

North Tyneside Council

Report to Cabinet

Date: 16 April 2012

ITEM 6(f)(ii)(b)

Title: Cultural and
Customer Services Fees
& Charges

Portfolio(s): Leisure, Culture, Tourism
and Safer Communities

Cabinet Member(s): Councillor Glynis
Barrie

Report from Directorate: Community Services

Report Author: Paul Gowans, Head of Cultural and
Customer Services (Tel: 0191 643 7401)

Wards affected: All

PART 1

1.1 Purpose

The purpose of this report is to provide information in order to allow Cabinet to consider the options available in relation to setting fees and charges for Cultural and Customer Services as reported to Cabinet on 28 March 2012.

1.2 Recommendation(s)

It is recommended that Cabinet consider the options available in relation to the fees and charges outlined within this report.

1.3 Forward Plan

This report does not feature on the Forward Plan as the decision to receive this report was taken at the Cabinet meeting on 28 March 2012 and after the deadline for submission of items for the Forward Plan.

1.4 Council Plan and Policy Framework

This report has no reference in the Council Strategic Plan for 2012/15.

1.5 Information

- 1.5.1 The setting for fees and charges, in respect of Cultural Services, was subject to a report to Cabinet on 2 December 2003. That set out a framework within which all fees and charges would be set. The report, which was approved by Cabinet at that time (minute reference CAB190/12/03) granted delegated authority for the Head of Cultural Services (as so designated at that time) to set fees and charges, in conjunction with the relevant Service Director and Cabinet member taking into consideration:

- The requirements of the Council's budget setting process;
- The prevailing market situation, including the level of competition and charges levied within other nearby local authorities/service providers;
- The Council's corporate priorities; and
- Current legislation and directives governing the setting of fees and charges.

In addition to the above, Cabinet also agreed the introduction of a "new service entitlement initiative" (the Ease Card Scheme, which currently has 42,412 active card holders) which provided the facility to implement differential fees and charges to reflect a person's ability to pay. This was formatted around 3 categories:

Base Charges

The base prices set for a service or activity that is paid by any new card holder.

Resident Charges

The price charged to residents of North Tyneside who hold an Ease Card.

Priority Charges

Prices charged to help achieve the Council's corporate priorities reflecting the ability of people to pay taking into account their individual/personal circumstances.

The use of differential pricing linked to the Ease Card Scheme has and continues to provide the opportunity to implement discounts, offers and targeted pricing to ensure as far as possible, that all residents of North Tyneside are able to access the cultural services and activities of their choice.

The proposals submitted as part of Cabinet's budget for 2012-13 were put forward within the context of the above framework.

- 1.5.2 At the meeting of Cabinet of 28 March 2012 a draft Implementation Plan was agreed in relation to the Council Strategic Plan 2013-15 and Budget for 2012-13. The draft Implementation Plan required a report to be submitted to Cabinet in April to consider alternative options for the setting of fees and charges in respect of Indoor Sport and Leisure, Arts Services, Rising Sun Country Park, Allotments, Sports Pitches and Bowling Greens.

There are therefore two options for Cabinet to consider:

- 1) Agree to the increases in fees and charges as set out in the Budget agreed by Council on 1 March 2012; or
- 2) Increase the fees in line with Cabinet's original Budget proposals in respect of these service areas .

- 1.5.3 The table below sets out the total estimated additional income under the Consumer Price Index (CPI) based increase for Sport and Leisure and Allotments as outlined in the agreed Budget, and in the Cabinet's original proposals. There are no figures for the Arts Service as there are currently no charges to apply CPI to and the Budget removed the Cabinet's proposed increase in charges or subsidy reduction for Sports Pitches, Bowling Greens and the Rising Sun Country Park.

Service Area	Estimated Additional income based on CPI	Estimated Additional income based upon Cabinet's proposals	Difference
Sport and Leisure	£72,530	£150,529*	£77,999
Sports pitches	N/A	£7,000	£7,000
Bowling greens	N/A	£7,000	£7,000
Rising Sun Country Park	N/A	£3,000	£3,000
Allotments	£2,371	£21,000*	£18,629
Arts service	N/A	£5,000	£5,000
Total	£74,901	£193,529	£118,628

(*The CEIP business plans indicated that £80,000 additional income could be achieved for Sport and Leisure and £16,000 for allotments. The additional contribution from the figures shown being used to manage existing service pressure and any potential income shortfalls/reduction in demand as a result of increasing prices).

