

12 March 2024

Portfolio Holder for Portfolio Holder for Leisure and Public Realm

REPORT OF THE ASSISTANT DIRECTOR FOR ECONOMY, LEISURE AND TOURISM

A. Fees and Charges for 2024/5 For Leisure and Princes Theatre

PART 1 – KEY INFORMATION

**PURPOSE OF THE REPORT**

To seek the Portfolio Holders concurrence to the proposed schedule of fees and charges for 2024/5 for Leisure Services and the Princes Theatre.

**EXECUTIVE SUMMARY**

- This report sets out the proposed fees and charges for 2024/25 for Leisure Services and the Princes Theatre.
- They continue to be considered against key principles that form part of the long term financial forecast approach which are summarised later on in this report.
- Any amendments to budgets that are required to reflect changes to fees and charges are planned to be included within the Q3 financial performance report that will be presented to Cabinet in April.

**RECOMMENDATION(S)**

It is recommended that:

**The Schedule of Fees and Charges 2024/25 for Leisure and the Princes Theatre set out in Appendix A be agreed.**

**REASON(S) FOR THE RECOMMENDATION(S)**

To enable the implementation of a revised fees and charges schedule for 2024/25, following the statutory principle that fees and charges should be reasonable and relate to the costs of performing the function.

**ALTERNATIVE OPTIONS CONSIDERED**

Please see the considerations / reasons behind the proposed fees and charges later on in this report.

## 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.

### OUTCOME OF CONSULTATION AND ENGAGEMENT (including with the relevant Overview and Scrutiny Committee and other stakeholders where the item concerns proposals relating to the Budget and Policy Framework)

The Portfolio Holder for Leisure, Tourism and Public Realm Cllr Mick Barry has been consulted prior to the submission of this report to him.

### 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	<input type="checkbox"/> Significant effect on two or more wards <input type="checkbox"/> Involves £100,000 expenditure/income <input type="checkbox"/> Is otherwise significant for the service budget
		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)	

Trading and the power 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.

The Council does not provide its leisure facilities as a business activity, but for the purpose of supporting residents to increase levels of physical activity, to contribute towards health and wider social benefits.

The Council needs to be mindful that Tendring has fewer active people than both the national average and regional average as identified by the latest Active People Survey undertaken by

Sport England. The percentage of the population considered to be inactive in our District is 36.2%. This is significantly above both the regional average (28.2%), and the national (27.5%) average.

Through increased participation in physical activity levels in the district, there is a real prospect that local health statistics can be continually improved with enhanced life outcomes and expectancy levels for local people. As sedentary lifestyles are a proven contributor towards poor health, this could support improvements in local health and wellbeing outcomes.

Inactive and unfit people have almost double the risk of dying from coronary heart disease. The latest health profile highlights a number of conditions where Tendring falls below the national average. Of these conditions, there are a number where increased physical exercise could have a significant positive impact on the health, wellbeing and quality of life for local people.

The Council's Sports Facilities, also provide a significant social value provide to the wider community. Using figures derived from Sport England's 'Moving Communities' platform, it is estimated that Clacton Leisure Centre, Dovercourt Bay Lifestyles and Walton on the Naze Lifestyles provide over £3.5m in social value across physical and mental health, individual development and social and community development.

Tendring shows a greater prevalence of mental health challenges and in most cases a greater prevalence than the England average. The social value indicator for 'physical and mental health' for users of the Council's sports facilities show the financial benefit as over £700,000 per year. This figure represents the savings accrued by local health services as a direct result of those Leisure Centre users being active. And this is just for users of council facilities. Increasing participation through the Council's facilities will reduce the cost of local health services and take some pressure off primary care services.

The Department for Culture, Media and Sport affirm that the HM Prison and Probation Service (HMPPS) support a vision for the role of '*sports-based interventions in tackling and reducing crime and preventing contact with the criminal justice system.*' Increasing opportunities for young people to become more active can lead to positive social outcomes and sport is a recognised diversionary activity which has the power to educate about team dynamics and how work ethic and endeavour can improve life chances and quality of life. The Council provides a full programme of activity for young people to provide opportunities for diversionary opportunities, to impact on crime and Anti-Social behaviour. A full programme over swimming lessons is also provided, to ensure Tendring residents are afforded an opportunity to learn how to swim, which is arguably more important in a coastal district.

<input type="checkbox"/>	<b>The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:</b>
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**To be completed**

## **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.

Given the significant on-going financial challenges faced by the Council from 2024/25, a key underlying principle is to consider inflationary increases wherever possible to support corresponding increases in the Council's own costs in delivering the associated service(s). The current rate of inflation remains relatively high and it may not necessarily be practical / possible to 'translate' such an increase into the actual fee increase proposed. Therefore, set against this inflationary context, any proposed increases in fees and charges must be balanced against other considerations / market conditions, whilst also recognising the restrictions placed on local authorities in terms of setting fees and charges as set out within the legal section above. Further details relating to any proposed increases to fees and charges is set out below.

