

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 10 May 2023	<b>Decision Maker:</b> Cabinet Member for Leisure, Parks, Streets and Clean Air
<b>Report title:</b>		<b>Reconciliation of Leisure Centre fees and charges</b>	
<b>Ward(s) or groups affected:</b>		All Wards	
<b>From:</b>		Head of Leisure Insourcing	

## **RECOMMENDATION(S)**

1. That Cabinet Member for Leisure, Parks, Streets and Clean Air:
  - a) Approves changes to the fees and charges for leisure services from 21 June 2023 as further detailed in paragraphs 9 to 27;
  - b) Notes that with the exception of those changes in the fees and charges which are to correct pricing/membership anomalies identified as part of the mobilisation activity for transfer of the leisure service to the council, the changes proposed are to ensure that users of the service continue to benefit from the existing pricing arrangements;
  - c) Delegates to the Strategic Director of Environment, Neighbourhoods and Growth approval to agree special offers and discounted programmes/products to be offered to service users post transfer of the leisure service and notes that amendments are to be made to the Scheme of management for the Environment, Neighbourhoods and Growth department as further detailed in paragraph 29 to exercise this approval;
  - d) Approves the delegation of further changes to the fees and charges for leisure services in respect of any other pricing/membership anomalies that are identified during the mobilisation activity and for the period of up to 6 months from 21 June 2023 to the Strategic Director of Environment, Neighbourhoods and Growth.

## **BACKGROUND INFORMATION**

2. The council agrees its fees and charges schedule on an annual basis, through the Cabinet process. This includes agreement to the majority of the leisure centre core prices, as proposed to the council by the incumbent operator, Everyone Active. In addition, within the terms of the contract, Everyone Active has the ability to set some additional 'non-core' prices. The council's Fee and Charges 2023/2024 was approved in cabinet meeting on 17 January 2023. The full list of Southwark Leisure service fees and charges are shown in Appendix 1.
3. When the current contract expires, in June 2023, the leisure operation will

be insourced, with over 300 staff transferring into the council. The council has committed to holding the current core prices, as agreed in January 2023, until April 2024. However, there are a small number of changes that must be made to the pricing structure, due to the change in provider.

4. Furthermore, whilst undertaking due diligence during the mobilisation process, a number of anomalies have also been identified, which also need to be rectified.
5. Based on the information gathered to date, initial analysis of EA's product pricing list suggests that there are over 300 products (excluding retail), with up to 29 different customer category charges, alongside 2 tiers of charges (peak and off peak). In total, there are over 72,000 items on the product pricing list across the 8 sites.
6. In order to transfer seamlessly and as part of the mobilisation process, the existing pricing structure is being mapped across to LBS's new Leisure Management System (Gladstone). Subject to approval, the discrepancies identified will be addressed as part of the system build process. This report identifies the main issues and discrepancies between Everyone Active's (EA) current product pricing list and Southwark's (LBS) fees and charges list, as reported in the annual fees and charges report.
7. In view of anomalies identified, and the need to remove a small number of bespoke EA offers from the schedule, officers are seeking authority to add, remove and amend items on the LBS fees and charges list, prior to the transfer of the Leisure service on 21 June 2023.
8. This report seeks authority to make all necessary amendments, to ensure that the centres are managed in line with due process and meet governance requirements.

## **KEY ISSUES FOR CONSIDERATION**

### **9. Summary of proposed changes requested**

In order to support a seamless transfer in June 2023, officers request the following changes to be approved:

#### Recommendation 1: Amendment to Memberships Terms and Conditions

10. In order to minimise any impact to service users, the council will continue to support EA's membership fees structure as much as possible, except where it is not feasible to do so. Inevitably some amendment is unavoidable – for example, it is necessary to remove EA's Platinum Membership offer, as access to EA's out of borough leisure sites for platinum card holders, which makes up part of the Platinum package, will not be available after transfer. In addition, some other membership packages also have 'add-ons' which provide similar EA-related opportunities, which will not be available post-June. There is also an EA

'on demand' (EOD) online exercise service which will also not be available after transfer, although officers are currently looking into the options to develop an online fitness platform for Southwark. The changes to EA's membership fees structure are shown in Appendix 2.