The figures as set out above, assume the same level of business and user numbers as in 2011/12 and are based upon a 12 month period. The level of actual income achieved would be dependent upon the agreed implementation date.

A full schedule of fees and charges for the service based upon both options is available and background papers, together with the business plans that informed Cabinet's original budget proposals (F50, F56, F57, F66 and F71).

1.5.4 A general description of each service area affected by this report is set out below, together with Cabinet's original proposals.

(a) Indoor Sport and Leisure

The services within this area include fees and charges relating to swimming, sports hall activities and Contours gyms.

Cabinet's original proposals were that all indoor sport and leisure activities would be subject to a 5% increase (rounded up or down to the nearest 10p). The exception being swimming lessons with a 14% increase, casual gym and exercise classes with a 10% increase and an increase in off-peak swimming from £1.15 to £1.50, set in accordance with the existing delegated authority described in Section 1.5.1.

As such, this took into account the quality and standard of service provided as well as information provided on prices charged by neighbouring local authorities and competitors. With regard to those activities with proposals higher than the general 5% increase Cabinet took into account demand, competitor prices and historical information. In addition these proposals enabled the service to meet its Change Efficiency and Improvement Plan (CEIP) commitments of £80,000 for 2012/13 as well as contributing to managing service pressures including an income shortfall.

(b) Arts Service

There is currently no fixed source of fees and charges within the general Arts Service. This proposal relates to the generation of additional income from new charges for arts

projects/programmes and other new income streams. This would involve considering packages of training for arts organisations being delivered, as well as targeted funding applications to Arts Council England for new projects.

On this basis it is not possible to calculate an increase based upon CPI as distinct from the proposals by the Cabinet.

(c) Rising Sun Country Park

The specific services relating to this area are Environmental Educational visits as well as room and facility hire. Cabinet agreed that all fees and charges would rise by 5%, with Environmental Education visits rising by 50%. The rationale for this was based upon demand and cost comparisons with other organisations offering a similar service both within North Tyneside and in neighbouring local authority areas. In addition these proposals enabled the service to meet its CEIP commitments of £3,000 for 2012/13. The proposed alternative management arrangement options for the Rising Sun Country Park will not be affected by decisions made as a result of this report.

(d) Allotments

Cabinet originally proposed to remove the current Ease Card discounts and to increase fees by 10%. It was anticipated that increased charges would encourage some allotment holders to downsize or share plots which would in turn reduce the allotment waiting list which currently has 1,500 people registered for an allotment. In addition these proposals enabled the service to meet its CEIP commitments of £16,000 for 2012/13.

(e) Sports Pitches

This service area includes football, rugby and cricket pitches operated and managed by the Council. When considering proposed price increase for sports pitches Cabinet were mindful of the high level of subsidy provided for this service area. The current average subsidy per person (per season) for sports pitches is approximately £109. Cabinet therefore proposed that charges would increase over a three year period to reduce this subsidy by approximately 35%. The proposals for 2012/13 were year one of this plan. In addition these proposals enabled the service to meet its CEIP commitments of £7,000 for 2012/13.

(f) Bowling Greens

When considering the proposed price increase for bowling greens Cabinet was mindful of the high subsidy level for the service area. In some cases this can be as high as £500 per season depending on the number of club members. To help deal with this it was also proposed that there should be a set charge per green of £1200 per annum regardless of the number or category of bowlers using the facility. This would mean bowling greens would be dealt with in the same way as other sports pitches in the borough. Currently, on average, bowlers pay 42p per week to play bowls and this would rise to an average £1.54 per week. In addition these proposals enabled the service to meet its CEIP commitments of £7,000 for 2012/13.

1.6 Decision Options

The options for Cabinet to consider are as follows:

Option 1

Agree to the increases in fees and charges as set out in the Council's agreed Budget for 2012/13.

With this option all relevant charges within sports pitches, bowling greens and The Rising Sun Country Park would remain at 2011/12 prices. From a customer perspective this would be a positive decision. Also with this option all Sport and Leisure and The Rising Sun Country Park fees and charges would increase by CPI at 3.5% rounded up and down to the nearest 10p. The twelve month effect of this would be approximately £74,901, the majority of this being generated from the Indoor Sport and Leisure service. The level of actual income achieved would be dependent upon the agreed implementation date. However this option does not address the current high levels of subsidy for the use of sports pitches and bowling greens. In addition this option would not generate any additional income which would help contribute to managing service pressures and any income shortfalls.

