

To: City Executive Board
Date: 7th December 2011
Report of: Head of Leisure and Parks

Title of Report: Review of fees and charges for Oxford City Council leisure facilities operated by Fusion Lifestyle for 2012/13.

Summary and Recommendations

Purpose of report: A report requesting the City Executive Board to approve for implementation fees and charges for Oxford City Council leisure facilities as recommended by the Leisure Partnership Board.

Key decision? No

Executive lead member: Councillor Van Coulter

Report Approved by:

Legal: Lindsay Cane

Finance: Val Craddock

Policy Framework:

- Strong, Active Communities
- Efficient, Effective Council

Recommendation(s):

That the City Executive Board approves the following as the basis for fees and charges for leisure facilities from 1st January 2012:

- a) All Bonus concessionary memberships do not increase.
- b) Other charges will increase by 4.5%.

Appendices to report –

One - Risk and mitigation register

Two - Equality impact assessment

Introduction

- 1.1 The Leisure Management Contract incorporates the delivery of service for the Council's seven leisure facilities; Barton Leisure Centre, Blackbird Leys Leisure Centre, Blackbird Leys Swimming Pool, Ferry Leisure Centre, Hinksey Outdoor Pool, Oxford Ice Rink and Temple Cowley Pools.
- 1.2 Fusion Lifestyle are a social enterprise with charitable status with extensive leisure expertise. Since the contract commenced in March 2009 there has been just under £4m of investment into the leisure centres, annual costs have reduced by £660,000 per year and over 100,000 more people are attending the leisure centres each year.
- 1.3 The proposals for 2012/13 fees and charges were discussed and agreed for progression by the Leisure Partnership Board. The board is made up of senior Council and Fusion Lifestyle officers, councilors and a user group representative.
- 1.4 Fees and charges increased for leisure facilities were historically implemented at the start of the Council's financial year (April). Amendments to fees and charges were made in January 2011 to coincide with the increase in VAT. This avoided applying two price rises, one in January 2011 for the VAT and again in April 2011 for the fee increase. Fusion Lifestyle, have proposed implementing revised fees and charges at the start of January 2012 as this is twelve months since the last increase. An April increase would mean that there would be 15 months since the last changes, which would place a financial strain on our ability to hold Bonus concessionary rates.
- 1.5 In summary the proposal is to hold Bonus concessionary rates for a third consecutive year and increase other fees and charges by 4.5%, which is 1.1% lower than the Retail Price Index. The Council, in partnership with Fusion Lifestyle, are committed to try and bring affordable leisure to those that can least afford it. The principles of the proposals support the Council's wish to maximise participation by target groups, including those less able to afford to do so, by implementing market prices to cross subsidise.

Detail of the proposals

- 2.1 It is proposed that Bonus concessionary member prices are held for a third consecutive year. The Bonus concessionary membership offer has 15 categories offering those eligible for benefits, and their dependants, reduced rates on activities at all of our leisure centres. This offer is very successful with 33% of the current leisure membership being Bonus concessionary users.
- 2.2 The Bonus concessionary membership provides very good value for money when compared with other leisure providers. For example the

Windrush Leisure Centre managed by Nexus Community, charges on average 30% more for concessions.

- 2.3 The proposed fees and charges are based on an increase of 1.1% lower than the October 2011 retail price index, which in October 2011 was 5.6%. This price increase is needed to help Fusion Lifestyle absorb increases in utility and material costs.
- 2.4 To reduce the risk of losing members Fusion Lifestyle has not increased existing membership charges in the past two years. Over the 2012/13 year Fusion Lifestyle would like to review those memberships that have been held. Any change would need to be approved by the Council.
- 2.5 Comparison with our local authority neighbours pricing demonstrated that all the 2012/13 fees proposals are at least competitively comparable, with many prices more affordable than other leisure providers.
- 2.6 The benchmarking data alongside the level of Council investment into leisure assets over the past three years means that this provides very good value for money.
- 2.7 Fusion Lifestyle are confident that their business model is strong enough to support holding concessions without compromising the quality of the service delivery or their financial health.

