

Meeting:	Overview & Scrutiny Cabinet	8th January 2018 7th February 2018
Subject:	Shopmobility Fees and Charges	
Report Of:	Jennie Watkins, Cabinet Member for Communities and Neighbourhoods	
Wards Affected:	All	
Key Decision:	No	Budget/Policy Framework: No
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Appendices	People Impact Assessment	

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To propose a new fees and charges structure for the city's Shopmobility service and seek authority to undertake a public consultation based on the proposals.

2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE**:

- (1) To approve in principle the proposed service charges set out in paragraphs 3.8, 3.10 and 3.11.
- (2) To agree in principle that charges are reviewed annually and increased to keep pace with cost of living indicators.
- (3) To authorise the Visitor Experience Manager to proceed with public consultation based on the new pricing structure proposals.

3.0 Background and Key Issues

- 3.1 The Shopmobility service was provided free of charge until 2010. In 2012 charges were introduced for the first time and they have not been reviewed or revised since then.
- 3.2 In 2016, the Shopmobility service cost £57,000 to operate. This figure consisted of all running costs net of income achieved through membership and daily hire. A proposal to operate the service via a third party social enterprise had to be

discontinued due to concerns about the sustainability of the service under that arrangement.

- 3.3 In the 2017/18 budget, the £50,000 savings target has been removed. This does not mean that the service can continue to operate with its current offer, it is vital that the service becomes more commercial in its operation to ensure its longevity at a time where the authority continues to face financial pressures.
- 3.4 The Shopmobility service operates as a membership scheme. Members pay £24 per year and enjoy free use of the equipment during their membership. Non-members currently pay a daily rate of £3.00 to use the Shopmobility service scooters. The majority of members qualify for VAT exemption which reduces the annual membership fee to £20. If a member were to utilise the service 6 days a week, this would equate to just 7p per hire.
- 3.5 There are currently 197 members. Active recruitment to membership stopped in 2016 during the discussions about third party management of the service. Previously membership had been at 300 members.
- 3.6 The service also offers long-term wheelchair hire for those wanting to hire a wheelchair overnight, or for a longer period. At present, the service charges £3 for an overnight hire and £10 for a Friday to Monday hire. Long term hire of electric scooters is currently under development.
- 3.7 This report seeks to present proposals for changes to the pricing structure so that the Council's service will continue to provide excellent value for money and deliver an important community service, but at a more sustainable cost to the Council.
- 3.8 It is proposed that the annual membership charge remains the same, £24 per year. Instead of members qualifying for free use of the service, members will be entitled to a 66% discount compared to those paying the daily rate. The daily charge to service users under the revised charging structure will be £2.00.
- 3.9 In 2016/17, there were 6841 annual member visits. If each pays the new £2.00 rate the additional income would be £13,682.
- 3.10 It is proposed that the daily hire charge for a non-member is £6. In 2016/17, there were 1882 non-member daily visits. The proposed increase could bring in an additional £5646.00.
- 3.11 Long term hire customers will need to become members to utilise the service and charges are also proposed to increase as follows:

Wheelchair Hire Only	New	Old
Overnight hire	£5	£3
Weekend hire (Fri-Mon)	£12	£10
Week hire (7 days)	£20	£15.
1 monthly	£50	£35

3.12 For comparison purposes the table below compares the proposed pricing for Gloucester with other regional Shopmobility schemes:

Place	Provider	Membership Fee	Member Day Rate	Non-Member Day Rate	Long term hire(per night unless stated otherwise)	Free Parking	Typical cost (membership plus 35 days)
Gloucester	LA	£24.00	£2.00	£6.00	£5	Yes	£94
Cheltenham	LA	£25.28	Free	£6.76	£14.14 per week	No	£25.28
Exeter	Charity	n/a	n/a	£6.50	£10	Yes	£227.50
Hereford	Charity	£10.00	£4.40	£7.50	Membership +£4.40	No	£164.00
Swindon	LA	£15.00	£1.00	£6.00	n/a	Yes	£50.00
Worcester	Charity	£10.00	£3.00	£7.00	n/a	Yes	£115.00
Yeovil	Charity	£10.00	£4.00	£5.00	£10	No	£150.00

3.13 The final column (typical cost) is based on each member using the service 35 times in the course of a year. This typical usage is calculated on the basis that 197 current users have made 6841 daily hires in the past year.

3.14 Cheltenham Shopmobility are currently undergoing a review of their charges and have indicated that they too will be introducing a pay per use for members.

4.0 Asset Based Community Development (ABCD) Considerations

4.1 Putting the service in a stronger financial position will enable staff to be more proactive and build stronger links with Social Enterprises, the Voluntary Sector, a new focus on the “Friends” group and a push at greater ABCD.

4.2 The service will also work to recruit a number of volunteers to help assist the service and will provide capacity to develop the Shopmobility further.

5.0 Alternative Options Considered

5.1 A range of alternatives were considered and are listed below along with the reasons why they were discounted:

5.2 Option 1 – Do not make any changes to the hire costs. In the present financial climate, the cost of the service is not sustainable and the extent of the current subsidy is hard to justify.

