

Key Decision Required:	No	In the Forward Plan:	No
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REPORT TO PORTFOLIO HOLDER

JANUARY 2023

REPORT OF THE ASSISTANT DIRECTOR FOR ECONOMIC GROWTH AND LEISURE

A. SPORT AND LEISURE - PROPOSED FEES AND CHARGES FOR 2023/24
(Report prepared by Mike Carran)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To seek the Portfolio Holder's concurrence to the proposed schedule of fees and charges 2023/24 for Sport and Leisure

EXECUTIVE SUMMARY

- This report sets out the proposed fees and charges for 2023/24 for Sport and Leisure. They continue to be considered against a number of key principles that form part of the long term financial forecast approach which are summarised later on in this report.
- In respect of Full Council, the individual decisions (including this one) agreeing fees and charges will be collated and presented as part of the overall budget setting process for 2023/24.
- Due to the challenging financial climate, a full review of all fees and charges within the portfolio has been undertaken. This is to ensure services are being managed efficiently and fairly, whilst contributing to a decrease in current levels of subsidy.
- Through this review, consideration has been given as to how the service subsidy can be reduced through prudent setting of charges, e.g. Sports Facilities, Clacton Airshow. In others, such as Beach Huts, changes have reflected as to how fees and charges can contribute towards essential / associated expenditure in that particular service area
- Following a review of pay as you go prices, it was clear that Tendring was one of the lowest charging authorities in Essex for Sports and Leisure provision and in many cases the lowest. This follows on from a freeze in fees and charges over recent years.
- Consideration has been given as to the impact any increase in fees and charges will have on service users, as the Council is charging not trading. As such, the proposals are setting fees to best cover costs, or manage the level of service subsidy. They are not seeking to make a surplus.

- It is recommended that Beach Hut fees and charges are increased by 10% and the fee associated with the administration of a licence would also be increased by £100. The additional income generated will be utilised for ongoing maintenance work on Beach Hut staging and supports across the District and an investment programme for seafront pathways, as is currently the case. Significant ongoing investment is required to these two areas and the additional income generated, will contribute to ensuring they are well maintained in both the short, medium and long term. This should be considered in the context of any future changes to Beach Huts impacted by the emerging strategy.
- A ‘root and branch’ review of pay as you go prices at the Council’s Sports Facilities has been undertaken to compare charges with other publically owned facilities around the District. The majority of Sports Facilities charges have not been increased in several years, to maintain accessibility for local people. Following the review, casual prices will be increased above the rate of inflation in a number of areas. The level 2 and level 3 price range will be merged into one concession price for ‘pay as you go customers.’ This will ensure that residents are still provided with value for money, but will support the reduction of the subsidy for the service and bring fees more in line with peer authorities. In order to support local people to become ‘more active, more often’ however, it is being recommended that membership prices are largely frozen. The number of members has increased from 2,403 in February 2020 (prior to the Covid-19 Pandemic) to 4,039 in December 2022 under the current pricing structure. This is equated to a monthly income of £62,444 in February 2020 against a monthly income of £89,459.15 in December 2022.
- Fees for Trade Stands at the Clacton Airshow and hire charges at the Princes Theatre are being increased to reflect market forces and increased costs. This will support a reduction in the subsidy of both service areas, whilst maintaining competitiveness for stakeholders.

RECOMMENDATION(S)

That the Schedule of Fees and Charges 2022/23 for Sport and Leisure set out in Appendix A be agreed.

REASON(S) FOR THE RECOMMENDATION(S)

- To ensure the schedule of fees and charges for the Council’s Sport and Leisure Facilities area confirmed for the 2023/24 financial year

ALTERNATIVE OPTIONS CONSIDERED

- A full review of alternative pricing was considered, to ensure all implications of the new pricing structure were considered
- Officers also considered the implications of not increasing charges

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The forecasting and budget setting process, including fees and charges, will have direct implications for the Council's ability to deliver on its objectives and priorities. At its heart, the 10 year approach to the forecast seeks to establish a sound and sustainable budget year on year

through maximising income, including income raised from fees and charges, whilst limiting reductions in services provided to residents, businesses and visitors.

It should be noted that the Council's Beach Hut Strategy is in the process of being reviewed and the respective proposals for fees and charges in this area, should be considered with that wider project. This is due to be considered by Cabinet in February 2023.