Level of risk

- 3.1 There is a low level of risk to service provision. Descriptions and mitigation for this level of risk is demonstrated in the Risk Register (appendix one).

Climate change / environmental impact

- 4.1 In partnership with the Council, Fusion Lifestyle continues to explore opportunities to reduce carbon impact from leisure facilities. Additionally the partnership continues to encourage access by public transport, or by none vehicular methods to reduce the carbon impact.

Equalities impact

- 5.1 Membership packages will continue to support inclusivity and offer affordable participation opportunity. There is no change, for a third consecutive year, to the charges for the existing concessionary Bonus membership scheme, which remains as an affordable option to support those, (and their dependants), on low incomes or in receipt of approved social benefits.

- 5.2 Benchmarking completed demonstrates that the concessionary Bonus concessionary membership offer in city leisure facilities, offers considerably more value than other leisure providers.
- 5.3 The Council continues to provide 50 hours free swimming a week to those aged under 17 years of age.
- 5.4 Fusion Lifestyle's fees and charges proposals support the principle of accessibility to sport and leisure opportunities for those less able to afford to do so.

Financial implications

- 6.1 The cost to the Council is fixed over the ten year contract period and delivers the Council just under £7m of savings over the ten years. This is based on improved quality facilities and charging the market rate for those who can afford it and offering concessions to those in receipt of eligible benefits. As such the Council receives no direct income from the fees and charges; they are retained by Fusion Lifestyle. However the Council has to take a view on the balance to be struck between keeping fees and charges as low as possible against continuing to deliver the high quality inclusive service that was commissioned through the contract with Fusion Lifestyle.

Legal implications

- 7.1 The proposals are in line with the leisure management bid and the terms of the contract subsequently agreed between the Council and Fusion Lifestyle.
- 7.2 There is no contractual obligation for Fusion Lifestyle to hold concessionary Bonus pricing options

Conclusion

- 8.0 There are many factors to be weighed when looking at proposals to increase these fees and charges. It is not an exact arithmetical exercise and a judgement has to be made about the overall value for money of the contractual arrangement. The Leisure Partnership Board was satisfied that the package proposed was reasonable for both the operator and users of our facilities, particularly bearing in mind that only a small proportion of Fusion Lifestyle's income stream is having an increase applied, and therefore is recommending it for adoption.

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List of background papers:

- Leisure Management Providers', Fusion Lifestyle, proposal for fees and charges 2012/13.
- Membership information brochure.
- Independent Fusion Lifestyle and Oxford City Council benchmarking.

Version number: 1.12

Appendix Two – Initial Equalities Impact Assessment



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Service Area: City Leisure	Section: Leisure management contract	Key person responsible for the assessment: L. Cherry (Leisure Manager)	Date of Assessment: 18 th October 2011
Is this assessment in the Corporate Equality Impact assessment Timetable for 2008-11?		Yes	No
Name of the Policy to be assessed: Leisure Facility Review 2009/2013 and Sport & Physical Activity Strategy 2009/2014. Fusion Lifestyles 2012/2013 fees and charges increase for Oxford City Council leisure facilities.		Is this a new or existing policy	Existing

<p>1. Briefly describe the aims, objectives and purpose of the policy</p>	<ul style="list-style-type: none"> • The overriding objectives of the leisure management contract are: - to develop world-class leisure facilities and to improve the value for money they offer; • To reduce the overall subsidy for leisure services which was the most expensive in country. The leisure management contract with Fusion Lifestyle will save the Council and local tax payers over £7m throughout the ten years of the contract and delivered a minimum £2.2m invested within the first two years of the contract; • Alongside the benefits of a successful contract such as increased participation, an upward cycle of continued improvement, and an improved public realm, there is also a surplus share arrangement that encourages the Council to support Fusion-Lifestyle to exceed their contractual financial targets and provide further leisure investment. <p>The quality and service standards should be high and facilities need to be accessible with diverse, inclusive programmes.</p> <ul style="list-style-type: none"> • Charging at market rate for those that can afford and running a highly cost effective service so that a surplus is created to fund a progressive concessions programme. • Central part of the Corporate Plan for 2011-2015: “Investing in Oxford’s Future”. <p>Key objectives of the Leisure Management Contract are :</p> <ul style="list-style-type: none"> • To ensure that pricing structures and levels across the leisure facilities are appropriate and inclusive; • To deliver an increase in targeted usage. <p>It is Officers view that there is no significant impact to citizens, or group(s) of people disadvantaged by the leisure management providers’ proposals for the 2012/2013 fees and charges.</p>
<p>2. Are there any associated objectives of the policy, please explain</p>	<p>The Leisure Facility Review (May 2009) detailed our strategic approach to developing a city wide leisure offer that includes all facilities irrespective of ownership across the city. The review detailed a sustainable way forward for our leisure facilities, of which two are in poor condition.</p>

