

## **For publication**

### Sport and Leisure Fees and Charges for 2019 – 2020

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Meeting:	Cabinet
Date:	19 <sup>th</sup> March 2019
Cabinet portfolio:	Health and Wellbeing
Report by:	Assistant Director – Health and Wellbeing

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### **1.0 Purpose of report**

- 1.1 To ask Members to approve the proposed fees and charges for 2019 / 20 as outlined in Appendix A that relate to various activities and facilities provided within Queens Park Sports Centre and Staveley Healthy Living Centre.

### **2.0 Recommendations**

- 2.1 That Members approve the proposed fees and charges as detailed in Appendix A, with effect from 1<sup>st</sup> April 2019.
- 2.2 That the proposals for concessionary charges be approved as outlined in Appendix A and that the concessionary memberships continue as Change4Life.

- 2.3 That the Assistant Director – Health and Wellbeing through delegated authority with the Portfolio Holder for Health and Wellbeing applies appropriate fees and charges to new activities that are introduced during the period covered by this report.
- 2.4 Where there are promotional opportunities to stimulate usage, support the retention of customers and /or to respond to external market forces that the Assistant Director – Health and Wellbeing through delegated authority with the Portfolio Holder applies appropriate fees and charges to maximise these opportunities.

### 3.0 **Background**

- 3.1 In accordance with the Council`s Financial Regulations, it is necessary for all fees and charges to reviewed annually.
- 3.2 General principles that govern the Councils approach to fees and charges include;
  - 3.2.1 To make a charge wherever non-statutory services benefit an identifiable group as opposed to the entire community.
  - 3.2.2 Fees and charges should aim to recover at least the full cost of the service except where; there is an opportunity to maximise income, or Members determine a reduction or subsidy should be made for a specific reason.
  - 3.2.3 That where charges are reduced from full cost the reason for that reduction is reviewed periodically to ensure it remains valid.
  - 3.2.4 People of low income and / or suffering disadvantage through poverty or social exclusion may be charged less to ensure equal access.

- 3.3 This report reflects the approach taken over the past four years on charging for sport and leisure activities given the need for financial efficiencies to support service sustainability.
- 3.4 The service is committed to delivering affordable and accessible opportunities to engage in physical activity to support the Council's priority of improving health and wellbeing outcomes and reducing inequalities.
- 3.5 Chesterfield has significant areas of deprivation and the Sport and Leisure Service provides a variety of programmes and initiatives that contribute to promoting health and wellbeing for our communities which necessitates the need for discretionary pricing to support the most vulnerable.
- 3.6 The leisure centres alongside all council services continue to work under economic pressures. There is increasing competition locally with low level fees for access due to their operating model; which directly influences the ability of the service to change its fee structure.
- 3.7 It is appropriate for the Council to take a more commercial approach to service delivery to ensure sustainability of service delivery. The need for a balance between competitive pricing, maximising income and community wellbeing priorities will be maintained in the approach to fees and charges outlined within this report.
- 3.8 The service will develop its customer relationship through increasing the use of direct debit to ensure that our payment options for customers are suitable and sufficient to ensure continued good customer care.
- 3.9 Benchmarking has been undertaken to identify charges applied by other sport and leisure providers throughout Derbyshire and in neighbouring counties. This helps to provide some context and background as to the rational that

the service has applied to its proposed fees and charges for 2019 / 20. 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 needs to be sensitive to a range of factors that influence customer choice to consume the services that the centres offer. Given concerns in relation to maintaining income levels to support the sustainability of the services being delivered the proposed fees and charges have reflected upon and taken into account the following;

- 4.1.1 The need to develop income opportunities to work towards a zero subsidy for sports and leisure services, including wider value for money considerations including accessibility, booking arrangements, service quality and membership benefits.
- 4.1.2 The level of fees and charges applied by neighbouring sports and leisure providers and the potential impact of local competition on centre use and membership.
- 4.1.3 The Council's Concessions Policy aligned to the need to support addressing health inequalities in our communities.
- 4.1.4 The need to fulfil customer expectations and develop and deliver new activities to support regular physical activity.

4.2 The approach to fees and charges has been consistent for both centres without any significant areas of market differential. This consistency will remain in place under the recommendations for 2019 / 20.

4.3 Each centre will deliver promotional opportunities to stimulate demand or to support the retention of customers. This will help ensure that the service remains relevant and a sustainable proposition to our customers.

