

<b>Title of Report:</b>	<b>Leisure Centre Fees and Charges 2011/12</b>
<b>Report to be considered by:</b>	Council
<b>Date of Meeting:</b>	9 <sup>th</sup> December 2010
<b>Forward Plan Ref:</b>	C2175

**Purpose of Report:** To determine a request from Parkwood Leisure to implement the annual price review on 1st January each year.

**Recommended Action:** That this variation to the Terms and Conditions of the Leisure Management Contract be approved.

**Reason for decision to be taken:** The increase in VAT rates planned for the 4<sup>th</sup> January 2011 could result in price rises for leisure centre users at the start of the year and at the beginning of April. Agreeing to a revised date for the annual price review will ensure only a single price rise in the year.

**Other options considered:** Retain the current arrangements and accept price rises in January and April 2011.

**Key background documentation:** Correspondence from Parkwood Leisure

The proposals will also help achieve the following Council Plan Theme(s):

- CPT8 - A Healthier Life**
- CPT15 - Putting Customers First**

The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by:

Ensuring that leisure centre users are provided with clear information about the costs of participating in physical activity for the next 12 months.

<b>Portfolio Member Details</b>	
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<b>Date Portfolio Member agreed report:</b>	27/10/10

<b>Contact Officer Details</b>	
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## Implications

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**Policy:** The current Leisure Contract stipulates that Fees and Charges are reviewed prior to April each year. The recommendation is to change this to January each year.

**Financial:** Parkwood Leisure retain all income. A profit share arrangement is specified within the Contract should end of year surpluses be above certain threshold levels. There are no direct implications for the Council's own budgets.

**Personnel:** None

**Legal/Procurement:** This amendment to the basic contract will be recorded through an exchange of letters.

**Property:** None

**Risk Management:** None

**Equalities Impact Assessment:** Stage 1 Completed.

Is this item subject to call-in?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval	<input checked="" type="checkbox"/>	
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>	
Delays in implementation could compromise the Council's position	<input type="checkbox"/>	
Considered or reviewed by Overview and Scrutiny Commission or associated Task Groups within preceding six months	<input type="checkbox"/>	
Item is Urgent Key Decision	<input type="checkbox"/>	

# Executive Report

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## 1. Introduction

- 1.1 West Berkshire Council's leisure centres are managed by Parkwood Leisure. The contractual arrangements allow for entry charges to be reviewed in March each year in line with the Council's budget setting timetable. This enables any price increase to be applied from April 1<sup>st</sup>.
- 1.2 The Council sets the maximum fee that can be charged. The actual level of charge is set in accordance with Parkwood's own marketing policies, taking account of the Council's objectives for the residents' leisure card. This approach is designed to ensure access to core services at charges that can be afforded by all whilst allowing for a full cost recovery for value added activity such as teaching, coaching, and instructional programmes and other commercial activity within the Council's assets.
- 1.3 Her Majesty's Treasury has already announced an increase in the standard rate of VAT from 17.5% to 20%. This increase becomes effective on the 4<sup>th</sup> January 2011. Parkwood Leisure have drawn the Council's attention to the potential for this increase to result in leisure centre customers experiencing a VAT related price rise in January and the annual price rise to reflect inflation in April. The Company has suggested amending the date of the annual price review to January 1<sup>st</sup> each year. This would result in a single price rise for customers in 2011.
- 1.4 Any increase in Parkwood's prices will have no impact on the Council's budget. The terms of this contract allow the contractor to retain all income up to an agreed threshold. If the total income exceeds this threshold then a sliding scale of income share arrangements start to apply. Both the threshold and the actual scale of charges are subject to year on year inflationary uplifts. In practical terms the threshold is unlikely to be reached unless windfall conditions apply. For example, the complete closure of a significant competitor in the same catchment area. Increases in fees and charges for leisure centres will therefore have no effect on the income generated by West Berkshire Council. No sites will charge more than the maximum permissible charge.

## 2. Proposal

- 2.1 Although the Consumer Prices Index measure of inflation has started to fall against the high points recorded earlier in the year, the annual rates recorded in September 2010 was 3.1%. Assuming that inflation continues to fall, and recognising that a January review date will provide a small increase in income for our contractors for the 3 months prior to the expected date of increase, it is suggested that the maximum charges should be increased by 2.5% to cover the VAT rise and a further 2.5% for inflation.
- 2.2 Assuming an overall increase of about 5% and rounding up to the nearest 5 pence, the indicative proposed maximum 'Core' activity charges for the leisure centres would be as set out in Appendix A.

## **Appendices**

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### Appendix A – Core Charges for Leisure Centre Users

#### **Consultees**

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**Local Stakeholders:** Members of the Joint Advisory Committees - i.e. Governing Bodies of Schools, Town and Parish Councils. Plus leisure centre customers. Parkwood Leisure – awaiting comments.

**Officers Consulted:** N/A

**Trade Union:** N/A

Appendix A – Core Charges for Leisure Centre Users

	2010/11		2011/12		
	WB Card price	Non WB Card price	WB Card price	Non WB Card price	
West Berkshire Card Resident	Free		Free		
West Berkshire Card - non resident	£20.30		£21.30		
<b>Swimming</b>					
Adult	£3.00	£3.30	£3.15	£3.50	
Junior	£1.90	£2.05	£2.00	£2.20	
<b>Early Morning Swim</b>					
Adult	£2.30	£2.55	£2.45	£2.70	
Junior	£1.30	£1.45	£1.40	£1.55	
<b>Gym</b>					
Casual User	£6.10	£6.70	£6.40	£7.05	
Casual User Induction	£26.40	£29.00	£27.75	£30.55	
Classes	£4.90	£5.40	£5.15	£5.70	
Activity for Health – GP Referral	£2.65	£2.90	£2.75	£3.00	
<b>Hall Hire/Sports</b>					
Full Sports Hall (4 courts) - adult	£39.10	£43.00	£41.05	£45.15	
Full Sports Hall (4 courts) - junior	£19.00	£20.85	£19.95	£21.95	
Badminton Court - adult	£7.70	£8.50	£8.10	£8.90	
Badminton - junior	£5.00	£5.50	£5.25	£5.80	
Squash Court - adult	£6.60	£7.25	£6.95	£7.65	
Squash Court - junior	£3.25	£3.55	£3.40	£3.75	
Monthly Direct Debit	£34.00	£37.00	£35.70	£39.25	
<b>Concession</b>					
Gym	£3.00		£3.15		During concessionary periods
Swimming/Badminton/Squash/Table Tennis	£1.55		£1.65		During concessionary periods