

## For publication

### Sports Centre Fees & Charges report – April 2023 to March 2024

<b>Meeting:</b>	Cabinet
<b>Date:</b>	17 January 2023
<b>Cabinet portfolio:</b>	Health and Wellbeing
<b>Directorate:</b>	Leisure, Culture and Community Wellbeing
<b>For publication.</b>	

#### 1.0 Purpose of the report

To ask Members to approve the proposed fees and charges for the period 2023/24, 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 defined in Appendix 1 with effect from 1 April 2023 until 31 March 2024.
- 2.2 To approve raising of fitness membership fees for existing customers, as set out in paragraph 4.9 and 4.10 of the report.
- 2.3 To delegate authority to the Service Director – Leisure Culture and Community Wellbeing, in consultation with the Cabinet Member for Health and Wellbeing, to apply appropriate fees and charges to new activities that are introduced during the period covered by this report.
- 2.4 To delegate authority to the Service Director – Leisure Culture and Community Wellbeing, in consultation with the Cabinet Member for Health and Wellbeing, to make changes to the approved fees and charges, if required to stimulate usage, support the retention of customers, develop income and / or to respond to external forces.

#### 3.0 Reason for recommendations

- 3.1 It is appropriate for the Council to take a commercial approach to 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.
- 3.2 Chesterfield has significant areas of deprivation, and our sports centres provide a variety of programmes and initiatives that contribute to promoting health and wellbeing for our communities. This necessitates the need for discretionary pricing to support the most vulnerable and given the range of current pressures maintaining existing concessions is an appropriate method of targeting support.

#### **4.0 Report details**

##### **Approach to setting fees and charges**

- 4.1 In accordance with the Medium-Term Financial Strategy, fees and charges are required to be reviewed on an annual basis to ensure that the cost of providing the service is recovered.
- 4.2 The Medium-Term Financial Plan is constructed on the basis that additional income will be generated from fees and charges. The process being followed for the review of income to be realised includes an assessment of each fee to identify how it meets the Councils strategic purposes and the level of increase that is proposed as well as taking account of present economic conditions. The fees have been based on a robust estimate of the impact of cost increases and demand within the services and the Councils overall financial position. This includes assessing the affordability of any of these increases to our residents and customers. Cost pressures and changes in demand include:
- Increases in energy costs
  - Inflationary increases (October CPI 11.1%) resulting in increases in supplier costs and materials
  - NJC Pay Claim for 2022-23 which has resulted in a higher than budgeted for pay increase for staff and a higher than anticipated budget for the 2023-24 Pay Claim
  - Any specific service issues around cost increases or service usage

##### **Service specific context**

4.3 Setting the fees and charges for the Leisure Centres for the financial year 2023 / 2024 is one that needs to be sensitive to a range of factors that will influence customer choice at a time when all communities are being impacted by cost of living. Given the need to maintain income levels to support the sustainability of the services being delivered, in addition to the points above, the proposed fees and charges have reflected upon and considered the following.

- The need to develop income opportunities to work towards lowering the subsidy for the sports centres, including wider value for money considerations including accessibility, booking arrangements, service quality and customer / membership benefits.
- 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, please refer to Appendix 2
- The Council's Concessions Policy aligned to the need to support addressing health inequalities in our communities.
- The need to fulfil customer expectations and develop and deliver new activities to support regular physical activity.
- The choices available to people living in the borough, particularly those that have become ingrained due to the covid pandemic.

4.4 The approach to fees and charges is consistent for both centres without any areas of market differential.

4.5 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.

4.6 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 for 2023 / 2024. Significant local competition given operating models creates a competitive landscape, which impacts the fees applied at the sports centres. These are attached within Appendix 2. Some operators with whom we have benchmarked apply new fees at the start of the calendar year and so the figures presented may change within the next couple of months.

- 4.7 The service has assessed its fees and charges utilising insight based on competitor analysis, risk of attrition and demand for services and facilities. The net effect of this approach is the recommendation to target specific activities associated with the highest cost of delivery and to apportion a fees and charges increase that maximises income and reduces subsidy.
- 4.8 The proposed fees and charges for 2023 / 2024 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 as detailed within the Concessions Policy.
- 4.9 The sports centres have never raised fitness membership fees for existing customers, their subscription has remained the same since they joined. This has been a retention tool with customers. The result of this is there is a significant variation of fees that are charged to members as fees for new members increase each year. With the significant increase in the costs of delivering the service it has been appropriate to review this position.
- 4.10 To work towards increasing income and reducing the subsidy required for the service it is proposed that the fees paid by existing members are increased, as follows,
- An increase is applied to each membership of £4 per month. This equates to less than £1 per week.
  - No fee will increase above the proposed fees for 1 April 2023

It is estimated that the additional income from this change would be £76,859.20. This includes an allowance for potential loss of customers, which is estimated at around 3%, which equates to 120 members.

## 5.0 Alternative options

- 5.1 There were alternative options considered which included a range of increases on all fees and charges to deliver additional net gain. These were rejected and the proposed changes within this report recommended due to risks associated with adversely affecting demand given the increased pressure on spending from the cost-of-living crisis, market forces and local competition.