5.3 Option 2 – Increase the membership charges to cover costs. A substantial increase in membership would be required to make the service break even. Such an increase would have an impact on affordability.

5.4 Option 3 – Cease the membership scheme and only offer a daily rate. This would bring in a higher level of income as each user would pay per use. There are some users who utilise the service on a daily basis (6 days a week) and going from paying £20/£24 per year to paying over £1800 based on £6 a time isn't an affordable route to pursue.

- 5.5 Option 4 – Explore alternative management options. The Council has unsuccessfully explored a shared service with Cheltenham Borough Council, looked to transfer the asset to the community and also attempted to put the service out to tender. Before such options are reconsidered it will be necessary to revise the pricing structure and become more commercial in terms of service management and operation.
- 5.6 Option 5 – Close the service. This is an option that has not been considered due to the negative impact that would have on its users. Whilst this would achieve a deliverable saving to the council, it would leave many residents of Gloucester with a permanent or temporary disability with greater difficulty in maintaining a level of independence that is crucial to their general wellbeing.

6.0 Reasons for Recommendations

- 6.1 If the Shopmobility service restructures its charges and reviews them annually, income and financial sustainability will significantly improve.
- 6.2 An increase in charges alone will not achieve the level of income required to allow the service to be self sufficient so there needs to be additional service developments that increase income or reduce costs.
- 6.3 In August 2017, the service was equipped to take card payment. All previous sales had to be made by cash.
- 6.4 Past practise of issuing invoices to members will cease and in future all payments relating to the service will be taken on-site (the potential for on-line payments will also be pursued) This change will reduce processing costs.
- 6.5 A comprehensive overhaul of how the service is marketed and branded and new arrangements for facilities and equipment repair and maintenance needs to be undertaken. This is especially true if we are to generate additional income and sponsorship to support the service in the future.
- 6.6 Consideration needs to be given to exploring the potential for new 3rd party agreements with external operators where the service benefits from commission on sales.
- 6.7 There are a number of advertising/sponsorship opportunities available within the service. Once the new charges are implemented, the service will look to utilise the exterior space on the building and available space to advertise on the equipment.
- 6.8 So although the proposed revised charges will achieve an increase in income, the other actions listed above will allow the service to become more efficient, effective and financially sustainable.

7.0 Future Work and Conclusions

- 7.1 The proposed new charges will need to be subject to a period of public consultation. The consultation will start immediately and will last approximately 6-8 weeks.

- 7.2 The results of the consultation will be reported to Cabinet in January with recommendations for formal adoption and immediate implementation thereafter.
- 7.3 The service developments outlined in paragraphs 6.5-6.7 will feature in the Visitor Experience Service Plan.

8.0 Financial Implications

- 8.1 The current Council approved Money Plan includes an assumption that fees and charges for Council Services will rise on an annual basis. This review of charges would bring Shopmobility in line with that assumption.
- 8.2 The Council currently subsidises the Service by over £50k a year and has continued to do so even in the light in significant reductions in available resources across the Council. This increase in charges, assuming it is not accompanied by a corresponding fall in demand, will help to decrease the level of subsidy required and contribute to Council savings targets.

(Financial Services have been consulted in the preparation this report.)

9.0 Legal Implications

- 9.1 When considering changes to a service, including fees and charges, the Council has to comply with its duty under Section 3 of the Local Government Act 1999. Section 3(2) imposes a general duty which requires the Council to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness. In deciding how to fulfil the duty there is a requirement to consult those persons referred to in the Act which includes representatives of council tax and non-domestic rates payers and persons who use or are likely to use the service. The Council must also have regard to guidance on this duty issued by the Secretary of State.
- 9.2 The Council must also have regard to the Public Sector Equality Duty contained in Section 149 of the Equality Act 2010. The Council will need to undertake an impact assessment to assess the likely or actual effects of proposed changes in the service on persons who share a protected characteristic (as defined by the Act).
- 9.3 Shopmobility is a discretionary service in respect of which the Council has power to set charges locally on a cost recovery basis.

10.0 Risk & Opportunity Management Implications

- 10.1 There is a risk that existing customers may not wish to pay the new charges. However when membership was first introduced there was a slight reduction in customers but this soon recovered to historic levels and has remained constant over the last 4 to 5 years. Having benchmarked against other Shopmobility services the proposed charges are similar to what others charge and it is unlikely that there would be a significant reduction in customer numbers.

11.0 People Impact Assessment (PIA) and Safeguarding:

- 11.1 The Council is committed in having an operation Shopmobility service within the city but at the same time the service needs to be managed effectively and within budget. The charges proposed will generate increased income but will remain at an affordable level for its users. As long as the service continues, people with

temporary or permanent disabilities are not disadvantaged in accessing the city centre.

11.2 A full PIA has been completed and is appended to this report.

11.3 The full PIA will be updated once public consultation is complete.

12.0 Other Corporate Implications

Community Safety

12.1 The Shopmobility service is a member of City Safe.

Sustainability

12.2 Increased income will ensure sustainability of the service and will ease the financial burden on the City Council.

Staffing & Trade Union

12.3 The City Council has recently undergone a council-wide restructure of which permanent staff were appointed to deliver the Shopmobility service.