

# Gloucester City Council

<b>Meeting:</b>	<b>Cabinet</b>	<b>7<sup>th</sup> February 2018</b>
<b>Subject:</b>	<b>Shopmobility Fees and Charges</b>	
<b>Report Of:</b>	<b>Cabinet Member for Communities and Neighbourhoods</b>	
<b>Wards Affected:</b>	<b>All</b>	
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework: No</b>
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<b>Appendices</b>	<b>1. People Impact Assessment (PIA)</b>	

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 To decide whether or not to adopt a new 'fees and charges' structure for the City Council's Shopmobility service.

### 2.0 Recommendations

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

- (1) Following the outcome of the statutory consultation, the proposed service charges set out in paragraphs 3.8, 3.11 and 3.12 should be adopted and implemented during the week beginning Monday 5 March.
- (2) Shopmobility charges should be reviewed annually and adjusted in line with cost of living indicators.

### 3.0 Background and Key Issues

- 3.1 Shopmobility charges were introduced in 2012 and have remained unchanged. The above recommendations follow a statutory consultation on the first ever review of charges.

- 3.2 In 2016, the Shopmobility service cost the City Council £57,000 to operate. This figure reflects all running costs net of income, achieved through membership and daily hire. In the same year the Council had to discontinue a procurement proposal to operate the service via a third party social operator, due to concerns about sustainability.

- 3.3 The £50,000 savings target was removed from the 2017/18 budget. But, given continuing financial pressures, the Shopmobility service cannot continue its current operating arrangements and needs to become more commercially focussed.
- 3.4 The Shopmobility service operates a membership scheme that currently allows people to pay £24 per year and enjoy free use of the equipment. Most members qualify for VAT exemption, reducing the amount paid to £20. If a member were to utilise the service six days a week this would equate to just 7p per hire. The service also offers the scooters on a £3.00 per daily hire basis.
- 3.5 There are currently 197 members. Active recruitment to membership stopped in 2016 during discussions about third party management of the service. Previously there have been 300 members.
- 3.6 Service provision includes long-term wheelchair hire. Current charges are £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 approval for changes to the pricing structure following a period of public consultation<sup>1</sup> with existing members and non users<sup>2</sup>.
- 3.8 For the statutory public consultation, it was proposed the annual membership charge should remain at £24 per year and members should start to pay for daily use, qualifying for a 66% discount on a proposed new daily rate of £6.00 for non-members ie £2.00 per day.
- 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 In 2016/17 there were 1882 non-member daily visits; if each pays the new £6.00 daily rate this could bring in an additional £5646.00.
- 3.11 In the statutory public consultation it was also proposed long-term wheelchair hire customers would need to become members to use the service and charges should increase as follows:

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

- 3.12 This table compares proposed pricing for Gloucester with other regional schemes:

Place	Provider	Membership Fee	Member Day Rate	Non-Member Day Rate	Long term hire (per night unless otherwise stated)	Typical cost (membership plus 35 days)
Gloucester	LA	£24.00	£2.00	£6.00	£5	£94

<sup>1</sup> Started on 14 November 2017 and ended just before Christmas

<sup>2</sup> Inclusion Gloucestershire, Active Gloucestershire and the Gloucester Disability Fund

Cheltenham	LA	£25.28	Free	£6.76	£14.14 per week	£25.28
Exeter	Charity	n/a	n/a	£6.50	£10	£227.50
Hereford	Charity	£10.00	£4.40	£7.50	Membership +£4.40	£164.00
Swindon	LA	£15.00	£1.00	£6.00	n/a	£50.00
Worcester	Charity	£10.00	£3.00	£7.00	n/a	£115.00
Yeovil	Charity	£10.00	£4.00	£5.00	£10	£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 Borough Council is currently conducting a review of charges for its Shopmobility service and has indicated it too will be proposing to introduce a pay per use charge for members.
- 3.15 The recommended new charges will allow the City Council to continue providing an important community service that offers excellent value for money.

#### **4.0 Asset Based Community Development (ABCD) Considerations**

- 4.1 If the service is in a stronger financial position staff will be more able to: build stronger links with Social Enterprises and the Voluntary Sector; and grow the “Friends” group.
- 4.2 The service will work to recruit a number of volunteer assistants. This will release 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 reasons for discounting them:
- 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. This would have an impact on affordability.
- 5.4 Option 3 – Stop the membership scheme and only offer a daily rate. This would bring in a higher level of income but people who use the service six days a week would go from paying £20/£24 per year to paying over £1800, based on a £6.00 daily hire charge; this is not affordable.
- 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 tried to put the service out to tender. Before reconsidering these options it needs to develop a more commercial offer.