OUTCOME OF CONSULTATION AND ENGAGEMENT

Officers have considered similar charges from other Local Authorities in developing these proposals. A consultation has been undertaken to support the emerging revised Beach Hut Strategy, which included comments about annual charges.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

Is the recommendation a Key Decision (see the criteria stated here)	NO	If Yes, indicate which by which criteria it is a Key Decision And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)	X Is otherwise significant for the service budget
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The arrangements for setting and agreeing a budget and for the setting and collection of council tax are defined in the Local Government Finance Act 1992. The previous legislation defining the arrangements for charging, collecting and pooling of Business Rates was contained within the Local Government Finance Act 1988. These have both been amended as appropriate to reflect the introduction of the Local Government Finance Act 2012.

A local authority has power under [section 19\(1\)\(a\)](#) of the [Local Government \(Miscellaneous Provisions\) Act 1976](#) (LGMPA 1976) to provide recreational facilities (indoor and outdoor) such as a sports centres, swimming pools, skating rinks etc. in its area. A local authority may wish to charge for use of such recreational facilities and the costs associated with providing the service. Section 19(2) of the LGMPA 1976 contains an express power for a local authority to charge whatever payment it considers to be appropriate. A local authority wishing to charge users of the recreational facilities would use the express authority to charge in section 19(2) of the LGMPA 1976 rather than the section 93 charging power.

Under Section 145 of the Local Government Act 1972, for the Provision of entertainments and ability to charge, a local authority has the power to provide and charge for an entertainment service. This is appropriate for the Princes Theatre.

The general powers to charge are set out in the Local Authorities (Goods and Services) Act 1970 and the Local Government Act 2003 – Section 93 respectively. The latter also requires that charges for discretionary services should be on a cost recovery basis.

Under Para 4.4.1 (8) Part 3.4 of the Council's Constitution, all Assistant Directors, in consultation with the relevant Portfolio Holder, Management Team Member and the Assistant Director (Finance & IT), are authorised to decide the level of the annual discretionary fees and

charges for their service (including any in-year changes that may be required) for inclusion within the Council's corporate schedule of fees and charges. Following the above consultation, an Officer decision must be published.

An equality impact assessment has been carried out on these fees and charges proposals, to ensure any key issues are mitigated and addressed where appropriate.

X The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:

I am pleased to note the fees and charges have been set taking into account trading for a profit is prohibited, unless the Council does so through a separate company and that the specific power under Section 19 of the Local Government (Miscellaneous Provisions) Act 1976 has been relied upon for use of recreational facilities.

However, if the Section 93 power is being relied upon for any of the Fees and Charges within the Schedule, it works on the basis that, if it wishes, a local authority can charge for a discretionary service but individuals cannot be required to pay for a service they do not wish to receive or use. Anyone who requires the service agrees to take it up on those terms. To ensure fees can be recovered evidence of such an agreement is required and advice to the service is to ensure this documentation is in place and robust.

FINANCE AND OTHER RESOURCE IMPLICATIONS

Finance and other resources

Fees and Charges have been reviewed against the key principles that underpin the long term forecast, which includes the generation of income whilst balancing strategic and external market conditions.

However a key underlying principle is to consider inflationary increases wherever possible to support the Council's overall financial position to balance inflationary pressures against expenditure budgets but recognising the restrictions placed on local authorities in terms of setting fees and charges on a cost recovery basis.

Price increases reflect the current rate of inflation and the subsequent expenditure which has increased as a result.

Sports Facilities:

Item	2022/23	2023/24	Change
Cost of service	2,961,910	3,321,900	359,990
Total Fee Income	1,825,860	1,860,000	34,140
Difference	1,136,050	1,461,900	325,850

The impact of the Sports Facilities increase would be in the region of £34,140 which would support a decrease in the current operating subsidy and mitigate cost pressures in the service, including ongoing maintenance of the estate. Due to the significant increases in Premises Costs however, there will still be an increase in the subsidy to the service. As such, this increase will mitigate that overall increase and ensure it is a lower cost to the public purse as a

result. The above change is over and above the £150,000 net cost pressure included in the current budget proposals for 2023/24 that reflects the historical net financial position of across the various leisure facilities.

Beach huts:

The increase in Beach Hut charges will result in the region of £94,790 of additional income. Due to projected increases in associated costs, , the projected net position is estimated to be £42,940. It is recommended that this sum be invested in an ongoing programme of investment into beach hut structures/supports and seafront pathways, as referred to elsewhere in this report. This additional money could be transferred to the capital programme for investment into Beach Hut staging and seafront pathways, subject to future decisions.

It should be noted that Cabinet will considered a revised Beach Hut strategy at their meeting in February 2023.