Any changes to income budgets resulting from any changes in the level of fees and charges agreed, will form part of the detailed budget setting process for 2024/25. It is also recognised that there may be advantages to allocate some or all of any additional income to associated investment / expenditure, which will also need to be considered as part of the detailed budget setting process for 2024/25.

Detailed financial information is set out further on in this report.

It should also be noted that following the development of a new 3G Artificial Grass Pitch at Claton Leisure and funding received from the Football Foundation, the Council is required under the terms and conditions to set aside £25,000 per year for a sinking fund. This sum will need to be ring fenced and set aside from Sports Facilities' annually and set aside, to ensure a new surface can be re-laid, when the pitch reaches the end of its life. This has been considered setting out revised fees and charges for 2024/25.

<b>YES</b>	<b>The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:</b>
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Although there are no significant 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 / estimated by the Service.

Work remains on-going in respect of the VAT position highlighted elsewhere in this report, which is supported by the additional information set out within the legal section above. Updates on the progress of this work will be included in the regular financial performance reports that will be presented to Cabinet during the year.

#### **USE OF RESOURCES AND VALUE FOR MONEY**

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

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	Please see relevant comments elsewhere in this report.
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	Please see relevant comments elsewhere in this report.
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages	Please see relevant comments elsewhere in this report.

and delivers its services.	
<b>MILESTONES AND DELIVERY</b>	
Fees and Charges for 2024/25 form part of the wider budget setting process and are expected to be approved ahead of the year to which they relate.	
<b>ASSOCIATED RISKS AND MITIGATION</b>	
<p>Volume versus value. There is a risk in setting fees that if the cost of a service is too high for customers, fewer will use the service, and as a result, the overall income for the service will fall. Leisure facilities have seen a substantial increase in customers as fee levels fell during the pandemic, once lockdowns eased. As such despite inflation it is important to consider the potential impact on the number of customers when setting fees and charges.</p> <p>Fee levels versus service offered. The council needs to ensure when setting fees that the quality of service is commensurate with any increased fee level, so that the service maintains sufficient custom. Otherwise there could be a reputational hit to the Council if residents were to see rising fee levels and falling service levels.</p>	
<b>EQUALITY IMPLICATIONS</b>	
The fees and charges have been developed keeping in mind the importance of enabling the widest range of people to be able to access the Council's leisure facilities and the theatre, including reduced rates for older people purchasing leisure memberships.	
<b>SOCIAL VALUE CONSIDERATIONS</b>	
Providing affordable leisure and theatre provides positive social value, including health and wellbeing benefits to customers.	
<b>IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030</b>	
The fees and charges for Leisure and the Princes theatre support the running of those services. It is recognised that energy demand is substantial, especially within the leisure estate. Setting sustainable fees enables the council to invest in the service facilities to reduce the energy use required.	
<b>OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS</b>	
<b>Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.</b>	
<b>Crime and Disorder</b>	None
<b>Health Inequalities</b>	Leisure services help to reduce health inequalities by providing affordable facilities for sport and activity. The Council has kept fees at a reasonable level and provided discounts for

	older people.
Subsidy Control (the requirements of the Subsidy Control Act 2022 and the related Statutory Guidance)	Leisure services and the theatre provide open access facilities which operate in a market with other private and voluntary providers. As such the subsidy control is not a constraint on setting fees and charges.
<b>Area or Ward affected</b>	All

### PART 3 – SUPPORTING INFORMATION

#### 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

As highlighted earlier in this report, the Council continues to face a number of significant financial challenges in 2024/25 and beyond. It is therefore important that fees and charges are considered against this context and to maximise income opportunities where possible, albeit whilst balancing the various issues highlighted above.

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

#### PROPOSED FEES AND CHARGES 2024/25

Set against the current fees and charges for 2023/24, **Appendix A** includes the schedule of fees and charges proposed for 2024/25, which have been developed by applying the key principles highlighted above.

The service has reviewed its fees and charges for leisure, with proposed increases broadly reflecting expected inflationary increases in the cost of providing the associated service e.g. staff costs along with supporting emerging cost pressures within the facilities.

Leisure services require subsidy with the proposed fee increases in this report, supporting towards ensuring the cost to the public purse remaining within the agreed framework, set out

annually by Full Council. The Council is operating its Sports Facilities in line with the Council's emerging Sport and Activity Strategy to support the health and wellbeing of residents and the wider benefits that provides to the wider community. This also includes supporting national strategic agendas, as set out by DCMS and Sport England, which the Council's emerging strategy underpins. As highlighted above, the increase in fees and charges will also support additional, emerging cost pressures which relate directly to the Council's Sports Facilities. This includes some urgent items to ensure the Council can provide services at Clacton Leisure Centre. Without these essential repairs taking place, there is a possibility of an interruption to the service.