- 5.6 Option 5 – Close the service. This would have a negative impact on all users. Residents of Gloucester with a permanent or temporary disability would find it harder to maintain levels of independence that are crucial to their general wellbeing.

## **6.0 Results of the Statutory Consultation and Reasons for Recommendations**

- 6.1 A total of 110 users completed and returned the questionnaire; some took advantage of opportunities to speak with the Visitor Experience Manager. Of the existing members who responded, 71% said they would continue to use the service in future if the proposals were introduced, 18% said they were less likely to use the service and the remainder did not express a preference. A similar proportion (75%) of non-members said they would continue to use the service, with 20% saying they would use the service less.
- 6.2 A number of the respondents who were opposed to the proposal suggested the Council should increase the membership fee (some proposed a rise to £100-150 pa) and drop the proposal to introduce a daily charge. As noted in 5.3, this option would penalise many of the existing users.
- 6.3 By the end of the statutory consultation period there were no responses from the non-user groups invited to comment.
- 6.4 If implemented, the proposed new charges would ensure the affordability of Gloucester's offer continues to compare well with that of other towns and cities in the region.

Based on a typical user who buys membership and uses the service 35 times each year (the average for our current members) the cost in Gloucester would be £94 per year compared to:

- £227.50 in Exeter;
- £164 in Hereford;
- £115 in Worcester; and
- £150 in Yeovil.

Gloucester would be more expensive than Swindon and Cheltenham but Cheltenham is in the process of reviewing its pricing structure and is factoring Gloucester's pricing review into its decision making.

- 6.5 Based on the above, it is recommended Cabinet should approve the Shopmobility charges proposed in 3.8, 3.11 and 3.12, along with the annual revision of these. This will make the service more sustainable, financially and operationally.
- 6.6 The survey included questions on other aspects of the Shopmobility service; results showed high levels of satisfaction across all areas.

## **7.0 Future Work and Conclusions**

- 7.1 An increase in charges alone will not achieve the level of income required to allow the service to be self sufficient. The service also needs to develop in ways that increase income and/or reduce costs.

- 7.2 All future payments relating to the service will be taken on-site and Shopmobility will pursue on-line payments; this will reduce processing costs.
- 7.3 The service needs to make facilities and equipment improvements and brand/market itself as an attractive offer. It will be able to use 'good news' stories about user satisfaction to help achieve this. This activity will help to generate additional income and sponsorship – both helpful for continuing service development.
- 7.4 The service needs to become more attractive to external operators, making 3rd party agreements with external operators a more realistic proposition.
- 7.5 The service should exploit advertising/sponsorship opportunities eg selling advertising space on the premises and equipment.
- 7.8 The service developments outlined in paragraphs 7.2 – 7.5 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. The proposed changes would bring Shopmobility in line with that assumption.
- 8.2 The Council currently subsidises the Service by over £50k a year. The proposed increase in charges, assuming it is not accompanied by a corresponding fall in demand, could help to decrease the level of subsidy required and contribute to Council savings targets.

## **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.

- 9.4 In making its decision Cabinet needs to consider the outcome of the statutory consultation and People Impact Assessment.

(One Legal have been consulted in the preparation this report.)

## **10.0 Risk & Opportunity Management Implications**

- 10.1 The Shopmobility service has consulted with existing customers and disability groups to consider the impact of new charges.

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 four to five years.

Having benchmarked against other Shopmobility services, the proposed charges are similar to those of other regional services So it is unlikely there will be a significant reduction in customer numbers.

## **11.0 People Impact Assessment (PIA) and Safeguarding:**

- 11.1 The Council is committed to having a Shopmobility service in the city. It currently provides this as part of its Cultural & Trading Services offer and needs to ensure it is delivered effectively and within budget. The charges proposed will generate increased income and remain at an affordable level for 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 was completed prior to approval of the consultation.

- 11.3 The full PIA has since been updated and submitted as an appendix to this report.

## **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 and appointed permanent staff to deliver the Shopmobility service.

**Background Documents:** None