Princes Theatre (Room Hire Only):

Item	2022/23	2023/24	Change
Cost of service	52,000	59,800	7,800
Total Fee Income	42,200	45,000	2,800
Difference	9,800	14,800	5,000

The projected increase in income for the fees and charges proposed for the Princes Theatre is £2,800. The business model for the theatre has strongly considered the income potential from secondary spend in its financial planning. Ensuring well priced primary charges and subsequent well attended events and shows, results in far higher secondary purchases. Due to the significant increases in Premises Costs however, there will still be an increase in the subsidy to the service. As such, this increase will mitigate that overall increase and ensure it is a lower cost to the public purse as a result.

Clacton Airshow:

Based on 2022 income, the increase in charges for trade stands at the Clacton Airshow is project to be £4,450. If pre pandemic income is realised, this will increase accordingly. Due to increases in overheads however, there will still be an increase in the subsidy to the service. As such, this increase will mitigate that overall increase and ensure the event is managed at a lower cost to the public purse as a result. This change is over and above the additional cost pressure that has been included in the 2023/24 budget to support the overall cost of the airshow in 2023/24.

Risk

In the current financial climate, there is a risk that an increase in fees and charges could impact negatively on the Council's ability to reduce subsidies if there was a substantial drop off in service uptake as a result. Consideration of the implications of the proposals and in some cases, the market appraisal of comparative prices elsewhere in the region, mitigate against this risk.

X	The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:
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Although there are no further comments over and above those set out elsewhere in the report, it is important to highlight that the demand / volumes used to calculate the estimated total income figures included within this report are based on those held by the Service.

As referred to elsewhere in the report, any income that is over and above the 'operational' cost of the service is planned to be spent on associated projects / initiatives, which would be subject to separate decision making processes.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

<p>A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;</p>	<p>As set out in the finance section, the recommended fees and charges will ensure in most circumstances, the significant increase in overheads will be mitigated against. Although this will not offset those increases, it will ensure the overall subsidy is controlled wherever possible.</p> <p>The exception to this is in relation to the Beach Hut subsidy, which is projected to decrease as a result of the increase. As set out elsewhere in this report, it is intended to utilise this position to fund an investment programme into Beach Hut staging and seafront pathways. This will ensure that 'new money' is not required to pay for this essential work.</p>
<p>B) Governance: how the body ensures that it makes informed decisions and properly manages its risks,; and</p>	<p>This report providing an overview of how the respective decisions were taken on fees and charges will be published together with a formal Officer Decision. Fees and Charges are delegated to the Assistant Director in consultation with the Portfolio Holder for Tourism and Leisure (who has concurred with this decision).</p>
<p>C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.</p>	<p>These proposals will ensure that the Council's Sport and Leisure facilities are maximising potential and decreasing subsidies wherever possible. This needs to be considered against the overall market and the cost of accessing services to individual residents.</p>

MILESTONES AND DELIVERY

This suite of fees and charges will come into effect on 1 April 2023, following publication of the decision. The operational services will continue to be managed in advance of this, with the current approved fees and charges.

ASSOCIATED RISKS AND MITIGATION

At this stage, Cabinet is just being asked to approve the content of the draft strategy and agree for a consultation exercise to be undertaken.

Key Risks	Action Proposed to Manage the risk	Link to Corporate Risk Register
Prices increase to a level which leads to a decrease in income and increase in subsidy	<i>The fees and charges have been benchmarked with other local authorities and considered against supply and demand.</i>	Financial
Prices increase to a level which leads to a decline in attendance, due to previous customers no able to afford activity charges.	<i>The pricing has been benchmarked against neighbouring authorities and those claiming means tested benefits will be eligible to claim a discounted rate.</i>	Reputational

EQUALITY IMPLICATIONS

The level 2 and level 3 price range for pay as you go customers will be merged into one concession price range. All those currently eligible for concessions will still receive discounted pricing. Those over 60+ who have been paying for their swimming via the Active+ membership package will retain their pricing range.

Those claiming means tested benefits, will still be eligible to concessionary pricing.

SOCIAL VALUE CONSIDERATIONS

Although there are no direct implications of these fees and charges recommendations to social value, any procurement exercises for Beach Huts will ensure consideration of this matter.

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030

There are no direct implications of these fees and charges recommendations to the Council's aim to be net zero by 2030.

OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder

Health Inequalities

The Council’s Sports Facilities have the ability to impact on local health outcomes, through encouraging more residents to become active. The fees and charges proposed are considered to offer significant value for money and even following this review, will still be among the lowest charges in the county.

Area or Ward affected

The fees and charges in this report impact on all wards in the District

BACKGROUND

Income from fees and charges form an important element of the budget and the financial sustainability of the Council as set out in the long term forecast.

