

**Cabinet 18 November 2008**

Report Title: <b>Pricing Proposals for Club/Group Hire of Parks and Leisure Centres Sports Facilities</b>	
Forward Plan reference number (if applicable): [add reference]	
Report of: <b>Director of Adult, Culture and Community Services</b>	
<b>Wards(s) affected:</b> All	<b>Report for:</b> Key Decision
<b>1. Purpose (That is, the decision required)</b> 1.1 To establish a new charging policy for clubs/groups that hire sports facilities within the parks and at the leisure centres. 1.2 Cabinet approved the policy principles on January 22 2008 (Subsidy and Pricing Policy Review), subject to further consultation with sports clubs/groups operating in the borough. 1.3 To establish a methodology and timetable for implementation.	
<b>2. Introduction by Cabinet Member (if necessary)</b> 2.1 We need to ensure that clubs/groups that use our facilities are supported if they are meeting the Council's priorities and adhere to best practise. 2.2 These proposals are based on clubs/groups that use our facilities becoming partners and prime facilitators in meeting joint objectives such as increasing adult sport and activity participation by 4% by 2010. 2.3 Clubs/Groups would be rewarded through a discount system based on a number of criteria that reflect Council priorities.	

### **3. Recommendations**

- 3.1 That Members formally approve the new charging policy for groups and clubs that hire facilities as set out in the report.
- 3.2 That discounts are awarded on the basis of complying with the criteria and process outlined in the report.
- 3.3 That Members approve the prices set out in Appendix 3, and implementation with effect from 1 April 2009.

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### **4. Chief Financial Officer Comments**

- 4.1 The 2008/09 budget includes a target for Recreation Services to achieve £215k additional income from a review of the sports and leisure pricing policy. Although proposed new charges for groups and clubs will not be brought in until April 2009, the service is attempting to generate any shortfall in sales by taking an even more focused approach to individual membership sales. This will need to be closely monitored during September and in January and February when interest in gym membership usually increases.

### **5. Head of Legal Services Comments**

- 5.1 The Head of Legal Services has been consulted and comments that the power to provide recreational facilities under Section 19 Local Government (Miscellaneous Provisions) Act 1976 confers a very wide discretion including power to provide facilities without charge or subject to such charges as the authority thinks fit. The exercise of its discretion by the authority should be reasonable in all the circumstances. It is noted that there has been consultation with relevant groups concerning the overall policy and criteria but that that consultation has not included actual charging levels. Should any appeals submitted to the Assistant Director of Recreation Services after February 2009 disclose matters of general application to the charging structure, it would be prudent to give reasonable consideration to whether these matters have a general effect on the scheme, as well as their impact in the individual case.

### **6. Local Government (Access to Information) Act 1985**

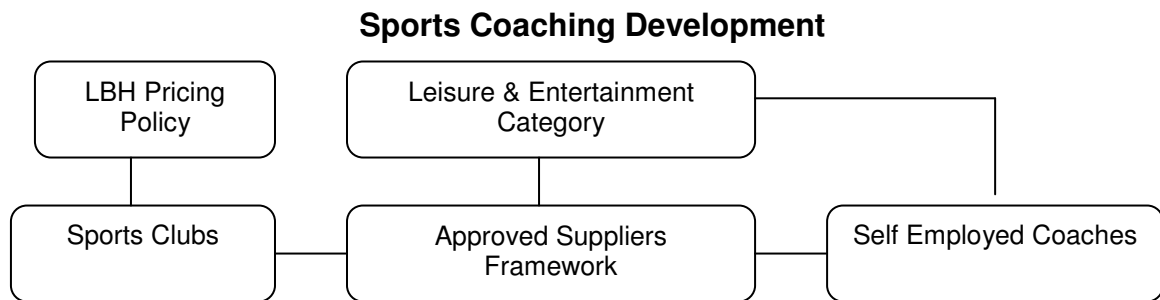
- 6.1 Sport England Active People Survey 2006

- 6.2 Pricing Issues Paper 2007
- 6.3 Is the Price Right – Audit Commission 1999
- 6.4 Haringey Participation Study 2007
- 6.5 Subsidy and Pricing Policy Review Cabinet Report January 22 2008

