

## **FEES AND CHARGES POLICY**

Presented by the Corporate Director

### **SUMMARY**

This report sets out a proposed update to the Authority's current Fees and Charges Policy.

The Executive Committee considered the updated Fees and Charges Policy at a meeting earlier today (Paper E/779/22) and an oral update will be given at the Authority meeting.

### **RECOMMENDATION**

Members Approve (1) the draft Fees and Charges Policy for adoption.

### **BACKGROUND**

- 1 The Authority reviews fees and charges annually as part of the budget setting process. The current Fees and Charges Policy was approved at the Authority meeting on 24 January 2013 (Paper A/4161/13).
- 2 The policy was updated in 2015 after Members requested a review of the concessionary groups at a Fees and Charges Workshop. This was reported at the Executive meeting on 17 December 2015 (Paper E/430/15).
- 3 Whilst developing the Leisure Services Contract (LSC), which involved a number of Member workshops, it was identified that the groups eligible for concessionary pricing within the existing Fees and Charges Policy was in need of review.

### **FEES AND CHARGES POLICY**

- 4 The Authority's approach to fees and charges is based on its business philosophy of being *community focused and commercially driven*. Pricing is reviewed annually to consider inflation, historic performance, customer feedback, the competitive market and comparators. Pricing is set at the market level. Concessionary groups identified in the policy are eligible for discounts, and mechanisms such as the Community Access Fund (CAF) can be used to provide targeted support to key groups to encourage access.
- 5 This approach has not changed in the updated policy, the key changes are:

- updates to reflect the the mix of operating models and how fees and charges are managed across different models;
- updated concessions list aligned to the Leisure Services Contract;
- updates to staff, member and volunteer discounts; and
- updates to the annual process for reviewing fees and charges.

## **ENVIRONMENTAL IMPLICATIONS**

- 6 There are no environmental implications arising directly from the recommendations in this report.

## **EQUALITY IMPLICATIONS**

- 7 The Fees and Charges Policy details concessionary groups that are eligible for discounts to ensure equitable access to activities.

## **FINANCIAL IMPLICATIONS**

- 8 The annual review of fees and charges forms part of the budget setting process. All fees and charges will have a yearly increase in their prices linked to the Retail Price Index (RPI) as of September in the prevailing year. However, the overall change in price may increase or decrease subject to the factors identified in the policy.

## **HUMAN RESOURCE IMPLICATIONS**

- 9 There are no human resource implications arising directly from the recommendations in this report

## **LEGAL IMPLICATIONS**

- 10 There are no legal implications arising directly from the recommendations in this report.

## **RISK MANAGEMENT IMPLICATIONS**

- 11 Risk of non-achievement of income targets is identified on the Strategic Risk Register (SR4.1). The Fees and Charges Policy aims to ensure that pricing reviews are intelligence led, looking at internal and external information as well as inflation to set prices at optimum levels, and build budgets that reflect these price changes.

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## **ABBREVIATIONS**

LSC Leisure Services Contract

## **PREVIOUS COMMITTEE REPORTS**

Executive Committee	E/779/22	Fees and Charges Policy	20 October 2022
Executive Committee	E/430/15	Fees and Charges Review 2016/17	17 December 2015
Authority	A/4161/13	Fees and Charges Policy	24 January 2013

**APPENDIX ATTACHED**

Appendix A Fees and Charges Policy

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# Fees and Charges Policy

October 2022

Reference: [Version 3.0]



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<b>Approved</b>	<b>Approved by:</b> Authority <b>Approval Date:</b> 20 <sup>th</sup> October 2022 <b>Review Frequency:</b> Every 5 years or earlier if there is a change in Government legislation regarding concessions or benefits. <b>Next Review:</b> October 2027

<b>Version History</b>		
<b>Version</b>	<b>Date</b>	<b>Description</b>
1.0	24 <sup>th</sup> January 2013	Signed off at Authority (paper A/4161/13)
2.0	17 <sup>th</sup> December 2015	Updated concessionary groups agreed at Executive (paper E/430/15)
3.0	20 <sup>th</sup> October 2022	Signed off at Authority paper A/xxx/22