3. Who is intended to benefit from the policy and in what way	<ul style="list-style-type: none"> • Users of all leisure facilities in Oxford; • Local tax payers; • Target Groups: Those under the age of 16 and over the age of 50 years; Black, Minority and Ethnic groups; those with disability; Women and girls; Those resident in the most deprived areas of the City; those on a low income (and their dependants). 		
4. What outcomes are wanted from this policy? <ul style="list-style-type: none"> • To ensure that pricing structures and levels across the leisure facilities are appropriate and inclusive; • To deliver an increase in targeted usage. 			
5. What factors/forces could	<ul style="list-style-type: none"> • The general economic climate. 		
6. Who are the main stakeholders in relation to the policy	<ul style="list-style-type: none"> - Oxford City Council; - Councillors; - Fusion Lifestyle; - Facility users; - Residents. 	7. Who implements the policy and who is responsible for the policy?	City Leisure; Executive Director City Services

8. Are there concerns that the policy <u>could</u> have a differential impact on racial groups?	Yes	No
<p>What existing evidence (either presumed or otherwise) do you have for this?</p>	<p>A wide offer of inclusive membership options and concessionary prices are available supporting affordability and participation opportunity.</p> <p>Fusion shares the Council's commitment to equality and diversity and to ensure that services are reflective and responsive to local need. Their core charitable objectives focus on the provision of recreational and sporting services in the interests of social welfare; special facilities for target groups; and promoting community participation.</p> <p>Key elements of Fusions sports and community development plan are:</p> <ul style="list-style-type: none"> • Research; Consultation; Programming; Pricing; Promotion; Partnerships. <p>There is no pricing differentiation due to racial group.</p> <p>Benchmarking completed demonstrates that the concessionary offer in city leisure facilities, offers considerably more value than other leisure providers. For example, The Windrush Leisure Centre, managed by Nexus Community, charges on average 30% more.</p> <p>In 2010/11 there was a 183% increase in participation by this user group compared to the previous year.</p>	

9. Are there concerns that the policy <i>could</i> have a differential impact due to gender?	Yes	No
<p>What existing evidence (either presumed or otherwise) do you have for this?</p>	<p>A wide offer of inclusive membership options and concessionary prices are available supporting affordability and participation opportunity.</p> <p>Fusion shares the Council's commitment to equality and diversity and to ensure that services are reflective and responsive to local need. Their core charitable objectives focus on the provision of recreational and sporting services in the interests of social welfare; special facilities for target groups; and promoting community participation.</p> <p>Key elements of Fusions sports and community development plan are:</p> <ul style="list-style-type: none"> • Research; Consultation; Programming; Pricing; Promotion; Partnerships. <p>Benchmarking completed demonstrates that the concessionary offer in city leisure facilities, offers considerably more value than other leisure providers. For example, The Windrush leisure Centre, managed by Nexus Community, charges on average 30% more.</p> <p>There is no pricing differentiation due to gender.</p> <p>In 2010/11 there was a 54% increase in participation by women and girls compared to the previous year.</p>	

