities in our communities
- The need to exceed customer expectations
- Start-up initiatives for new activities and groups with specific targets and objectives (e.g. Boccia for disability groups, etc.)
- Market demand leading to a higher increase in fee's

- Implementation of existing fees and charges late in October 2017 and the impact this would have within a short time scale before next proposed increased
- 4.2 In previous years, the charging scheme has been consistent for both centres without any significant areas of market differential. This consistency will remain and generally customers will pay the same price at both locations for comparable activities.
- 4.3 In some instances each site will deliver promotional opportunities to stimulate usage or ensure retention of customers. Such action will be agreed with the Health and Wellbeing Manager and Portfolio holder.
- 4.4 There is to be a review of the service design and the development of a 5 year service plan. This will address a number of key issues that have been identified including effective resourcing levels, facility development opportunities and improvements to the customer experience.
- 4.5 A detailed review of local provider fees and charges has been undertaken. These are attached as Appendix B. These include key activity and membership costs for other local authority provision as well as some more limited assessment of local private sector providers.
- 4.6 The overall service budget has been set with an overall 3% increase in income. The proposed revised fees and charges in Appendix A largely meet the increase. However following a detailed analysis of local provider costings a number of the fees and charges have been adjusted where there was perceived to be a significant competitive or market risk.
- 4.7 The standard charges may be varied outside the Fees and Charges review to maximise opportunity and efficiency by agreement with the portfolio holder. Any such changes are regularly reviewed to ensure that the reason for the variation remains valid and appropriate.
- 4.8 The proposed fees and charges have been developed with full consideration for equality impact and the provisions of the Council's Concessions Policy. The Change4Life membership will

continue to provide access to reduced fees and charges in line with the new corporate concessions policy. There are concessionary prices applied for persons meeting the eligibility criteria detailed in section 5.0 of the Concessions Policy.

4.9 The Fees and Charges recommendations for both Queen's Park Sports Centre and The Healthy Living Centre are attached as **Appendix A**. A number of new charges are included based on new activities, new initiatives to engage people from specific communities into physical activity and also inclusion of Direct Debit payment opportunities for certain activities.

4.10 Fees and charges were increased in October 2017. The fees as identified in Appendix A are proposed to be introduced as of April 2018. Fees increased have been proposed with due consideration for the short period between October 2017 and April 2018. In addition to this market forces have also been considered. Overall a 3% increase in income is to be attained but this is made up of some individual fees increasing by less than 3% and some fees above 3%.

5.0 **Human resources/people management implications**

5.1 There are no human resource implications of this report. However it is recognised that there will be a service review which will examine the resource provisions and structures appropriate for the service.

6.0 **Financial implications**

6.1 The current corporate budget provision includes an anticipated overall 3% uplift in income. These revised charges largely reflect the increase but consideration has been given to future competition, equalities, wider health and wellbeing outcomes and the market value of some services.

6.2 Retention of members remains a key issue in order to maintain a steady financial base. This is being addressed in a number of ways to include, but not exclusive to, evaluating the service offer, targeted investment in new equipment, development of the activity programme across both centres and experience activity to generate satisfaction, loyalty and a desire to refer.

6.3 The proposed charges will be published based on the market rates and also the adjustment based on membership level or concessionary status will be made at the point of sale. The analysis of charges has shown that the proposed increases are still consistent with the local providers as highlighted for some of the key activities in the table below. Promotional charge reductions will also be targeted at low use activities and periods through close monitoring by the Operation Managers at the sites.

7.0 **Legal and data protection implications**

7.1 No legal and data protection implications of these proposals.

8.0 **Risk management**

- 8.1 Following the opening of the new Queen's Park Sports Centre income has increased and with the development of a five year plan this will continue further. The income has developed mainly due to public interest but from also developing opportunities for physical activity. This will continue beyond the current financial year by broadening opportunities. In previous fees and charges reports it has been recognised that the financial climate has adversely impacted areas of discretionary spend amongst borough residents, e.g. sports and leisure. Whilst the position is only slightly improved the additional income generated has significantly reduced the general fund subsidy to the sports and leisure facilities. This trend and the need to continue to grow income has been a key influence in the proposed fees and charges.
- 8.2 The increase applied to the fees and charges ensures an overall 3% increase applied to the income targets. There are some new charges proposed for new initiatives (mainly squash).
- 8.3 Both sports centres will over the next twelve months be introducing direct debit payment options for swimming lessons and gymnastics/trampolining. Feedback from many customers has shown that this is a preferable option as it allows a lower cost to be paid more often however there will still be the need for cash payment given potential equality concerns. The fees and charges reflect both a percentage increase on current fees and

charges and also fees relating to direct debit once they are introduced.