- 4.4 A detailed review of local provider fees and charges has been undertaken, to provide suitable insight to inform our decision making regarding the proposed fees and charges. These are attached within Appendix B. The areas covered include key activities that are comparable to those delivered in Chesterfield in addition to membership costs for other local authority providers and local private sector providers.
- 4.5 The service faces increased inflationary pressures in relation to the cost of operation; consequently it is important to try, as far as is reasonably practicable to offset these pressure through income growth. The overall income budget for the service has been set to achieve an inflationary increase of 3%.
- 4.6 To achieve this increase, the service has assessed its fees and charges and as a result has applied a range of percentage increases on those areas that it is believed can support a price rise. This assessment utilised insight based on competitor analysis, risk of attrition and demand for services and facilities. The net effect of this approach is an overall 3% increase on income; however this does mean that some fees and charges will increase by more than 3%. Details are contained within Appendix A.
- 4.7 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 corporate concessions policy. There are concessionary prices applied for persons meeting the eligibility criteria detailed in section 5.0 of the Concessions Policy.

## 5.0 **Human resources/people management implications**

- 5.1 There are no human resource implications within the context of this report.

## 6.0 **Financial implications**

- 6.1 The proposed fees and charges are anticipated to achieve an overall 3% uplift in income (based on demand remaining consistent with patterns over the previous 12 months) to help address increase inflationary pressures on the cost of operation. In deciding on the increase applied to each activity / facility provided by the service consideration has been given to competition, demand / market value of some services, risk of attrition, equalities and the wider health and wellbeing outcomes for the Borough.
- 6.2 Retention of customers remains a key focus in order to maintain a sustainable service. It is essential that the Sport and Leisure offer remains relevant to our customers so that perceived value for money remains high. This is being addressed in a number of ways to include, but not exclusive to, continuous evaluation of the services offered, partnership working, targeted investment in new technology / equipment, development of new activities and programmes, targeted marketing and promotion and the investment in training, learning and development of staff to deliver the very best experience and customer service.
- 6.3 The analysis of fees and charges has shown that the proposed increases remain consistent with other local providers. Price promotion will be developed where appropriate to support the services ambition to grow its customer base, support the delivery of improved health and wellbeing outcomes and target areas of low use to continue the commitment for a sustainable service.

## 7.0 **Risk management**

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

7.2 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 to offer value for money. Robust retention and promotion plans. Monitoring of external market environment. Continued development of a varied activity programme in line with industry trends and with key stakeholders and partners.	High	Medium

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

## 8.0 Equalities Impact Assessment (EIA)

- 8.1 A preliminary Equality Impact assessment has been completed and no group is anticipated to face a disproportionate negative impact. The impacts of the fees and charges proposed have been evaluated in line with the Council's Concessions Policy. There remains concessionary prices applied for persons meeting the eligibility criteria detailed in section 5.0 of the Concessions Policy.

## 9.0 Alternative options and reasons for rejection

- 9.1 There were a number of options considered in terms of achieving the required net income growth to offset inflationary operating costs. These included a fixed 3% increase on all fees and charges and a higher than 3% increase in an attempt to deliver additional net gain, however these were rejected due to risks associated with adversely affecting demand given market forces and local competition.
- 9.2 The option of not increasing fees and charges was also considered but given the inflationary operational cost pressures that the service faces and the need to ensure a sustainable service this was not deemed to be an acceptable option at this stage.



## 10.0 **Recommendations**

- 10.1 That Members approve the proposed fees and charges as detailed in Appendix A with effect from 1<sup>st</sup> April 2019.
- 10.2 That the proposals for concessionary charges be approved as outlined in Appendix A and that the concessionary memberships continue as Change4Life.
- 10.3 That the Assistant Director – Health and Wellbeing through delegated authority with the Portfolio Holder for Health and Wellbeing applies appropriate fees and charges to new activities that are introduced during the period covered by this report.
- 10.4 Where there are promotional opportunities to stimulate usage, support the retention of customers and /or to respond to external market forces that the Assistant Director – Health and Wellbeing through delegated authority with the Portfolio Holder applies appropriate fees and charges to maximise these opportunities.

## 11.0 **Reasons for recommendations**

- 11.1 To set the fees and charges for Sport and Leisure activities and facilities with effect from 1<sup>st</sup> April 2019.

### **Decision information**

<b>Key decision number</b>	<b>873</b>
<b>Wards affected</b>	All wards
<b>Links to Council Plan priorities</b>	To improve the health and well-being of people in Chesterfield Borough.  To reduce inequality and support the more vulnerable members of our communities.

	To provide value for money services.
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<b>Background documents</b>	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
<b>Appendices to the report</b>	
Appendix A	Proposed Fees and Charges
Appendix B	Comparison of Fees and Charges for other service providers in the area