

HEALTH & LEISURE PORTFOLIO HOLDER DECISION: OCTOBER 2015

FEES & CHARGES 2016

ITEM FOR DECISION

As part of the annual review of budgets, decisions are required to agree any non-statutory fees and charges for the forthcoming year.

Portfolio Holders now have the responsibility for setting the fees and charges, which was established at Cabinet in November 2009.

POLICY FRAMEWORK

Council policy for fees and charges is to maximise income unless a conscious decision is made not to do so. In relation to this Portfolio, there are many Industry and market conditions to consider. These are explained below to accompany the proposals.

RATIONALE FOR PROPOSALS

Charges within the Appendix 1 are shown inclusive of the standard rate of VAT, unless specified. Where charges are shown as net, the relevant standard rate of VAT is to be applied.

The rationale behind the proposed fees and charges is a balance between optimising income in the context of limited capacity, and using 'price' as part of the Marketing mix to ensure that we can encourage people to adopt active lifestyles and consider the health and leisure centres as a key element of the communities' facilities.

There is one key strategic change which is being proposed from 1st January 2016, which is the redefining of the criteria for 'Senior' and the 'Senior' price level. The rationale for this is detailed in the report.

There are a number of relevant and timely issues in understanding the proposals and as part of the review, a comprehensive evaluation of prices in the local market has been undertaken.

Business has continued to grow in the last 12 months albeit at a slower pace, however competition in the Fitness Sector is strong and there are a number of competitors in our local markets offering good quality facilities at low cost. This continues to pull prices down within the whole market and despite holding our membership prices since 2010; our membership prices are still top end.

Below are highlighted the key proposed features and the Industry/market/local issues that have been considered in making these proposals.

Fitness Direct

A recent members' survey carried out in September 2015 had 1018 returns and 'price' is still a major issue for members, although retention is likely to be due to the quality of our staff and the 'family appeal' of our Centres. However any increase could 'tip' many members to consider an alternative provider, and our assessment is, that there is a high risk that this could have a negative impact on membership and therefore, revenue.

Historically, the student membership offered a 50% reduction on the full membership as many students were away from home for lengthy periods, but at the time that policy was introduced, there was a 12 month commitment. When the service introduced a 3 month commitment period, many students only took out a membership for the Summer (June to September) relying on 'offers' at other times of the year. We also receive frequent requests for a 3 month upfront payment to avoid the setting up of a direct debit. It is proposed to now offer a 3 month membership for students instead of a 6 month (which now has very low sales) which will meet demand from many university students who want to join for the summer but do not wish to set up a direct debit. Students who commit to a direct debit tend to be school age children and those in apprenticeships who require access all year round

Swimming

There continues to be high demand for swimming, and this is one area where prices are still around average. Given the significant investment in pools, changing rooms and the swimming experience it is felt that a modest increase in prices for casual swimming and swim only memberships will not damage business and still represents excellent 'value for money'.

Swim Academy

The number of children enrolling on our academies continues to increase, however the level of pool time allocated to lessons does have an impact on other aspects of wet programmes. An increase in the price of a lesson was introduced in April 2015, so it is felt that with the capacity to improve take up a further price increase should now be deferred until January 2017.

Seniors

The current pricing structure offers a senior membership to anyone over 60 based on a historical assumption that most people retire at this age and are on a 'limited' income. The Chart below shows the age range of our 7329 'members'. Additionally we have 870 over 60's on a Club Active membership which gives up to 50% discount on prices for every activity on a play and pay basis.

Age group	No of members Sep 2015
0-19	1033
20-29	1589
30-39	1160
40-49	1401
50-54	678
55-59	472
60-64	380
65-69	364
70-95	252

There have been a significant number of changes in the last decade which have redefined the criteria or concept of a Senior citizen, and these are a combination of legislative, demographic and lifestyle/health changes.

In 1995, the state pension age was equalised for men and women and it was set to raise the state pension age from 60 to 65 between April 2010 and April 2020. In 2007, a new law raised the state pension age to somewhere between 66 and 69 depending on when an individual was born.

Entitlement to Pension credit is now linked to state pension age, and free bus pass and winter fuel payment is also now linked to state pension age or other social service benefits.

Life expectancy has increased in the last decade and men can now expect to live to 79.5 and women to 83.3 (2013 data) and by 2030, 90 years is expected to be the norm in some areas.

The consequence of these factors is that people in the 60-65 age group are often still working, frequently enjoy good health, and, in many cases, do not have the financial limitations of dependants or a mortgage.

A review of key competitors in our market locally shows that some providers only have an adult price level and make no provision for Seniors (Active nation) and some have already set the Senior price at 65 (Valley leisure) whilst some still have Senior prices at 60 but may also be reviewing this policy.

For the above reasons we propose to redefine a Senior from 60+ to 65+ from January 2016.

This will not affect any existing members who will retain the price they are currently paying, and anyone who is not in employment (of any age) can access an off peak membership which is discounted and currently linked to the 'Senior' price.

In future years this could generate additional income without affecting usage which could contribute towards the reduction of the Services recovery rate. An estimate of additional income by 2020 is £52,000 per annum.

PROPOSED DECISION

It is proposed that the fees and charges scheduled in the appendix 1 be implemented from 01/01/2016 and that the qualifying age for Senior rates is set at 65 from 01/01/2016.

ENVIRONMENTAL, EQUALITY & DIVERSITY IMPLICATIONS

There are no implications arising directly as a result of this decision.

CONFLICTS OF INTERESTS DECLARED: None

RECOMMENDATION

That the fees and charges scheduled in the appendices be implemented from 01/01/2016.

That the qualifying age for Senior rates is set at 65 from 01/01/2016

Portfolio Holder's endorsement: I agree the recommendation

SIGNED: CLLR J E BINNS

Date:	<u>11 November 2015</u>
Date Notice of Decision given:	<u>12 November 2015</u>
Last Day for call-in:	<u>19 November 2015</u>

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