

# Report to the Safer Neighbourhoods and Active Communities Scrutiny Board

**24 November 2022**

<b>Subject:</b>	Charging principles and concessions for the Local Authority Trading Company and Sandwell Aquatics Centre
<b>Director:</b>	Director of Borough Economy – Alice Davey
<b>Contact Officer:</b>	Ben Percival – Assistant Director – Contracts, Projects, Strategy & Policy

## 1 Recommendations

- 1.1 That the Board considers and comments upon on the following principles that will be used to inform a subsequent charging policy:
  - 1.2 A commercial approach to competitive price setting to seek to optimise trading income by attracting a mass market.
  - 1.3 The review of concessionary pricing towards more focused target groups as outlined in 4.6
  - 1.4 Agreeing a select number of core priced for key products, with delegated discretion for other pricing.

## 2 Reasons for Recommendations

- 2.1 2023 will see a once in a generation transformation of sport and leisure provision in Sandwell with the opening of Sandwell Aquatics Centre (SAC) and the establishment of the new Local Authority Trading Company (LATC) to operate the borough's public facilities. At the same time Council resources continue to be stretched and inflationary pressures – notably utility costs – will place particular cost pressures on leisure provision.
- 2.2 To rise to the opportunity and challenge presented, it is critical that a balance is achieved between optimising trading income and widening



access to spread benefits across all residents. It is therefore essential that a deliberate and considered charging policy is adopted and maintained.

2.3 The fundamental purpose of a well-functioning concessionary scheme should be ***to encourage and support access from those groups who would otherwise not attend / attend less frequently***. Therefore, income from those who the concessionary scheme encourages to attend, who wouldn't otherwise attend, is a net commercial benefit.

### 3 How does this deliver objectives of the Corporate Plan?

	<b>Best start in life for children and young people</b> A targeted concessionary scheme will help ensure access to the leisure centres from all Sandwell children and help foster the habit of lifelong activity and participation.
	<b>People live well and age well</b> Encouraging active lifestyles is critical to improving the health and wellbeing of Sandwell residents.
	<b>Strong resilient communities</b> A functioning concessionary scheme should substantially increase participation from all the community.
	<b>A strong and inclusive economy</b> Effective pricing is fundamental to ensuring a sustainable leisure service for residents. Physical activity is integral to supporting a healthy workforce.
	<b>A connected and accessible Sandwell</b> There is potential to expand the charging narrative to encompass a range of activities within and beyond the leisure centres – potentially including open spaces and active travel.

### 4 Context and Key Issues

4.1 Encouraging active lifestyles is critical to improving the health and wellbeing of Sandwell residents. Whilst there are a broad range of opportunities to be active across Sandwell, research indicates that activities delivered from leisure centres – in particular swimming and indoor fitness – are key services that will keep Sandwell residents active and encourage them to be more active.



4.2 Concessionary “passport to leisure” schemes are standard features of most public leisure provision. They are often considered a drag on business performance, giving away products and hampering the achievement of challenging income targets. As such they tend to be generic schemes infrequently refreshed and rarely promoted.

4.3 The above perception missed the fundamental purpose of a well-functioning concessionary scheme – which should be ***to encourage and support access from those groups who would otherwise not attend / attend less frequently.***

4.4 A properly functioning concessionary scheme should deliver positive commercial outcomes. Leisure facilities are rarely full – especially when delivered on the scale available in Sandwell – and the cost of each additional user is negligible. Therefore, income from those who the concessionary scheme encourages to attend who wouldn’t otherwise attend, is a net commercial benefit.

4.5 Walsall Council relaunched their concessionary scheme in 2015. The scheme was a compelling offer – a 50% discount on all activities with very few restrictions but was carefully targeted at low-income households. The scheme was extremely successful delivering:

- A ten-fold increase in registrations from targeted groups
- More than £150k increase in income
- 75% of discounted users became regular users (1 visit / month)

<https://go.walsall.gov.uk/leisure/Sport-and-Leisure/Price-list#moveit>

4.6 Based on good practice examples elsewhere, the baseline concessionary price target groups are proposed as follows:

1. In receipt of universal credit or any national or local scheme that may supersede this;
2. Have a disability (those with long term conditions should be referred through the GP/Social Prescribing schemes)
3. Looked After Children under the Local Authority;
4. Registered carers; and
5. Military service veterans.

These categories will be sense-checked with colleagues – especially Public Health and Children’s & Adults’ Services.



4.7 The current free-swimming scheme would – with support from Children’s Services, Adult Services and Public Health colleagues – evolve into a more targeted and potentially more comprehensive scheme with the potential to include:

- Children in receipt of free school meals accessing free swimming lessons.
- Free swimming for over 75s – with the emphasis on addressing social isolation (free hot drink etc)
- Evolving the universal free offer into a limited swim for £1 offer – to start to re-establish the value of the product and the expectation that this is a paid-for service.

4.8 The recent marketing and promotion review conducted by Prominent TLS identified a range of opportunities to improve the structure of pricing and memberships. Both SAC and the LATC present the opportunity to refresh pricing for leisure services.

4.9 There is however also a need to maintain operational stability. Good relations with existing users need to be maintained and care should be taken not to unnecessarily disrupt the loyal membership base.

4.10 Key principles for pricing include:

- SAC being a separate product, running in parallel with the rest of the facilities. It is proposed it would not be part of the One Card offer (with the possible exception of those users transferring from Langley & Smethwick).
- SAC pricing to be differentiated from the other facilities – differentiating the scale and quality of SAC, whilst ensuring target groups are not excluded.
- The LATC to have increased charging flexibility, particularly for limited-time price promotions.
- To set a specified and limited number of products where pricing is a reserved matter for SMBC. Such products may include:
  - Child’s swim
  - Concession pricing
  - Concession categories
  - Health-related activities (cardiac rehab etc)

## 5 Implications



<b>Resources:</b>	No immediate resource implications. Fees & Charges will form part of the updated business plans for LATC & SAC.
<b>Legal and Governance:</b>	None
<b>Risk:</b>	Business risk and mitigation is part of the business planning for LATC and SAC. Greater pricing discretion for the LATC will allow greater responsiveness to business conditions.
<b>Equality:</b>	The full fees and charges review will be subject to an equality impact assessment
<b>Health and Wellbeing:</b>	Careful targeting on concessions will encourage access from those who would benefit most from increased physical activity.
<b>Social Value:</b>	None
<b>Climate Change:</b>	None

## 6 Appendices

None

## 7. Background Papers

None