10. Are there concerns that the policy <u>could</u> have a differential impact due disability?	Yes	No
<p>What existing evidence (either presumed or otherwise) do you have for this?</p>	<p>A wide offer of inclusive membership options and concessionary prices are available supporting affordability and participation opportunity.</p> <p>Fusion shares the Council's commitment to equality and diversity and to ensure that services are reflective and responsive to local need. Their core charitable objectives focus on the provision of recreational and sporting services in the interests of social welfare; special facilities for target groups; and promoting community participation.</p> <p>Key elements of Fusions sports and community development plan are:</p> <ul style="list-style-type: none"> • Research; Consultation; Programming; Pricing; Promotion; Partnerships. <p>Benchmarking completed demonstrates that the concessionary offer in city leisure facilities, offers considerably more value than other leisure providers. For example, The Windrush leisure Centre, managed by Nexus Community, charges on average 30% more.</p> <p>In 2010/11 there was a 107% increase in participation by those with a disability group compared to the previous year.</p> <p>Those entitled to disability benefits, and their dependants are entitled to excellent discounts through the Bonus concessionary membership scheme.</p>	

<p>11. Are there concerns that the policy <u>could</u> have a differential impact on people due to sexual orientation?</p>	<p>¥</p>	<p>No</p>
<p>What existing evidence (either presumed or otherwise) do you have for this?</p>	<p>A wide offer of inclusive membership options and concessionary prices are available supporting affordability and participation opportunity.</p> <p>Fusion shares the Council's commitment to equality and diversity and to ensure that services are reflective and responsive to local need. Their core charitable objectives focus on the provision of recreational and sporting services in the interests of social welfare; special facilities for target groups; and promoting community participation.</p> <p>Key elements of Fusions sports and community development plan are:</p> <ul style="list-style-type: none"> • Research; Consultation; Programming; Pricing; Promotion; Partnerships. <p>There is no pricing differentiation due to sexual orientation.</p>	
<p>12. Are there concerns that the policy <u>could</u> have a differential impact on people due to their age?</p>	<p>¥</p>	<p>No</p>
<p>What existing evidence (either presumed or otherwise) do you have for this?</p>	<p>A wide offer of inclusive membership options and concessionary prices are available supporting affordability and participation opportunity.</p> <p>Fusion shares the Council's commitment to equality and diversity and to ensure that services are reflective and responsive to local need. Their core charitable objectives focus on the provision of recreational and sporting services in the interests of social welfare; special facilities for target groups; and promoting community participation.</p> <p>Key elements of Fusions sports and community development plan are:</p> <ul style="list-style-type: none"> • Research; Consultation; Programming; Pricing; Promotion; Partnerships. <p>In 2010/11 there was a 48% increase in participation by older people compared to the previous year; and a 63% increase by users aged 16 years and under.</p>	

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<p>13. Are there concerns that the policy <u>could</u> have a differential impact on people due to their religious belief?</p>	<p>Yes</p>	<p>No</p>
<p>What existing evidence (either presumed or otherwise) do you have for this?</p>	<p>A wide offer of inclusive membership options and concessionary prices are available supporting affordability and participation opportunity.</p> <p>Fusion shares the Council's commitment to equality and diversity and to ensure that services are reflective and responsive to local need. Their core charitable objectives focus on the provision of recreational and sporting services in the interests of social welfare; special facilities for target groups; and promoting community participation.</p> <p>Key elements of Fusions sports and community development plan are:</p> <ul style="list-style-type: none"> • Research; Consultation; Programming; Pricing; Promotion; Partnerships. <p>There is no pricing differentiation due to religious belief.</p>	

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14. Could the differential impact identified in 8-13 amount to there being the potential for adverse impact in this policy?	Y	No	15. Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or any other reason	Y	No
16. Should the policy proceed to a partial impact assessment?	Y	No	If Yes, is there enough evidence to proceed to a full EIA:	No	
			Date on which Partial or Full impact assessment to be completed by	18.10.11	

17. Are there implications for the Service Plans?	YES	No	18. Date the Service Plan will be updated	n/a	19. Date copy sent to Equalities Officer	18.10.11
20. Date reported to Equalities Board:	n/a		Date to Scrutiny and EB	n/a	21. Date published	n/a

Signed (completing officer): Lucy Cherry Signed (Lead Officer) Ian Brooke

Team members and service areas that were involved in this process:

City Leisure:

Leisure Manager

Head of Service, City Leisure.

People & Equalities:

Equalities & Diversity Business Partner