The change to service income is the result of the change in fees and the number of service users. As such, the future income to the service is modelled based on an expected number of users, drawing on past trends. This makes the income budget inherently uncertain. The number of users of the leisure facilities is currently at an all time high in terms of memberships, which as of January 2024 stand at nearly 5,000. There is a risk that the number of users falls from this all time high. In addition, any repairs to the facilities require closures which may have an impact on revenue.

It is expected that increasing the fees by 4% as proposed will increase estimated income from the budget in 2023/4 of £1,871,500 to £2,147,660 in £2024/5. This also includes an acknowledgement that usage is higher than expected, also increasing income.

However, the overall estimated cost of the service is also rising from, £2,772,300 in 2023/4 to £2,989,790 in 2024/5.

It is noted that the Leisure estate requires substantial funding to maintain existing service levels. Investments in Clacton Leisure Centre in particular are required. As such the increase in budgeted income from increase in service take up and rising fees and charges is expected to be required to contribute towards repairs and maintenance of the leisure estate.

There was an expectation for a period in 2023 that VAT would no longer be chargeable on leisure fees. However, the government has since issued guidance which indicates VAT remains chargeable. As a result the fees in Annex A of this report exclude VAT and are subject to the correct rate of VAT (whether that is 0%, 20% or some other figure).

"Active 60+" currently £20 per month will move to the £26 per month under 2024/5 prices and package change to Swim Only.

"Active" Memberships: Currently £25.25 moving to £31.15 under 2024/25 prices and package change to Multi-Site Membership.

We propose the informal agreement to not charge fees in the swimming pool for children aged under 3s to be replaced with an approach in line with Colchester Leisure World from 1 April 2024 to offer free swimming for those under 12 months.

The Leisure facilities plan to bring forward new products, for example a holiday club, whose prices are listed in the annex to allow the Council to offer new services to residents which bring income into the Leisure Centres.

In March 2024, the Council's Cabinet was presented with a new draft Sport and Activity Strategy, to support delivery of the Council's priorities as set out in the newly adopted Corporate Plan. This draft strategy set the direction for the Council's focus on supporting

residents to become more physically active and working with partners to improve quality of life for local people.

Through this emerging strategy, it is proposed that the Council should consider sustainability of its leisure stock. Operating leisure centres is a significant financial challenge for Local Authorities, requiring increasing subsidies over recent years to pay for rising energy and service costs. In respect of these significant challenges and substantial investment required on ageing stock, the Council needs to consider what public sports facility offer can be provided and sustained into the future. In the short term however, if the Council is going to provide quality facilities for local people and support an improvement in health and other social outcomes, it is essential that there is sufficient budgetary provision to maintain the facilities at Clacton, Dovercourt and Walton and keep services open.

The increase in fees in charges by approximately 4%, is estimated to generate an additional £102,000 in income and this will be used to fund the significantly increasing cost of maintenance. A recent condition survey on the Council's Sports Facilities shows that in excess of £8m is required on planned preventative maintenance over the next 10 years. This includes £1.49 in 2024/25 alone and this additional income will support the Council to meet that cost and the investment required by the Council into its ageing stock to maintain customer services.

As set out in the finance section, a sum of £25k will need to be set aside annually for a 3G pitch sinking fund is in place, to meet the terms and conditions of a Football Foundation grant which part funded this facility.

Following the above changes, an overall budget subsidy will remain, so the proposed fees are not estimated to generate more income than the associated cost of the providing the service in-line with the requirement highlighted within the legal section of this report.

### **Theatre**

The theatre will continue to require subsidy. The theatre is proposing to keep fees the same as last year. This decision keeps the hire fees for the venue at a rate which is appropriate and affordable for venue hirers. It has the effect of covering costs and also ensuring the usage of the venue remains high, which increases the overall amount of revenue associated with the theatre as the more bookings take place, the more ticket and bar revenue is brought in. The wider theatre budget is also supported by other fees, for example for purchases at the theatre bar and other snacks and drinks – by agreeing the fees and charges schedule set out in the appendices, this would provide a delegation to Officers appointed for such purposes by the Corporate Director Place and Economy. As highlighted in the appendices, this allows Officers to make the necessary adjustments to the prices charged to reflect changes in cost during the year and to remain competitive within the wider local hospitality market. These decisions will be supported by any required revised pricing schedules being signed by officers authorised to do so by the Corporate Director Place and Economy mentioned above.

In addition, the restoration fund of £1 per ticket remains, to be spent on the fabric of the theatre building, and the booking fees of £2 online and £1 in the box office to cover booking charges, also remain unchanged.

As a result of these fee decisions, the overall income budget for the theatre for 2024/5 is £779,440 and the expenditure is £1,261,950 and therefore the subsidy is £482,510.00.



**APPENDICES**

**Attached – Detailed fees and charges 2024/25 for Leisure Facilities and the Theatre.**

**REPORT CONTACT OFFICER(S)****Name****Lee Heley****Job Title****Corporate Director Place and Economy****Email/Telephone****lheley@tendringdc.gov.uk**