11. In view of an inevitable reduction in the offer for some members that these changes bring, we will notify all affected members, providing them with the options of reducing their fees or downgrading to a standard membership.
12. There are also some customers with 'legacy' memberships at fixed prices (e.g. from when Fusion ran the borough's centres), as shown in Appendix 3. However, it is proposed that the council continue to honour these legacy memberships, as EA have done, so no change is required in relation to legacy memberships.
13. As well as making these amendments to reflect a change in the membership package, it is also necessary, in some instances, to reconcile the Membership charges listed on the LBS fees and charges schedule with the EA membership prices, to ensure that the schedule reflects the membership pricing on the ground.

#### Recommendation 2: Peak and off-peak charges

14. Currently most of EA's products do not have a different price for peak and off peak use. However, there are more off-peak items on the Southwark fees and charges schedule than there is in reality for customers – this is predominately in relation to casual sport activities, where the council list suggests that all casual sport activities have non-peak pricing options, whereas EA charges peak pricing for some casual sport activities – i.e. basketball, handball, netball, volleyball and football.
15. Officers recommend amending the pricing charged at the sites to reflect current prices charged by EA. There should be no impact to service users, as the amendments will bring the pricing structure in line with current practice.

#### Recommendation 3: Changes to Products (various recommendations)

16. Swim (casual)  
Preliminary analysis indicates there are a small number of swim (casual) items on EA price list which are missed off on LBS's fee and charges list such as Hydrotherapy session swim, under 5s fun swim. In addition, for some swim (casual) products, it appears that there are differences in price across different sites. Based on initial discussion, these discrepancies are likely due to human errors and obsolete codes. There are also some items such as 'inflatable swim' which is on both LBS's and EA's pricing schedules, but is no longer being offered (not on the programme).
17. In order to minimise any impact to service users, officers recommend amending LBS fees and charges to include these omitted swim (casual)

products that are currently offered by EA. The council will be able to set up the missing fees on the system, thus ensuring that the same fees and charges are applied across the sites for these casual swim products.

18. Gym and Fitness (Group Exercise)  
*No show and cancellation charges:* In order to maximise class spaces for gym members, EA applies a £4 'no show' and 'cancellation' charge, for those that fail to show up or cancel within 4 hours of the class start time. Based on 2019/20 volumetric data, there were a total of 23,265 no show/cancellations.
19. No show and cancellation charges help to maximise class spaces and reduce waiting list, to ensure that as many residents as possible are able to access classes. This is a very common practices within the leisure industry. Officer recommend continuing with the no show/cancellation charges at this time, and to include this onto council's fee and charges list.
20. Different prices for different group exercise classes: On LBS's fees and charges list, all fitness and group exercise classes (except yoga and pilates) are priced the same (£10.50 non member, £8.10 Axess, £3.50 Concession off peak). EA's product pricing list has a small number of additional fitness and group exercise classes that have a different price. For example tai chi £10.50 for members and £12.65 for non members, and group cycling XP virtual £5 for members and non members
21. In order to minimise any impact to service users, officers recommend adding these products to LBS fees and charges, reflecting EA's actual pricing.
22. Different price charged against different sites for the same classes: Similar to Swim (casual), analysis suggests that there are small number of classes, which have a difference price at different sites on EA's product pricing list. These discrepancies are likely due to human errors and obsolete codes. For examples:
  - LBS's Yoga 90 minute session is £11 for member, EA charges £10 at Camberwell leisure centre whereas other leisure sites charges £11
  - LBS's Group exercise: Dance Fitness is £10.50 for non members. EA charges £11.50 at Camberwell leisure centre whereas other leisure sites charges £10.50.
23. Officers recommend amending EA product pricing list to ensure consistent prices across all sites for group exercise classes, in line with LBS's pricing structure. In order to correct these discrepancies, there will be a small number of classes at various sites that either have a reduction or an increase in prices compare to current EA prices.
24. Personal Training sessions  
EA offers a range of personal training and group training bundle sessions delivered through EA employees (full list of sessions available in

Appendix 4). Some of these are currently not on LBS's fees and charges list. In order to minimise any impact to service users, officers recommend adding these to LBS's fee and charges list.

