

Public Report

Birmingham City Council

Cabinet Member jointly with the Director

19 December 2018



Subject: **Review of Sport & Leisure Fees & Charges 2019 - 20**

Report of: **Service Director – Sport, Events, Open Space & Wellbeing**

Relevant Cabinet Member: **Councillor Ian Ward - Leader**

Relevant O &S Chair(s): **Councillor Albert Bore – Resources Overview and Scrutiny Committee**

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference:		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential :		

1 Executive Summary

1.1 To approve the revised Sport and Leisure Service fees and charges for 2019/20

2 Recommendations

2.1 That the fees and charges for Sports & Leisure set out in the attached Appendix 2 Fees and Charges – Proposed charges document be approved and implemented from 1st January 2019, or February 2019 for 12 weekly instruction courses, as shown on the Appendix.

3 Background

- 3.1 The City Council's Financial Regulation requires that Chief Officers report to and seek approval from the appropriate Cabinet Member on a review of all charges for services provided.

Fees and charges have been reviewed and the following information has been considered before making the recommendations:

The need to ensure relevant expenditure is met and that budgeted income targets are achieved.

The need to maximise income potential so far as possible.

The need to meet the increased savings within the Sport & Leisure portfolio.

The need to increase participation in line with the City Council's strategic priorities.

Fees and charges levied by neighbouring local authorities and Core Cities.

Usage trends and other market forces

This report covers the Sport and Leisure maximum prices that are to be increased from January 2019. However charges for the standard 12 week Instruction Courses will increase from February 2019 due to the advanced payment policy in place.

In general, prices are rounded to the nearest 10p and in some cases rounded up to the nearest 50p or £1.00, which may lead to a slightly higher or lower than the average 5% increase even though the cash increase is relatively minor. This helps to simplify the pricing structure and also facilitates cash handling and the management of coinage.

The explanation for the proposed increases in key activity charges is detailed in [Appendix 1](#). Fees and Charges - Proposals Commentary 2019/20.

The key proposals are:

(a) To introduce an average 5% increase on the maximum charge for the majority of activities.

(b) As agreed by the Cabinet members in 2013. The level of discount offered to Passport to Leisure Card holders will be 20% in 2019/20.

(c) To hold the current charges on the Your Choice direct debit monthly memberships to compete and maintain market share in the fitness market.

4 Options considered and Recommended Proposal

- 4.1 When setting the fees and charges, consideration was given to ensuring that any price increases would not have a detrimental impact on the use of the service in conjunction with a level of increase that can be levied in order to cover budgetary pressures in the service such as increased utility costs.

5 Consultation

5.1 Internal

Relevant Senior Officers from Strategic Sport have developed the proposed fees and charges document.

Corporate finance have also been consulted on the proposals.

External

A benchmarking exercise was undertaken with other local authority providers and Core Cities. See Appendix 3 Fees and Charges – Benchmarking Exercise

6 Risk Management

In setting the proposed fees and charges, there is a risk that the increases to prices will impact on the volume of customers and that as a result the additional income is not achieved. To mitigate this risk the proposed prices have been compared to alternative like for like providers to ensure prices are competitive and that the risk of any customer loss is minimised. In addition a marketing campaign will be focused on explaining the increases and maintaining customer levels to all sections of the community.

The City Council operates a Passport to Leisure (PTL) scheme which offers concessionary prices to disadvantaged groups and those on low incomes. In addition the Be Active scheme offers free activities at set times. This has resulted in an increased volume of customers particularly those from hard to reach groups and communities.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

7.1.1 The recommendations are consistent with the City Councils Corporate charging policy, budgetary requirements and the service specification which states that pricing is a corporate issue and that all operators will be required to adhere to the City wide pricing policy.

7.1.2 Outcome 5 – Priority 2 - We will encourage citizens of all abilities and ages to engage in physical activity and improve their health and wellbeing.

7.2 Legal Implications

In all cases where charges are being proposed, there are legal powers to provide this service and make the charges required.

The Council has the authority to provide the relevant services by section 19 of the Local Government (Miscellaneous Provisions) Act 1976. This gives the Council the power to provide recreational activities as it thinks fit including particular power to provide indoor facilities consisting of sports centres, swimming pools, skating rinks, tennis, squash and badminton courts, bowling centres, dance studios and riding schools.

Section 111 of the Local Government Act 1972 gives the Council the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. In addition, section 93 of the Local Government Act 2003 authorises the Council to charge a person for a providing a service if the Council is authorised, but not required, by an enactment to provide the service.

7.3 Financial Implications

- 7.3.1 The proposed fees and charges for 2019/20 have been set in line with the City Council's Corporate Charging Policy and are intended to ensure the long term affordability and sustainability of the Service.
- 7.3.2 A range of increases are proposed – these are outlined in Appendix 1 and detailed in Appendix 2. The proposed fees and charges are maximum prices and allow for either an external leisure operator or the Wellbeing Service to discount where appropriate to meet local demands and increase business. The charges apply to all leisure sites, including those operated by a Framework Contractor.
- 7.3.3 Additional income generated at sites operated by a Framework Contractor will be retained by the contractor. However, each contract has provision for surplus share payments to the City Council and so there is a means by which the City Council can benefit from improved financial performance. The amount of estimated additional income at City Council operated sites is £60,637 and will contribute towards increased salary and utility pressures in the Sport and Leisure service.
- 7.3.4 There are no specific requirements to increase income from Sport and Leisure activities in the existing City Council Long Term Financial Plan (LTFP) or in draft proposals subject to consultation.

7.4 Procurement Implications (if required)

- 7.4.1 None

7.5 Human Resources Implications (if required)

- 7.5.1 None

7.6 Public Sector Equality Duty

A Stage One Equality Analysis has been undertaken.

Appendix 4 Fees and Charges - Stage One Equality Analysis

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8 Background Documents

Appendix 1 – Fees and Charges - Proposals Commentary 2019/20.

Appendix 2 – Fees and Charges – Proposed charges document

Appendix 3 – Fees and Charges – Benchmarking Exercise

Appendix 4 – Fees and Charges - Stage One Equality Analysis