Similarly to previous years, Departments have been asked to review their fees and charges on an individual basis as changes may need to be made to meet specific aims or strategic objectives or in some cases in response to external factors such as market forces.

The review of fees and charges has been set against the following key principles:

- general inflationary increases where possible or lower where appropriate / justified
- amounts rounded for ease of application, which may result in a slightly above inflation increase.
- on a cost recovery basis as necessary.
- reflect statutory requirements.
- increases where market conditions allow.
- to meet specific priorities or service delivery aims / objectives.

Income budgets included in the detailed estimates will reflect any required changes from the proposed fees and charges set out in this report.

CURRENT POSITION

Set against the current fees and charges for 2022/23, **Appendix A** includes the schedule of fees and charges proposed for 2023/24, which have been developed by applying the key principles highlighted above.

Although the Membership Package prices will remain the same, it is important to point out that their respective brand names will change. There has also been a review of benefits associated to each membership package and which activities/facilities each one will encompass.

There is currently a membership price which allow those over 60 years of age to swim inclusively of their price. This is currently set at £15.38 (following the 25%) discount which has been in place since re-opening the facilities following the Covid-19 pandemic. This package is

held by over 200 customers and due to the low cost, it is recommended that this is addressed. It is proposed to address this as follows:

Allow the 200+ beneficiaries of this package to continue the membership at the same price. This can then be evaluated periodically and a decision can be taken on how to progress. This price will not be offered to new customers.

There are a number of historic packages where prices have been honoured from previous prices. It is proposed that these are discontinued and customers revert to the comparative packages, which will impact on 11 customers.

As referred to earlier, there has been a full review of the pay as you go charging, which has not been increased for a significant period of time. The new prices ensure that Tendring Sports Facilities remain competitive, but ensure that more of the subsidy is recovered. By way of an example, it is proposed that the pay as you go swimming price increases from £4 for an adult, to £5, which is an increase of 25%. This is also key in addressing the significant increases in costs associated to swimming pools.

The Level 2 and Level 3 price level for those 'pay as you go' customers are being merged into one concessionary price. All those eligible for those concessions previously, will still be eligible following the implementation of these changes. As referred to in the membership section, those 60+ customers paying via the Active 60+ package will retain their price.

With regards to swimming lessons, there will be an increase £4.70 to £5.74 per lesson (£5.22 to £6.46 for an adult). As with all pay as you go prices, this is due to the 2022/23 price being significantly below the regional average. This will subsequently increase the direct debit price paid by customers, to reflect this increase.

It should be noted that the setting of fees and charges for the 3G pitch at Clacton Leisure Centre in the future, will require consultation with the Football Foundation, as per the funding agreement for the refurbishment. The fees and charges proposed in the appendices have been pre-agreed and these fees may be reviewed within the financial year, to reflect market changes since they were discussed.

Charges for the Princes Theatre will be increased marginally to reflect market forces and increases in expenditure, incurred over the last year. The trade pitch prices for the Clacton Airshow will increase by 10% when compared with 2022/23, following a review of comparative event charges. This will ensure that more of the subsidy will be recovered, to support the financial viability of the event (together with other measures being considered).

Beach Hut Fees and Charges were increased by 2% last year and were frozen in the year prior. As such, the 10% increase proposed will ensure there is sufficient funding for maintenance of Beach Hut supports/staging around the District and seafront pathways. An ongoing investment programme is required for these areas and this additional income can be used to ensure this is put in place. There will be a further review of these charges as part of the process to refresh the Beach Hut Strategy. This will include the potential for a commercial lease for those wishing to rent their huts and a proposal to move from licences to leases for all Beach Hut users in 2024/25. This will take account of a range of wider issues and has been subject to consultation.

It is also recommended that the new agreement fee increases by £100. This is paid by those purchasing Beach Huts and entering into a new agreement with the Council. The resources

attributed to the administration of this function has increased over the last year, due to the need to check whether beach huts have been adapted outside of the specification. Additional income generated can be utilised to improve the systems in place and support the aspiration in the Beach Hut Strategy to move to a digital platform.

The Sports Facilities fees and charges have been frozen over recent years, but have been subject to a complete review. This will ensure the pay as you go prices will be comparative to those charged at other public facilities around the region. Membership prices will be frozen to reflect the considerable increase in the number of local people who have subscribed post pandemic. This will ensure the Council supports those residents who wish to use their facilities regularly.

PREVIOUS RELEVANT DECISIONS

N/A

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

APPENDICES

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