

FOR PUBLICATION

FEES AND CHARGES **FOR SPORT AND LEISURE 2015 (L000)**

MEETINGS:	1. CABINET 2. EXECUTIVE MEMBER FOR LEISURE CULTURE & TOURISM
DATES:	1. 10 FEBRUARY 2015 2. 30 JANUARY 2015
REPORT BY:	SPORT AND LEISURE MANAGER
WARD:	ALL
COMMUNITY FORUM:	ALL
KEY DECISION REF:	452

FOR PUBLICATION

BACKGROUND PAPERS: Sport and Leisure Budget Working Papers

1.0 PURPOSE OF REPORT

1.1 To set the Council's fees and charges for Sport and Leisure facilities with effect from 1 April 2015.

2.0 RECOMMENDATIONS

2.1 That the proposed charges set out in **Appendix A** are approved and introduced for the financial year 2015/16 for Healthy Living Centre and the existing Queen's Park Sports Centre.

2.2 That the delegated powers held by the Portfolio Holder for Sport and Leisure include the ability to both increase or decrease charges where there is a clear market opportunity to doing so.

2.3 That the proposals for Concessionary Change4Life charges including the new option "**No earned income**" for eligible Universal Credit recipients be approved as outlined in **Appendix B**.

- 2.4 That an annual increase be applied to all direct debit membership packages from April 2015 subject to market considerations.
- 2.5 That a further assessment/review of fees and charges be undertaken in August 2015 in relation to the changes to provision arising from the new Queen's Park Sports Centre facility from January 2016 onwards.

3.0 BACKGROUND

- 3.1 The report reflects the Council's adopted general guidelines on charging for services (**Appendix B**). The report also reflects the Council's ongoing need for financial efficiencies for service sustainability including income generation and a resultant reduced or removed service subsidy.
- 3.2 The national economic challenges continue to impact on services, local communities, and consequently the ability for some people to spend on leisure and other non-essential items.
- 3.3 The Council is heavily dependent on central government grants to support its budget. Grants have continued to be reduced as part of the Government's austerity measures. All the indications are that the funding reductions will continue for the foreseeable future. At the same time the Council has faced significant pressure on its other major income sources. Throughout the economic downturn and associated austerity measures the Council has found its income from charging for services has been under pressure.
- 3.4 The latest medium term budget forecasts show significant and increasing challenges in future years. The Council is, therefore, continuing with innovative financial planning to create a sustainable future. This includes reviewing low priority services, improving the efficiency of high priority services and generating more income from fees and charges.
- 3.5 The Council is committed to providing value for money services and has now completed a series of reviews which have been identified as part of corporate efficiency requirements. This process includes the Sport and Leisure Service operating in a more business like manner but maintaining a balance of affordable access to services.
- 3.6 Chesterfield Borough is the second most deprived area in Derbyshire and the Sport and Leisure Service provides a variety of programmes and initiatives that contribute to promoting positive and healthy lifestyles. Historic survey data with target groups has identified that

price and access to services are most important. Recent survey data relating to young people 14 to 19 years has identified demand for more activity and 66% of over 2000 respondents were prepared to make a payment of £2.00 to for an individual activity, 35% of respondents were prepared to pay more than £2.00. Young peoples programmes will be marketed in line with this information to maximise participation and income.

- 3.7 The Sport and Leisure Centres continue to work under considerable economic pressure and in an uncertain climate. Maintaining a good but affordable market position coupled with a need for continuous improvement is essential. The fees and charges need to be simple and clear to customers and flexible enough to be competitive. Managers need sufficient autonomy to react to demand and competitive threats in the market place in a timely manner. This may mean either increasing or decreasing charges where there is a clear case and opportunity to do so.
- 3.8 The Council remains focused on the major transformational programme “Great Place Great Service” which identifies critical performance needs relating to income generation. Within this it is acknowledged that a more commercial approach to service delivery should be considered where appropriate. The need for price balance and community wellbeing priorities being met should however be maintained in the charging philosophy.