## **7. Strategic Implications**

- 7.1 The Council initiated a review of fees and charges in 2007. The review was divided into two parts, payments that an individual makes for an activity and charges for the hire of facilities on behalf of a group. The new charges for individuals were launched in April 2008. The objectives of the review and its implementation are:
  - to optimise cost recovery from users who have the ability to pay.
  - support council priorities
  - to improve access for key target groups such as the financially disadvantaged.
- 7.2 Year to date financial performance indicates that these objectives are being realised for the new individual charges since their launch in April of this year, and on target to achieve the planned £215k income growth in 2008/9.
- 7.3 The review has been prompted by :
  - there has not been a review of group charges, resulting in the lack of a coherent policy context;
  - the need to develop and strengthen the ties between the Council and clubs who use our facilities on a regular basis;
  - to support clubs in encouraging Haringey residents to participate in sport or physical activity on a regular basis;
  - to give all hirers a charging configuration that benchmarks their charges against actual cost;
  - to imbed good practice as advocated by the Audit Commission.
- 7.4 The Council has also recently carried out a procurement process whereby 11 Approved Sports Coaching Service Providers have been selected to undertake sport and physical activity coaching work on behalf of the Council.
- 7.5 These approved suppliers form a key strand in the strategy to improve sports club provision within Haringey through partnership working with clubs to strengthen volunteering and actual coaching standards, whilst also providing value for money to the Council and its partners.
- 7.6 The approved suppliers will also act as umbrella organisations for sports clubs in their commissioning relationship with the council. The clubs having a sub contractual relationship with the approved suppliers when requested to carry out coaching work for the council.

- 7.7 Council approved self employed sports coaches are also engaged to carry out coaching work either directly by the council or via the Approved Suppliers.
- 7.8 This strengthening of links in relationship to sports coaching will spread and embed good practise and strengthen the procurement and commissioning aspects of leisure provision in the borough.



- 7.9 Pricing policy is a key driver to deliver the council’s aspirations around improving sports coaching in the borough. Sport England’s Active People Survey clearly demonstrated that where there are strong and flourishing clubs in a particular locality, people are more active, as sport is more accessible and interest is maintained by the provision of good standards. Our current baseline performance is:
- Volunteering = 2.7%
  - Sports Club Membership = 23%.
- 7.10 It is our objective to use the attraction of lower prices to engage with clubs in the borough to improve their ability to deliver sport to a wider range of people in a more professional manner. This would involve the club/s embarking on the ‘Clubmark’ process and signing up to their Governing Bodies ‘Whole Sport Plans’. It is anticipated that at least 75% of the clubs would qualify for Active Club 2 or 3 discounts.
- 7.11 Of particular focus for the council are the sports which already have some profile in the borough and/or are the more popular sports as determined by such research as the Active People’s Survey
- Football
  - Tennis
  - Rugby Union
  - Rugby League
  - Netball
  - Swimming
- 7.12 Development support will be provided to borough sports clubs through our new Sports Hub project and officer capacity.
- 7.13 The new charges would be applied from April 2009, and clubs/groups will be mailed in November 2008 and invited to apply for discounts. Clubs would be awarded discounts and informed as to their charges for the following 12 months in February

2009. They will have a right of appeal to the Assistant Director of Recreation Services up to 20 days after being informed of their pricing level.

## 8. Financial Implications

- 8.1 The objective of the changes to group pricing is to have a neutral effect on income generation.
- 8.2 Indeed where these policies have been put in place by other councils, there has always been a positive effect on income, although this is not the primary aim of these proposals. It is also difficult to benchmark with other councils, given the variations in demographics, policy priorities, the facilities available for hire and market demands.
- 8.3 Within the current year in the leisure centres £740,000 of income is budgeted from facility hire, including events. This represents 20% of total leisure centre income. In Parks £154K is budgeted for hires and events. This represents 5% of total Parks income.
- 8.4 Where reduced pricing is offered to sports clubs who meet the criteria, the shortfall in income will be balanced by increased revenue from function hire price increases and to a lesser extent from casual hire of sports facilities. This is reflected in the proposed charging regime and individual prices.
- 8.5 The function income lines at both Tottenham Green Leisure Centre (TGLC) and White Hart Lane Community Sports Centre (WHLCSC) are healthy and it is proposed that the charges in these areas are increased by 8% to off set the discounts being provided to sports clubs.
- 8.6 The pattern of hire for functions is approximately at 75% capacity at TGLC and 60% capacity at WHLCSC. The usual functions are large weddings catering for a range of community groups, including Turkish, Ghanaian and Caribbean. The organisers of these functions (particularly at TGLC) are local business people who source their business both locally and across London.
- 8.7 The pattern of regular hire by sports and other organisations is as follows (the majority of whom are Haringey based) :