25. **Swimming Lesson**  
There are a small number of swimming lesson products on the EA price list which are not on LBS's fee and charges list such as Private lessons 2:1, and Private lessons: 3:1
26. In order to minimise any impact to service users, officers recommend amending LBS fees and charges to include these omitted swimming lesson items that currently offered by EA
27. **Watersports, Crèche, Soft play parties, and Studio & Rooms Hire**  
There are various watersports activities at Surrey Docks Fitness & Watersports Centre where EA charges a different price from LBS's fee and charges, and there are some activities on LBS's list that are currently not offered by EA. EA offers various crèche sessions and soft play parties at Peckham Pulse Leisure Centre, some of these either not on LBS's fee and charges list or has a different price. EA also offers a range of studio and room hire, whilst the majority of these matches the LBS's fees and charges list, there are small number of these products which has a different price to LBS's fees and charges. In order to minimise any impact to service users, officers recommend amending LBS's fees and charges for these items to match EA's prices and range of products currently offered.

#### Recommendation 4: Addendum to scheme of management

28. Throughout the year, EA runs promotional campaigns and special offers to encourage sign-up. These includes waiving sign up admin fees for membership, discounted personal training sessions and group sessions. These promotion strategies are commonly used in the leisure industry to encourage sign up, help to drive website traffic, build awareness, increase sales and retarget visitors with offers. Officers consider that it is vitally important to continue to be able to offer flexible and interesting special offers regularly, to ensure we attract residents into the centres.
29. In order to enable this flexibility, cabinet member are asked to note that officers propose to add an addendum to the current Environment, Neighbourhoods and Growth Departmental scheme of management, specifically for Leisure Service, to enable special offers, and discounted programmes / products to be offered from time to time. A similar approach has already been adopted by Trading Standards to enable a degree of empowerment necessary for effective operation and delivery of service, so is in line with other council services. This will allow the relevant officers to approve time-limited promotional offers from time to time, without requiring approval on each occasion.

### Recommendation 5: Other discrepancies

30. Until the new Leisure Management system has been fully built and the user data transferred across, it is possible that further discrepancies (such as errors and omissions) may arise during the product configuration and user data mapping stage. If there are other such discrepancies that come to light during the build, officers seek authority for the delegation of further changes to the LBS fees and charges in order to minimise any disruption to the service users to the Strategic Director of Environment, Neighbourhoods and Growth. This authority to address anomalies is sought for a period of up to 6 months post-transfer.
31. It may be necessary to undertake further review of the fees and charges structures, post transfer. However, the council's initial priority has been to identify any anomalies and issues that might initially disrupt a smooth transfer.
32. This report seeks to outline the key areas that have been identified, which need to be addressed to enable this smooth transfer - an approach which will also enable the relevant IT infrastructure to be built to enable the centres to operate.

### **Policy framework implications**

33. The management of the leisure centres and the delivery of an excellent leisure service is directly linked to the council's commitment to a 'Fairer future for all', in particular: we want to break down barriers that prevent people from thriving in Southwark, so that whatever your background you can live a healthier life.
34. The council's Fairer Future Medium Term Financial Strategy sets out the policy to review discretionary fees and charges annually. In the annual review of fees and charges, the policy is to increase them to a level that is at least equal to the most appropriate London average except where this either conflicts with council policy, or would lead to adverse revenue implications or would impact adversely on vulnerable clients.
35. The Fee and Charges 2023/2024 report was approved in cabinet meeting on 17th January 2023. The recommendations in this report would allow the officers to add, remove and amend items on the council's fees and charges schedule to ensure that the centres are managed in line with due process and meet governance requirements.

### **Community impact statement**

36. If the recommendations in this report are approved, there will be limited impact on the community, as the actions set out in this report seek to address any fees and charges anomalies, in line with the overarching objective of the leisure insourcing project of retaining its existing leisure offer on transfer to the council, to ensure continuity of service and smooth

transition.

37. The recommendations listed in the reports broadly reflect the scope of product and actual pricing that is currently charged by the existing provider of the service, Everyone Active (EA), with the exception few bespoke EA product such as EA online exercise service, and Platinum membership access to EA's out of borough leisure sites. Officers are currently looking into the options to develop similar products for Southwark, and in the meantime will provide Platinum and online membership users with the options of reducing their fees or changing their membership type.
38. There will be no change for individuals with protected characteristics as a result of the decisions in this report. Where further changes have been delegated to the Strategic Director of Environment, Neighbourhoods and Growth the Public Sector Equality Duty (PSED) will be considered in relation to any decisions arising from that delegation.