4.0 ISSUES FOR CONSIDERATION

- 4.1 Setting the annual fees and charges for the Sport and Leisure Centre service is a careful balancing act; proposals have taken into account:
- (a) The need to raise income to help the Council to achieve a balanced budget to deliver on its annual and long-term priorities, and to improve the quality of its services.
 - (b) The requirement to pay back current /future loan capital that has been borrowed, e.g. for the replacement of Queen’s Park Sports Centre (QPSC) and the continued development of the Healthy Living Centre (HLC).
 - (c) The level of fees and charges levied by other local and sub-regional sports & recreation providers, both in the private sector and local authorities (**Appendix C**)
 - (d) The current condition of facilities (QPSC in particular).

- (e) The ability of all current and potential new customers to pay in the current economic climate.
- (f) Broader value for money considerations including accessibility, booking arrangements and membership benefits.
- (g) The need to address health inequalities in our communities.
- (h) Corporate priorities across services being met including applying an overall 3% charge increase.
- (i) Customer expectations being met and ideally exceeded.

4.2 In 2014 - 2015, the sport and leisure charging scheme underwent a significant transformation with some varying risks acknowledged. Customers now pay the same price for all comparable activities unless there is some unique site specific justification for a different charge being applied.

4.3 In some instances each site will deliver promotional opportunities independently to stimulate usage or ensure retention of customers. Such action is agreed with the Portfolio Holder.

4.4 The comparison with other providers and different Councils has identified that this Councils pricing structure is appropriate and competitive.

4.5 APSE benchmarking services confirm that many operators continue to adopt a more targeted approach to pricing although a limited amount are still working to either cost of living or direct budget needs. It is suggested that this Council adopts a targeted approach but retaining a service led philosophy in terms of impact and affordability.

4.6 The revised casual booking and payments system introduced in 2014 has been successful. On line bookings and payments were introduced in January 2015 and it is expected that this will be a significant benefit from an internal efficiency position, but importantly from a customer perspective by providing a far more versatile and accessible booking and payment service.

4.6 The introduction of 45 minute bookings introduced to Sports Hall and Squash activities in 2014 have worked well and there has been no negative reaction in relation to participation or income streams at Queen's Park Sports Centre.

4.8 The most recently published Sport England Active People data (Survey 7) identified:

- 21.7% of adults in Chesterfield take part in sport and active recreation compared to the national average of 21.8%
- 50.7% of adults in Chesterfield do no sport or active recreation at all
- 52.1% of adult residents in Chesterfield want to start playing sport or do a bit more.

Public health statistics for Chesterfield indicate almost 27% (over 22,000) people are obese.

These statistics indicated a significant opportunity to improve participation, health and income consistent with the Council's priorities for the borough. The proposed fees and charges and the respective memberships and packages are critical to such improvements being achieved.

4.9 In making recommendations, the Sport and Leisure Manager has taken into consideration the current charges for headline sports levied by other Derbyshire Councils and private sector organisations (**Appendix C**). Approaches being adopted by other councils nationally in reacting to the current economic and central government challenges ahead have also been considered.

4.10 The Active Chesterfield Membership scheme provides targeted discounts and incentives with flexibility to provide market driven opportunities. The scheme provides an equal single tier of charges for services for all users irrespective of membership status. The Active Chesterfield membership includes a range of benefits from advance booking priority to discounted opportunities and also includes the concessionary option known as Change4Life. This option is to ensure that Active Chesterfield membership opportunities are accessible and affordable to all the community should they wish to join the membership scheme.

4.11 The current Change4Life criteria (**Appendix B**) has been reviewed and the qualifying criteria updated to reflect the introduction of Universal Credit. This category has been applied in consultation with the Councils audit team who advised as follows:

- Universal credit is due commencing February 2015 for single people in receipt of JSA. For all other categories it is intended to be rolled

out over the next 5 years. However Universal credit will include working tax credits and child tax credits, i.e. people in employment who would not necessarily be eligible for housing benefit. Hence in the short term it is suggested to include another criteria specifically for Universal Credit – **no earned income**, for which the claimant should have a letter of entitlement.