	<b>Sports Groups</b>	<b>Church Groups</b>	<b>Other (community)</b>
Tottenham Green LC	18	4	6
Park Road LC	2	0	0
White Hart Lane CSC	25	0	3
Finsbury Park T&G	3	0	0
Parks	14	0	0
<b>Total</b>	<b>62</b>	<b>4</b>	<b>9</b>

The effect on income can be predicted to follow the enclosed pattern detailed below:

### Current Budget

	<b>Events/Functions</b>	<b>Group Hire – Sports</b>	
Tottenham Green LC	£406K	£92K	
Park Road LC		£64K	
White Hart Lane CSC	£72K	£96K	
Finsbury Park T&G		£10K	
Parks	£132K	£22K	
<b>Total</b>	<b>£610K</b>	<b>£284K</b>	<b>£894K</b>

### 09/10 Budget

	<b>Events/Functions</b>	<b>Group Hire – Sports</b>	
Tottenham Green LC	£438K	£87K	
Park Road LC		£62K	
White Hart Lane CSC	£77K	£85K	
Finsbury Park T&G		£9K	
Parks	£143K	£17K	
<b>Total</b>	<b>£658K</b>	<b>£260K</b>	<b>£918K</b>

## 9. **Legal Implications**

These are set out in the comments submitted by the Head of Legal Services.

## 10 **Equalities Implications**

- 10.1 An Equalities Assessment was carried out with regard to the Pricing Review generally and the results were detailed in the January report to members.
- 10.2 The key finding was ‘The encouragement of more economically disadvantaged residents to use the leisure centres is part of a broader strategy around increasing participation across the board and the proposed pricing policy and structure is but one part of this.’
- 10.3 In line with this the proposed group pricing structure has very positive equalities implications as for example clubs will be encouraged to achieve Club Mark which has equalities criteria embedded.
- 10.4 Thus clubs will be encouraged to provide for women and girls and adopt progressive policies with regard to accessibility for all groups including BME and the disabled.

## 11 **Consultation**

- 11.1 All clubs that hire leisure centre and park facilities for the past year were written to and invited to a number of meetings to discuss the new charging proposals. Clubs had a choice of three evenings two at Tottenham Green Leisure Centre and one at White Hart Lane Community Sports Centre.

- 11.2 A total of 16 clubs/groups were represented and a total of 29 individuals attended. There was a short presentation on the reasons for these proposals, the principles of the charging policy, and an outline of the criteria that would apply. There was no indication as to the charging levels that could result from these proposals
- 11.3 There was a very positive response to the proposals and most representatives of sporting organisations supported the proposals since it acknowledged best practice. Representatives of the religious organisations felt that the criteria needed to be adapted to their requirements. Given that the thrust of the proposals is to support and strengthen sports clubs operating in the borough, church groups will not achieve the greatest level of discount. Nonetheless they will not be adversely affected by the proposals.
- 11.4 During the question and answer sessions after the presentation, officers assured the stakeholders on a number of points.
- That these proposals were not a prelude to above inflationary price hikes.
  - The methodology of arriving at costs, on which charges would be based, would be transparent.
  - These proposals only addressed charges and did not cover bookings conditions, availability and the quality of facilities.
  - Officers emphasised that these proposals were a genuine attempt by the Council to develop partnerships, beneficial to both parties to achieve shared objectives.
- 11.5 A key reservation that was expressed was the distinction between ‘in’ and ‘out’ of borough to determine discount levels. This was expressed by clubs that used Finsbury Park, due to the close proximity to neighbouring Local Authorities.
- 11.6 One postal feedback was received from the Haringey Sports Council detailing a number of points:
- “The ability of the council to undercut independent leisure providers who have to cover their costs to survive”.
  - “The burden that the proposed system may place on the clubs to qualify”.
  - “The Sports Council would like to see more cooperation between Boroughs regarding maximising the benefit of sport to the community without making Borough boundaries a barrier”.
  - “It costs money to provide quality services and if you charge a rate to cover these costs it will exclude your intentions to provide facilities that are inclusive and accessible to all sections of the community”.
  - “Haringey Sports Council is anxious to see more sports facilities available of a good standard and at an affordable cost. How this is achieved is a difficult problem, but the council must recognise that they have a duty to put resources into sports provision to cover the requirements of the community, that is their role”.

