

For publication

Sport and Leisure Fees and Charges for 2020 - 2021

Meeting:	Cabinet
Date:	12 th November 2019
Cabinet portfolio:	Health and Wellbeing
Report by:	Assistant Director – Health and Wellbeing

For publication

1.0 **Purpose of report**

- 1.1 To ask Members to approve the proposed fees and charges for 2020 / 21 as outlined in Appendix A that relate to various activities and facilities provided within Queens Park Sports Centre and The Healthy Living Centre, Staveley.

2.0 **Recommendations**

- 2.1 That Members approve the proposed fees and charges as detailed in Appendix A, with effect from 1st April 2020.
- 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 Where charges are reduced from full cost for activities delivered with partners the reason for that reduction is reviewed periodically to ensure it remains valid.

3.2.4 To support the more vulnerable members of the community and support wider access to various users through reduced charges promoting equal access.

- 3.3 This report reflects the approach taken over the past five 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 activities assisting the improvement of health and well-being of people in Chesterfield Borough.
- 3.5 The leisure centres alongside all council services continue to work under economic pressures. There is significant competition locally with extremely low-level fees for access due to their operating model; which directly influences the ability of the service to change its fee structure.
- 3.6 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.
- 3.7 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.
- 3.8 Proposed fees and charges for 2020/2021 take into consideration the competitiveness of market rivals within the borough, throughout Derbyshire and neighbouring counties where applicable. 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 on 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 aligns to support addressing health inequalities in our communities.
 - 4.1.4 The need to fulfil customer expectations and develop new activities supporting regular physical activity.
- 4.2 The approach to fees and charges has been consistent for both centres with consideration for specific activities at The Healthy Living Centre that are provided with Staveley Town Council and are targeted towards specific communities.
- 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 in a sustainable proposition for our customers ensuring that we can impact upon improving the health and well-being of people in Chesterfield.
- 4.4 A detailed review of fees and charges applied by local providers has been undertaken. This assists to provide insight to inform our own decisions for the proposed fees and charges. These are attached within Appendix B. The benchmarking process has compared key activities and memberships of other providers, of both the private sector and local authority, to those delivered at the sports centres.
- 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 pressures through income growth.

- 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. Details are contained within Appendix A.
- 4.7 The proposed fees and charges, along with other factors, will assist to address the subsidy for sport and leisure. Since 2012/2013 the net controllable costs for the sport centres has reduced significantly from £1,308,000 to £220,000 forecast estimate for 2019/2020.
- 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 corporate concessions policy reducing inequality and support the more vulnerable members of our community.

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 increase in income (based on demand patterns for services and activities remaining consistent over the next 12 months) to help address increase inflationary pressures on the cost of operation. In deciding on the increases applied 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 and improving the health and well-being of people in Chesterfield Borough remains a key focus. 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 several ways to include, but not exclusive to, continuous evaluation of the services offered, partnership working, 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, target areas of low use and to ensure that services work towards priorities for reducing inequality and support for the more vulnerable members of our communities.

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	High	Low

			<p>Borough.</p> <p>Building a quality and attractive programme developing targeted activities towards specific community groups.</p> <p>Regular review of financial performance and other key indicators.</p> <p>Investment in staff training to maximise customer service and sales opportunities.</p>		
Competition	High	High	<p>Pricing and packages for services to offer value for money.</p> <p>Robust retention and promotion plans.</p> <p>Monitoring of external market environment.</p> <p>Continued development of a varied activity programme in line with industry trends and with key stakeholders and partners.</p> <p>Proactive outreach to create potential interest.</p> <p>Investment in staff training to maximise customer service and sales opportunities.</p>	High	Medium
Exclusion of groups	Medium	Low	<p>Accessible usage and charging schemes in</p>	Medium	Low

			place. Engagement of community through partnership working and consultation.		
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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 remain 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 1st April 2020.
- 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 1st April 2020.

Decision information

Key decision number	912
Wards affected	All wards
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. To provide value for money services.

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Document information

Report author	Contact number/email
Ian Waller	01246 345337
Christopher Wright	ian.waller@chesterfield.gov.uk
Darren Townsend	01246 345567
	christopher.wright@chesterfield.gov.uk
	01246 345679
	darren.townsend@chesterfield.gov.uk
Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
Appendices to the report	
Appendix A	Proposed Fees and Charges
Appendix B	Comparison of Fees and Charges for other service providers in the area