

HEALTH & LEISURE PORTFOLIO HOLDER DECISION: OCTOBER 2016

FEES & CHARGES 2017

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.

FINANCIAL IMPLICATIONS

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

As part of this process we have carried out a comprehensive analysis of competitors prices and where possible their terms and conditions to ensure that we position ourselves in the market to achieve the agreed objectives.

Business and income has continued to grow in the last 12 months and in October 2016 we are £93k ahead of Income profile and memberships have reached their highest level yet, therefore although price is considered very sensitive with an increasing number of low cost competitors in our areas, given that we are approaching capacity, some modest increases will help the Service achieve its financial targets and should not dampen demand. A further consideration is that the Council has made significant Investment in facilities and equipment in recent years, and will need to continue to do so to maintain market position and competitiveness.

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

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 would be appropriate. However it is proposed to only increase the Adult fee as we are working closely with the ASA (governing body for swimming) to improve the experience for swimmers, and to encourage inactive people to return to swimming, thereby improving throughput. Whilst the

Adult price is less sensitive, an increase in the Senior and Junior prices could be more of a barrier to increased participation.

Swim Academy

An increase was implemented in 2015, so no increase was introduced in 2016, and it was recommended 12 months ago that a price increase should be deferred until January 2017. Demand for Swim Academy places is still strong, and capacity for adding lessons extremely limited without impinging on public swimming, so an increase is considered unlikely to affect take up and will contribute positively to achieving Income targets.

As Swim lessons are paid for monthly (11 months of the year), then an increase of 25p a lesson will increase the Direct debit from £25/ month to £26/month, an increase of £11 per annum.

Pool Hire

Pool Hire is usually only applicable to clubs and one off events and again, pool hire prices have not increase since pre 2010. In recent meetings with swim clubs, there has been some feedback that clubs have been anticipating a pool hire increase for several years ,so it is felt that an increase from January 2017 will not come as a surprise to clubs, and they will have planned ahead to account for this

Fitness Direct

Prices have been largely held since pre 2010 because of the influx of low costs gyms which have made the market more competitive and driven average prices in the New Forest and surrounding areas downwards. However the Service has been able to increase income year on year by 'organic' growth of the total number of members.

It is now felt that a modest increase in key membership prices should not be a barrier to continue growth, particularly as all current members enjoy 'price for life'. It could have the added benefit of improving retention as members may 'think twice' about cancelling and restarting a membership now 'price for life' can become effective.

The Student membership was originally 50% of full membership as students had to make a 12 month commitment even though they may be studying away for months of the year, however with the introduction of the 3 month commitment and also a 3 month upfront payment, and strong sales of student memberships, it is felt that the balance between adult and student membership needs to be reviewed in light of the changes, as many students only commit to membership when they are able to make good use.

Court Hire

Historically, anyone wishing to book courts pays the standard 'court hire' or area hire fee, regardless of what activity is taking place on the courts. Courts are most frequently used for Badminton or 5 a side, both of which require minimal equipment and set up. However there are some activities which take place on 'courts' which require significant sets ups and a need for the use of equipment which is both costly for the Service to purchase, and maintain in a safe condition. These activities include Trampolining, Gymnastics and some Martial Arts which require studio floors to be fully matted.

For these activities the current court fee often does not even cover the cost of additional staff required to ensure safe and timely set ups, and will not cover the cost of purchase and maintenance of equipment or make a positive contribution to reducing the net deficit.

An example of this is that a Trampoline club can hire a court with 3 trampolines and pay £7.20/hour (Court hire minus VAT @20%). Consultation with clubs is ongoing but initial feedback is that clubs would 'expect to pay significantly more for area hire'.

If the new charges are approved, and it can be demonstrated that the new charges will have a detrimental impact on a club, the new charges could be 'phased in' over a 12 month period.

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Club Active/Club 816

This was reviewed in 2016 following the changes to qualifying criteria, and was rebranded as Senior Active and Teen Active, and the 6 month fee was replaced with a 12 month fee of £30.00.

Sales of the new memberships have increased significantly (approx 2000 current members), and there has been no negative feedback whatsoever about the change from 6 months to 12 months. It is proposed to increase the annual fee but to retain the current discounted prices per pay and play activities which is preferred by many teens and Seniors.

Exercise Referral

For at least a decade, this scheme has offered participants 20 sessions over 12 weeks (which ever comes sooner) and a discounted activity price. This encourages participants to attend once a week, whereas there is strong evidence that those who attend twice a week (or more often) have a stronger likelihood of completing the programme and seeing positive results.

The proposal is to retain the current pay and play price but allow participants to visit as many times as they like in a 12 week period. Additionally a 3 month Active Lifestyles package is proposed to reward those who achieve more than 20 sessions in their 12 week programme

PROPOSED DECISION

It is proposed that the fees and charges scheduled in the appendix 1 be implemented from 01/01/2017.

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 01/01/2017.

Portfolio Holder's endorsement: I agree the recommendation

SIGNED: ***J E Binns***

Date: 17 October 2016

Date Notice of Decision given: 18 October 2016

Last Day for call-in: 25 October 2016

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