## **6.0 Implications for consideration – Financial and value for money**

- 6.1 Targeting specific fees and charges associated with the highest costs of delivery is an effective way of supporting the council in working towards a balanced budget; whilst recognising the challenges that the cost of living has placed upon our leisure centre customers.
- 6.2 The increase in expenditure across both sports centres from 2022/23 to 2023/24 has influenced the recommendations as set out above. It is anticipated that the increase in expenditure to the service will be in the region of £513,000. This includes an estimated additional £417,000 in utility costs.
- 6.3 The price comparison as shown in appendix 2 shows Chesterfield Borough Council pricing compared to the current fees of our nearest districts and boroughs, and as a result this reflects continued value for money.
- 6.4 The proposed fees and charges as outlined in Appendix 1 will bring an estimated £138,657.23 in additional income for 2023/24 after due consideration for the risk of attrition.
- 6.5 The proposed increase to existing membership fee levels will bring an estimated £76,859.20 in additional income for 2023/24 after due consideration for the risk of attrition.

## **7.0 Implications for consideration – Legal**

- 7.1 There are no specific legal implications resulting from the recommendations within this report.

## **8.0 Implications for consideration – Human resources**

- 8.1 There are no specific human resources implications resulting from the recommendations within this report.

## **9.0 Implications for consideration – Council plan**

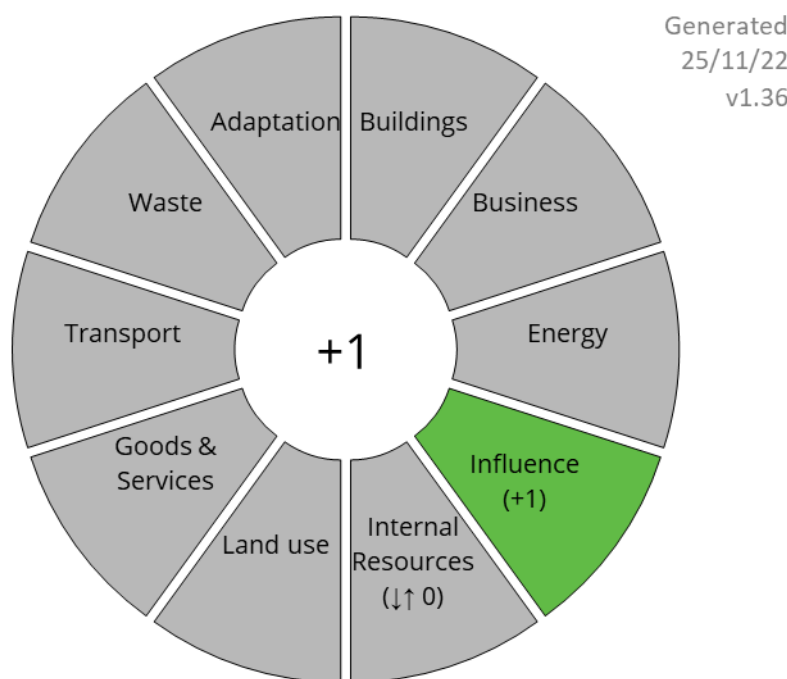
- 9.1 The recommendations within this report underpin the values of the council with specific reference to being customer focused. In addition, they fulfil the priority regarding value for money within the council plan, specifically VFM item 8 namely - responding to and developing plans for

re-engaging communities with leisure and cultural facilities to maximising customer safety, health, wellbeing, and value for money.

9.2 In taking a very sensitive and targeted approach to fees and charges this reflects well against the council's priorities with specific reference to improving the quality of life for local people and two key areas of helping our communities to improve their health and wellbeing and reducing inequality and providing support to vulnerable people.

## 10.0 Implications for consideration – Climate change

10.1 A climate change impact assessment has been undertaken and there is no negative impact with only a small positive through increasing opportunities to accommodate services within vacant space at The Healthy Living Centre.



Chesterfield Borough Council has committed to being a carbon neutral organisation by 2030 (7 years and 1 months)

The infographic shows the relative costs and benefits of the decision on 10 different categories with respect to the climate: Buildings, no effect. Business, no effect. Energy, no effect. Influence, plus 1. Internal Resources, no net effect. Land use, no effect. Goods & Services, no effect. Transport, no effect. Waste, no effect. Adaptation, no effect.

## 11.0 Implications for consideration – Equality and diversity

11.1 A preliminary equality impact assessment has been undertaken and as a result of this it has been identified that there is no disproportionate impact for protected groups.

## 12.0 Implications for consideration – Risk management

12.1 There is a risk that an increase in charges above those recommended could have a negative impact on usage and therefore income. The proposed charges have been carefully considered and as a result will ensure the leisure centres and the services they offer remain competitive, market focussed, relevant and sensitive to customer needs.

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Economic conditions resulting in reduced customer demand	High	Medium	Proposed fees and charges have been assessed based upon market conditions and price sensitivity. In addition, the service will utilise marketing, promotion, and retention planning to ensure that both centres remain accessible and affordable.	High	Low
Competition	High	High	Benchmarking with other operators. 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	High	Medium

			key stakeholders and partners. Proactive outreach to create potential interest. Ongoing staff training to support good customer service to aid retention.		
Exclusion of groups	Medium	Low	Accessible usage and charging schemes in place. Engagement of community through partnership working and consultation. Flexible fees to attract various users to help become established.	Medium	Low

### Decision information

<b>Key decision number</b>	<i>All key decisions must be in the Forward Plan at least 28 days in advance. There are constitutional consequences if an item is not in the Forward Plan when it should have been. Contact Democratic Services if in doubt.</i>
<b>Wards affected</b>	All

### Document information

<b>Report author</b>	
<i>Chris Wright, Leisure Services Manager – Leisure, Culture and Community Wellbeing</i>	
<b>Background documents</b>	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
N/A	
<b>Appendices to the report</b>	
Appendix 1	Proposed fees and charges 2023 - 24
Appendix 2	Fees and charges comparison November/December 2022