The Haringey Sports Council has been reassured that the intention of the policy is to find a formula for cost recovery that will support clubs through a mix of pricing and development work.

## 12. Background

12.1 The vast majority of clubs welcomed these proposals, which has been the experience of other authorities that have launched similar schemes. A summary of results of the consultation exercise are detailed in the previous section.

12.2 These proposals follow the guidelines for the successful management of charges as established by the Audit Commission. By using the criterion based on actual costs there is:

- an outwards focus to understand users' needs and behaviour;
- the integration of charges into the management of corporate and service objectives;
- setting out the circumstances in which charges are acceptable in terms of the marketplace;
- establishing the basis for setting charges;
- identifies those groups that should be subsidised through reduced charges.

12.3 The principles of the charging structure agreed by Members in January 2008 are that there would be a number of levels.

- Commercial/Market (Active Hire) applicable for organisations using the facilities for commercial benefit and/or one off events.
- Partnership Level (x3) /Active Club

12.4 The starting point for the market level would generally be the direct cost of provision, which for the majority of facilities is between 30-40% above the current charging levels. Discounts would be offered against a set of criteria, with the most significant discount applicable to sports clubs which satisfy all criteria.

Appendix 1 details the charging criteria

Appendix 2 details the actual charges

12.5 In the main the criteria covers the way an organisation operates in respect of acknowledged best practice for the industry in terms of:

- Coaching, health and safety, child protection etc.
- Whether they have an equitable subscription policy that acknowledges the varying income of their members.
- Whether health improvement or social inclusion is the primary objective.
- How the organisation is set up and administered in respect of its members (Equal Opportunities, constitution, relationship with a recognised Governing Body etc).

It is expected that a number of organisations will not be able to achieve the criteria immediately to secure the maximum Active Club 3 discount. Applications will be assessed by the Policy and Development Unit in Recreation Services who will support and administer the process via a new post (Club Development Officer) which is 50% funded by Sport England. Where clubs do reach the desired criteria the following effect on their expenditure will occur:



#### Football Club A

08/09 match pitch bookings of 40 Junior and 20 Adult

08/09 Charges = £1,838

09/10 Charges = £1,668

Saving = £170

#### Football Club A

08/09 Training on WHLCSC astroturf @ 60 hours per annum

08/09 Charges = £6,384

09/10 Charges = £5,787

Saving =£597

Total saving per annum = £767

#### Badminton Club A

08/09 3 court hire = 72 hours

08/09 Charges = £1,789

09/10 Charges = £1,624

Saving per annum =£165

12.6 It is proposed that 'out of borough' clubs are limited to the Active Club rate i.e. current plus 3%. This is on the basis that they may well draw membership from Haringey, whilst club provision in neighbouring boroughs also attracts members from Haringey. Our overriding aim is to increase the sport and physical activity participation of Haringey residents.

### **13. Conclusion**

13.1 These policy principles were agreed by Cabinet on the 22 January 2008, as part of the Pricing Policy Review, subject to consultation. This has now been undertaken meeting with general approval from sports clubs/ groups who engaged the consultation process.

13.2 The proposals are a natural extension to the improvement to the Service initiated by the Sport and Leisure Investment Project.

13.3 Sufficient time has been allowed for clubs to prepare for the changes. The new charges will be introduced in April 2009, subject to clubs being informed of the details in November. It is important that sufficient resources are allocated to deal with enquires, process applications and general support for what a totally new approach. For the majority of clubs and organisations that use our facilities, charging levels are an important factor for their financial viability and they will need support to make the best of this new charging mechanism.

13.4 This pricing mechanism, the extra resource in terms of the Club Development Officer, the Approved List of Sports Providers and the engagement of approved self employed coaches/instructors will ensure a marked improvement in Haringey's sports clubs capacity with the resultant increases in physical activity levels within the borough.

Cont'd.

## **14. Use of Appendices / Tables / Photographs**

- Appendix 1 – Charging Criteria
- Appendix 2 – Group Hire Price List 2009/10
- Appendix 3 – Application Process