8.4 There is concern that any significant increase in charges above those proposed could have a negative impact on usage and therefore income at both Centres. Proposed increases have therefore been carefully considered and are targeted, competitive, market focussed and sensitive.

8.5 The key risks are identified below:

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Severe economic conditions	High	Medium	Developing a retention plan to ensure that both centres remain a feasible option for residents of the Borough. Building a quality and attractive programme developing targeted activities towards specific community groups. Regular review of financial performance.	High	Low
Competition	High	High	Pricing and packages for services high quality, value for money. Robust retention and promotion. Planned Monitoring of external market environment through S.W.O.T. analysis. Continue development of a varied activity programme in line with industry trends and with key stakeholders and partners. Proactive outreach to	High	Medium

			create potential interest.		
Exclusion of equality groups	Medium	Low	Accessible usage and charging schemes in place. Engagement of community through partnership working and consultation.	Medium	Low

9.0 Equalities Impact Assessment (EIA)

9.1 The potential equality impacts of the fees and charges proposed have been evaluated in line with the Council's Concessions Policy. There are concessionary prices applied for persons meeting the eligibility criteria detailed in section 5.0 of the Concessions Policy.

9.2 A new charge has been introduced to provide for those who may work away from home for significant periods and wish to take up membership whilst back home (such as armed services personnel and off-shore employees).

10.0 Alternative options and reasons for rejection

10.1 The report has outlined the risks and considerations included in review of the proposed fees and charges. There were a number of options considered such as a set increase 'across the board' and a higher than 3% increase but these were rejected due to market and competitive risks.

10.2 Another option for not increasing the fees has been considered but given need for reduction in subsidy to support the services and thorough a market review the proposed fees and charges in Appendix A are sufficiently market sensitive to not pose a high risk of loss of business on cost grounds.

11.0 Recommendations

11.1 That the charges set out in **Appendix A** are approved and introduced from 1 April 2018.

- 11.2 That the proposals for Concessionary charge eligibility be approved as outlined in **Appendix A** and that the Concessionary memberships continue as Change4Life.
- 11.3 That on-going analysis of membership and centre usage is continued to assess any possible impacts of the changes to fee and charges.
- 11.4 That support for continued development of the services enables additional fees to be applied to new activities.
- 11.5 That there is no further price increase implemented prior to April 2019.
- 11.6 Where there are promotional opportunities to stimulate usage, ensure retention of customers or to respond to external market forces it is to be approved that changes to fees and charges can be agreed with the Health and Wellbeing Manager and Portfolio holder.

12.0 **Reasons for recommendations**

- 12.1 To set the Council's fees and charges for Sport and Leisure Indoor and Outdoor facilities with effect from 1st April 2018.
- 12.2 To contribute to improving the Councils overall financial position and reduce the overall cost of Sport and Leisure provision by the Council.
- 12.3 To support the Councils delivery of Great Place Great Service corporate priorities for visitors and residents to Chesterfield Borough.
- 12.4 To improve customer service, the service programming and overall participation levels of Sport and Physical activity in the borough to support other programmes for addressing health inequalities and impacts.
- 12.5 To meet the demands of the market place given current and pending competition.

Decision information

Key decision number	785
Wards affected	All
Links to Council Plan priorities	To improve the health and well-being of people in Chesterfield Borough To reduce inequality and support the more vulnerable members of our communities

Document information

Report author	Contact number/email
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Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
N/A	
Appendices to the report	
Appendix A	Proposed Fees and Charges
Appendix B	Comparison of Fees and Charges for other service providers in the area