Option 2

Increase fees and charges in line with Cabinet's original proposals.

The fees and charges would increase in line with the original proposals agreed by Cabinet outlined in this report. The budget agreed by Council assumes no additional fees and charges income so any additional income generated from this option could be used to contribute to managing ongoing service pressures and any income shortfalls across the Cultural and Customer Services grouping. The twelve month effect of this is approximately £193,529. The level of actual income achieved would be dependent upon the agreed implementation date. This option addresses the current high levels of subsidy for the use of sports pitches and bowling greens.

1.7 Reasons for Recommended Option

As part of the draft Implementation Plan for the Council Strategic Plan and 2012/13 Budget it was agreed that the alternative proposals for the fees and charges outlined in this report would be considered.

1.8 Contact Officers

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1.9 Background Information

- Report to Cabinet on 2 December 2003: Fees and Charges (CAB190/12/03);
- Briefing to Cabinet Member on Fees and Charges, 29 February 2012;
- Full list of fees and charges based on CPI and Cabinet proposals;
- List of consultation undertaken in relation to fees and charges;
- 2012/13 Budget Business Cases;
- Briefing Note to all Members – Local Authority Governance and Decision Making – 16 March 2012; and
- Addendum Note dated 16 April 2012 to the Briefing Note to all Members – Local Authority Governance and Decision Making – 26 March 2012

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and Other Resources

The original budget proposals assumed the following increases which have now been excluded from the alternative Budget agreed by Council:

- Business Case F50 Annual Increase in Fees & Charges (Sports & Leisure) £0.080m;
- Business Case F56 Increase Arts services fees and charges £0.005m;
- Business Case F67 Increased income from Allotments £0.016m;
- Business Case F71 Reduce subsidy for sports pitches and Bowling greens £0.014m; and
- Business Case F66 Alternative management options for Rising Sun Country Park and review staffing included £0.003m re increase in fees and charges for visitors and schools.

In total, the amounts removed in the alternative budget total £0.118m. If Cabinet agree with the Council proposal there are no financial implications as the base budget includes income at the levels agreed by Council.

The Council budget increased fees and charges by inflation (assumed to be CPI) for certain services, which would generate additional income of £0.075m. Other services were to have no increase in charge or subsidy applied. If increases were to be approved at the levels previously proposed by Cabinet, the total income would be £0.194m. Therefore, reverting to the Cabinet proposals would increase expected income levels by £0.118m.

Any decision to increase fees above the level specified in the Council budget would generate additional resources. Unless an alternative proposal is agreed, any such amount would be added to the Strategic Reserve and its future use will be determined in accordance with the Reserves and Balances Policy.

2.2 Legal

The responsibility for the determination of the fees and charges that are the subject of this report is a matter for Cabinet.

The Council's budget is essentially a financial envelope which is not in itself prescriptive on a line by line basis and is governed by the requirements of the law in relation to the separation of powers between the Council and Cabinet. However, whilst the determination of the fees and charges that are the subject of this report are a matter for Cabinet, Cabinet are bound to take the Council's views in relation to this matter into account as a relevant consideration in its decision making. These issues are identified in the main body of the report.

2.3 Consultation/Community Engagement

2.3.1 Internal consultation on fees and charges was carried out in accordance with the consultation process agreed for the Strategic Plan and Budget for 2012-13.

2.3.2 External consultation took place during December 2011/January 2012 as part of the Council Plan and Budget setting process. This included presentations and discussions

with groups that were likely to be affected by these changes. Full details are available as a background paper.

2.4 Human Rights

There are no human rights implications directly arising from this report.

2.5 Equalities and Diversity

There are no equality and diversity implications arising from this report.

2.6 Risk Management

There are no relevant risk management implications arising from this report.

2.7 Crime and Disorder

There are no relevant crime and disorder implications arising from this report.

Cultural, leisure and sporting activities can provide valuable diversionary activities.

2.8 Environment and Sustainability

There are no relevant environment and sustainability implications arising directly from this report.

PART 3 - SIGN OFF

- Strategic Director(s)
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Strategic Manager for Policy and Partnerships