### **Equalities (including socio-economic) impact statement**

39. The [Public Sector Equality Duty](#) has been considered and no additional consultation is required.

### **Health impact statement**

40. The long terms objectives of insourcing the leisure services are directly linked to reducing health inequalities and improving the opportunities for residents to lead healthier lives through the development of a more resident focused service.
41. As the recommendations listed in the reports broadly reflect the current fees and charges and services available to residents, this will not impact the current services residents currently receive.

### **Climate change implications**

42. Following council assembly on 14 July 2021, the council is committed to considering the climate change implications of any decision. The recommendations as set out in this report are not considered to have any adverse effect on climate change.

### **Financial and Resource implications**

43. The total 2023/24 net leisure revenue budget is £4.926m including a growth bid of £1.4m.

44. The Leisure service income forecast within the Target Operating Model (TOM) budget were based on EA's accounts, taking into consideration various cost pressures and including an estimate for potential attrition.
45. The recommendations in the report broadly reflect the current prices structure and services provided by EA, with the exception of the amendment to memberships (recommendation 1) which could range from £170k to £323k income reduction depending on the attrition rates.
46. Until the service is in full operation, it is difficult to ascertain the level of attrition and the financial impact. The various leisure service income stream will be closely monitored and reported as part of the departmental revenue budget monitoring process.

### **Legal implications**

47. As noted in paragraph 49 to 51.

### **Consultation**

48. Further review of the fees and changes will be undertaken post transfer, and future consultation will take place as part of reviewing the long term strategy of the leisure service.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Assistant Chief Executive – Governance & Assurance**

49. This report seeks the approval of the Cabinet Member for Leisure, Parks, Streets and Clean Air to the changes to the fees and charges for leisure services, and to the delegation of further changes for a period post transfer of the service, and to note a number of recommendations in relation to those fees and charges. Part 3D of the Constitution provides that changes to existing fees and charges in relation to their area of responsibility is reserved to the relevant Cabinet Member, so this can be agreed by the Cabinet Member for Leisure, Parks, Streets and Clean Air.
50. There are no specific legal implications arising from the recommendations set out in this report. However in considering these recommendations, the Cabinet Member should have regard to the council's obligations to carry out its duties in accordance with the principles of best value, and to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. This report outlines how approval of these recommendations will assist in the efficient transfer of the Leisure Service to the council in June 2023 and to ensure that service users of the Leisure Service continue to benefit from existing pricing arrangements.

51. The Cabinet Member’s attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, which requires public bodies to have regard, when making decisions, to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The Cabinet Member is specifically referred to the community, equalities (including socio-economic) and health impacts statement at paragraphs 36-41, setting out the consideration on equalities issues which the Cabinet Member should give careful consideration to when approving the recommendations in this report.

**Strategic Director of Finance and Governance (ENG23/018)**

52. This report seeks approval from the Cabinet Member for Leisure, Parks, Streets and Clean Air to approve the changes to the fees and charges for leisure services from 21 June 2023 as further detailed in paragraphs 9 to 27 and to approve the delegation of further changes to the fees and charges for leisure services in respect of any other pricing/membership anomalies that are identified during the mobilisation activity and for the period of up to 6 months from 21 June 2023 to the Strategic Director of Environment, Neighbourhoods and Growth and to note other recommendations of this report.
53. The strategic director of finance and governance appreciates that it is difficult to assess the full impact of these price changes on the overall income until the service is insourced and fully operational. It is noted that the various leisure service income streams will be closely monitored and reported as part of the departmental revenue budget monitoring process.
54. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

**BACKGROUND DOCUMENTS**

Background Papers	Held At	Contact
Policy and Resources Strategy 2023-24 to 2025-26 update (Appendix F: Fees and Charges)	Cabinet 17 <sup>th</sup> January 2023	

## APPENDICES

No.	Title
Appendix 1	LBS Leisure Fees and Charges
Appendix 2	EA Memberships Fee Structure
Appendix 3	List of Legacy Memberships
Appendix 4	EA Personal Training and Group Training Prices

## AUDIT TRAIL

*This section must be included in all reports.*

<b>Lead Officer</b>	Toni Ainge, Director of Leisure	
<b>Report Author</b>	David Pugh, Head of Leisure Insourcing	
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<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Assistant Chief Executive, Governance and Assurance	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
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