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## 1. Background

- 1.1 The Lee Valley Regional Park Act of 1966 sets out the remit for the Lee Valley Regional Park to be a leisure resource for the region of London, Hertfordshire and Essex.
- 1.2 Lee Valley Regional Park Authority (LVRPA) aims to deliver a vision for the Lee Valley Regional Park (LVRP) to be a world class leisure destination that attracts visitors from across the region.
- 1.3 The Act allows LVRPA to charge a levy on the council tax in London, Hertfordshire and Essex to fund the management of the LVRP.
- 1.4 LVRPA has a strategic aim to reduce the reliance on the levy and be increasingly self-sufficient in terms of funding. It has been successful in reducing the levy in both real and actual terms over a sustained period. This has been achieved through optimising business models, successful investment projects, increased income and more efficient working practices.
- 1.5 A key element of this success has been the approach to setting fees and charges. The Authority has a business philosophy of being *community focused and commercially driven*. A commercial approach to pricing can generate funds that enable targeted support for key groups to access the Park through concessionary pricing and funding.

## 2. Policy Aims

- 2.1 The aim of this policy is to support the sustainable financial management of LVRPA through the setting of fees and charges that optimise income whilst ensuring the activities and programmes it offers are accessible to the regional population.
- 2.2 This policy will clearly define:
  - The approach to setting fees and charges for different operating models
  - Which charges are covered by the Fees and Charges Policy and which are not
  - The rationale behind charging a concessionary rate, and defining exactly who is eligible for such rates
  - The approach to offering Staff, Member and Volunteer discounts
  - The approach to using Promotional pricing
  - The framework for annually reviewing and setting charges for in-house delivery

### 3. Content

#### 3.1 Fees and Charges for different operating models

- 3.1.1 Operating models in public sector leisure have evolved over recent decades, from predominantly in-house delivery to increased outsourcing following Compulsive Competitive Tendering and Best Value regimes. The landscape is now a mixed economy of in-house delivery and outsourced contracts to private contractors and leisure trusts.
- 3.1.2 LVRPA reflect this environment, having reviewed the best operating models for the varied leisure services that exist within the Park. These fit into three categories:
- 3.1.3 **In-house delivery:** where LVRPA delivers the service and has full control over pricing
- 3.1.4 **Management contracts:** where a contractor delivers the service but must comply with a management contract. The specification of this contract gives the Authority some control. The contractor has control over pricing, but the contract can include requirements such as a requirement for discounted concessionary pricing.
- 3.1.5 **Commercial leases:** where LVRPA are the landlord and have an agreement with another business who operate the service. The operator has commercial freedom and LVRPA have no control over pricing.
- 3.1.6 This approach is *commercially driven* as in each of the models the pricing will be set based on the operator's knowledge of the market in which they're operating, with the aim of achieving financial targets.
- 3.1.7 LVRPA ensure a *community focus* for in-house services and management contracts through concessionary discounts that target disadvantaged groups, and the Community Access Fund (CAF) that provides a mechanism for targeting support for key groups.

#### 3.2 Which charges are covered by this policy

- 3.2.1 All venue and service charges that are set by the Authority are subject to this policy except:
- Catering and retail products. The selling prices are calculated ensuring a minimum gross profit is achieved after accounting for cost of sales.
  - Property rents.
  - Income from third party contracts where the Authority is unable to influence the level of income.

### 3.3 Concessionary pricing

3.3.1 Encouraging use of LVRP from disadvantaged groups, by offering below market, or concessionary rates helps to improve equality of access. Based on examples of best practice the Authority has identified the following groups that are eligible for concessionary pricing.

Groups Eligible for Concessionary Pricing
Young People aged 18 and under
Residents aged at the national retirement age or older
People in receipt of Job Seekers Allowance or Income Support
Those registered as Disabled under the Equality Act 2010 and, where appropriate, their carers
Young People in care and their carers
Under 25s on the following: School/Further Education courses, Higher Education Courses, Modern Apprenticeships, NVQ Training Schemes and Life Skills Training.

3.3.2 Concessionary prices will offer at least a 40% discount on all activity prices. Activities are defined as sports or physical activities. These will be detailed in the annual review of fees and charges.

3.3.3 Concessionary prices are not offered for services that are not defined as activities. For these services, for example campsites and marinas, it is not considered appropriate to offer concessionary pricing, in line with the markets in which they operate.

### 3.4 Staff, Member and Volunteer discounts

3.4.1 Offering discounts to Staff, Members and Volunteers can be an effective tool to recognise their contribution towards the success of the LVRP. Encouraging use of the LVRP also helps to increase their awareness of the venues and services on offer, and can generate further business through recommendations.