Access to concessions will continue to be administered by membership category qualification and be personal to the applicant. There is no proposal to amend any Active Chesterfield Membership criteria other than Change4Life.

It is recognised that some people who qualify for Change4Life concessions may not want a full membership package. A stand alone casual pay and play Change4life membership category that provides access to reduced prices remains available:

- **Change4Life £5 (16+)**

Other than for swimming which is primarily an individual activity, people will only be able to access the full range of concessionary prices if they hold the Change4Life membership.

It is proposed that replacement cards for any membership remain recharged at a cost of £3.

- 4.12 The fees and charges recommendations for indoor sport and leisure are attached (**Appendix A**) and include estimated income generation. Where any new charges are included future baseline figures will be established over the 2015/16 financial year.

Equalities Impact Assessment (EIA)

- 4.13 A full EIA has been completed, approved by the Council's Equalities Officer, and is attached as **Appendix D**.

Risk Management

- 4.14 Previous Fees and Charges reports have recognised the prolonged period of economic downturn and recession. This position has not improved significantly and the likelihood is therefore that the poor economic conditions will continue to adversely impact upon areas of discretionary spend such as sport and leisure amongst residents.

4.15 The management team recognise that there is only a certain amount of elasticity in local pricing. There is concern that any significant increase in charges will 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.

The key risks are identified below:

Description	Impact	Probability	Existing Controls	Actions Required
Significant further reduction in current economic conditions.	High	Medium	Budget reports & usage monitoring completed monthly. Management monitoring weekly site performance. Use of performance management framework.	Continue with monthly budget meetings & report any significant variations to FPG and Portfolio Holder. KPI monitoring.
Competition	High	Medium	Monthly meetings held with line management. Use of appropriate tools to ensure high service profile and reputation maintained. Pricing and packages for services high quality, value for money. Robust customer engagement in place for retention and promotion. Planned Monitoring of external market environment. Marketing Officer monitoring	Managers authorised to respond quickly to changes & amending or introducing new charges through the delegation scheme. Market Overview maintained. Invest to save options considered for service improvement. Ongoing Networking with County Colleagues.

			competition. Attend external forums and groups.	
Exclusion of equality groups	Medium	Low	Continued monitoring & use of surveys. Accessible usage and charging schemes in place.	Regular communication with equality team. Engagement of community through equalities group. Active Chesterfield partnership working with local stakeholders and providers.
Adverse reaction to revised Charging, Booking and Membership schemes	High	Low	Proposed charges competitive and include concessionary provision. Packages aligned to known customer need and demand. Reputation for value for money in place. Consultation with Active Chesterfield Forum including CSP, Local Club Forum and NGBs.	Effective use of promotional tools to ensure customer awareness. Communication with key stakeholders. Marketing and Communications capacity in place.

Financial Considerations

- 4.16 The current corporate budget provision includes an anticipated overall 3% uplift in income. Consideration has also been given to the current economic climate, market forces, competition, and the customer's ability to pay.
- 4.17 Current Direct Debit membership packages are on offer for a 12 month period after which the monthly fees continue unless cancelled by the holder. Historically there has been no annual increase made to these packages, in part due to a perception that to do so would trigger

cancellations. It is not considered appropriate to routinely offer fixed price offers beyond 12 months in the future unless there is a specific driver to do so. Failing to implement annual increases in charges to existing users will impact on the yield per Direct Debit collected and reduce financial efficiency of the service operation incrementally over time. If implemented, introduction of annual uplift to Direct Debits will not impact until 2016 and new members from April 2015 unless alternative action is taken with current memberships which will be considered as part of the recommended August review regarding the new QPSC charging.