3.4.2 Discounts can vary across venues and services depending on capacity, demand and cost base.

3.4.3 Discounts for Staff, Members and Volunteers apply where the relevant criteria are met. These discounts will be reviewed each year as part of the annual fees and charges process.

3.4.4 All permanent members of staff and those on fixed term contracts are eligible to receive staff discounts. They need to provide the relevant evidence when booking/ paying for admission. Staff discounts are detailed on the Authority's intranet.

3.4.5 Casual staff are eligible for discounts if they work for a minimum number of hours per annum in any one calendar year. This is detailed on the Authority's intranet.

3.4.6 Authority Members are able to receive 'staff discounts' but must be aware that all benefits and discounts received must be recorded in their record of interest, each and every time they receive a discount.

3.4.7 Volunteers are eligible for discounts if they volunteer for a minimum number of hours per annum in any one calendar year. This is detailed within the volunteers procedures.

### 3.5 Promotions

3.5.1 In order to enable a more commercial approach it is important that officers can use marketing campaigns and promotional pricing to increase bookings of specific activities for defined periods. Changes to the agreed fees and charges can be made for this purpose.

3.5.2 To have a particular charge varied the approval of the relevant service Director must be obtained in advance.

3.5.3 In approving a variation the following must be considered:

- Reasons for seeking variation, i.e. purpose of the campaign
- Benefits to be achieved
- Likely impact of variation on total income levels
- A commitment to review the benefit/effect of the variation

3.5.4 Sustained promotions can be offered where there is a justification for this, for example discounted pricing for Key Workers or other identified target groups.

### 3.6 Charging Framework and Process for in-house operations

3.6.1 The Authority will undertake a full review of all Fees and Charges for in-house operations identified by this Policy annually.

3.6.2 In keeping with sound economic growth principles, all venues / services will have a yearly increase in their prices linked to the Retail Price Index (RPI) as of September in the prevailing year. However, the overall change in price may increase or decrease subject to the factors identified in the process summarised below:

- **Venue / Service level review**
  - Review what we are charging for and who is charged
    - Review if existing charging is meeting our objectives (financial and non-financial)
    - Any charges to be added or removed
    - Any proposed changes to concessionary pricing
  - Review internal data
    - Income generated (against previous years and budget)
    - Related expenditure / profit margin

- Take up of activity – usage / occupancy etc
- Are we attracting our target customers / achieving targets
- Review the impact of any promotional pricing
  
- Listen to feedback
  - Visitor tracking feedback
  - Complaints, compliments and ad hoc feedback
  - Staff feedback
  
- Review external data to understand the market
  - Review comparators – their products and pricing
  - How is the market changing and where do we fit within the market
  
- Propose new pricing
  - Use the September RPI increase as a guide for approximate new pricing
  - Use the information above to adjust the pricing to an optimum level
  
- **Corporate level review**
  - Review impact of proposed charging on budget
  - Review staff, member, volunteer and partner discounts
  
- **Sign off process**
  - Corporate Director agrees proposals from managers
  - SMT agree proposals
  - Executive Committee approve the proposed fees and charges

#### **4. Responsibilities**

- 4.1 Senior Management Team are responsible for ensuring that any new management contracts for outsourced operations adhere to this policy.
- 4.2 The Finance team will oversee the fees and charges setting process as part of the annual budget process.
- 4.3 Venue and Service managers are responsible for proposing new fees and charges.
- 4.4 The Finance and Research functions will provide data-led support to managers.
- 4.5 The Corporate Director is responsible for reporting proposed fees and charges to the Executive Committee for approval.
- 4.6 Venue and Service Managers are responsible for ensuring all agreed fees are implemented at their facility, and updated correctly onto the Authority's website, working with the Marketing team.

## **5. Legal Considerations**

- 5.1 Any changes to those who are entitled to Government benefits, and the relevant documentation required to receive concessionary rates will be reviewed annually.

## **6. Relevant Policy & Procedures**

- 6.1 The Authority's Fees and Charges procedure provides further detail on the annual process.

## **7. Monitoring & Evaluation**

- 7.1 The effectiveness of this policy will be monitored every year as part of the annual fees and charges setting process. Any changes will be included as the annual charges are agreed.