- 4.18 Despite no significant sustained improvements in the current economy, income is holding well in several areas, new business is contributing to customer retention and promotion such as one to one swimming lessons and the Membership DD packages which are at record levels. HLC is particularly strong overall although QPSC less so reflecting its age and quality to an extent that is difficult to mitigate. Historic Leisure Legacy reports highlighted a spiral of decline and this has been mitigated through revised fees and charges arrangements being introduced in the last two years. The QPSC continues to be a challenging situation but very positive results are being achieved and the imminent introduction of the replacement QPSC on the Annexe is a significant step toward achieving self-sustaining service delivery by 2020.
- 4.19 If Cabinet agree to adopt the proposed 2015 fees and charges; assuming there is limited customer resistance and reduction in demand, Sport and Leisure income will increase by approximately £65K.
- 4.20 The recommended charges are still consistent with the Derbyshire district and borough averages and in some cases remain cheaper as shown in the table below (comparators as at November 2014). It should also be noted that price reductions are included in proposed Membership packages for specific activities, e.g. Family Swim £8.25 standard charge (based on 4 people) but £6.70 in all school holidays (Change4life £6.70 standard charge). Promotional charge reductions will also be targeted at low use activities and periods through close monitoring by the Operation Managers at the sites.

Activity	Current £	Proposed £	Derbyshire Average £	Sheffield £
Adult Swim	3.30	3.40	3.66	5.70
Junior Swim	2.30	2.40	2.66	3.00
Family Swim	8.00	8.25 (6.70 AC Holidays)	9.21	10.20
Swim Lesson	5.00 (4.50 AC)	5.15 (4.65 AC)	4.60	5.60
Gym Session	5.50	5.75	5.99	8.00

The pricing comparison table is based on published charges at the time of analysis but it is expected that variances will be made by providers from time to time based on market demand.

- 4.21 The new Queen’s Park Sports Centre is due to open in January 2016. The mix of facilities available included is not significantly different however the capacity and multipurpose nature of the facilities will provide an opportunity to introduce new opportunities. A business case is in place based on current operating costs which has been validated by the CBC finance team. It is recommended that a further assessment/review of fees and charges be undertaken in August 2015 to allow for pricing and managing advance booking enquiries for new facility options such as 8 lane pool hire, small pool hire, 8 court hall hire etc.

5.0 RECOMMENDATIONS

- 5.1 That the proposed charges set out in **Appendix A** are approved and introduced for the financial year 2015/16 for Healthy Living Centre and the existing Queen’s Park Sports Centre.
- 5.2 That the delegated powers held by the Portfolio Holder for Sport and Leisure include the ability to both increase or decrease charges where there is a clear market opportunity to doing so.
- 5.3 That the proposals for Concessionary Change4Life charges including the new option **“No earned income”** for eligible Universal Credit recipients be approved as outlined in **Appendix B**.
- 5.4 That an annual increase be applied to all direct debit membership packages from April 2015 subject to market considerations.

5.5 That a further assessment/review of fees and charges be undertaken in August 2015 in relation to the changes to provision arising from the new Queen's Park Sports Centre facility from January 2016 onwards.

6.0 REASONS FOR RECOMMENDATIONS

- 6.1 To set the Council's fees and charges for Sport and Leisure Indoor and Outdoor facilities with effect from 1 April 2015.
- 6.2 To contribute to improving the Councils overall financial position and reduce the overall cost of Sport and Leisure provision by the Council.
- 6.3 To support the Council's delivery of Great Place Great Service corporate priorities for visitors and residents to Chesterfield Borough.
- 6.4 To improve customer service, the service programming and overall participation levels of Sport and Physical activity in the borough.

Further information on this report can be obtained from Mick Blythe
(Extension 5101 Room 1.39)

MICK BLYTHE
SPORT AND LEISURE MANAGER

Officer recommendation supported.

A Serjeant

Signed

Executive Member

Date 30.1.2015

Consultee Executive Member/Support Member comments
(if applicable)