

HEALTH AND LEISURE PORTFOLIO HOLDER DECISION: OCTOBER 2017

FEES AND CHARGES 2018

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.

POLICY FRAMEWORK

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

Usage of the Health & Leisure Centres and income has continued to grow steadily over the last 12 months, and at the end of September 2017, the Council was £48,000 ahead of the income target. Fitness memberships in particular have shown strong growth, and this is coupled with a programme of investment in equipment, upgrades, refurbishments and changes to the product.

Highlighted below are the key proposed changes and the industry/local market issues that have been considered in making these proposals. It is also proposed that any increases are effective for two years to December 2019, unless there are significant changes to the local market that the Council needs to respond to.

FINANCIAL IMPLICATIONS

The overall budgeted cost of the Health & Leisure Centres in 2017/18 is £2.2m. This can be summarised as follows:

	£m
Operating Deficit	0.600
Investment in Equipment and Buildings	1.030
Central Support Services and Corporate Charges	0.592
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	2.222

Each year, the annual cost of the pay award and other inflationary expenditure increases puts pressure on the scale of the operating deficit. The generation of additional income, mainly through increased usage, has been an important factor in the reduction of the operating deficit over the past few years (£920,000 in 2013/14).

In light of the Council's financial position over the medium term, there will be a need for the Health & Leisure Centres to make a positive financial contribution, rather than placing a burden on the Council Tax Calculation, at the operating level.

Charges within Appendix 1 are shown as inclusive of the standard rate of VAT, unless specified. The rationale behind the proposed fees and charges is a balance between optimizing income in the context of limited capacity, and using price as part of the market mix to encourage all sections of our communities to adopt more active lifestyles which will contribute to improved health, both physical, and mental.

As part of this process the Council has carried out an analysis of competitors charges to ensure that the Council remain competitive in the local market whilst retaining value for money.

Swimming

There continues to be high demand for swimming, both tuition, club use, schools and fitness swimming, however the Council's prices are below, or on the local market average, but the product is above average. It is proposed that the Council increase casual swim prices to maintain parity with local competitors, particularly given the quality of the facilities at all Health & Leisure Centres.

Swim Academy

An increase was implemented in 2015, however demand has now levelled out and the Council has significantly changed the processes and procedures for booking lessons and communicating with parents and swimmers. It is proposed that the prices for lessons are retained at the same level to provide continuity for customers. Work will focus on improving the processes for moving children up and filling lower swimming grades to maintain growth in income.

Fitness Direct Membership packages

Income from memberships paid by monthly direct debit or annually represents approximately 50% of income, and there has been an increase in memberships of 8% in the last 12 months. Prices are higher than many of the Council's direct competitors, however, capacity is limited and the Council has invested significantly to offer the highest quality of equipment and experience at all the Centres. Group Exercise is also an important element of the Fitness Direct package, and there has been significant investment in new classes and equipment. An increase of £2.00 a month on the full package will still represent excellent value for money, and with 'price for life' the increase will not affect the 7800 members who are currently using the Centres.

Swim Direct membership

The swim direct membership is a swim specific membership and is currently at the higher end when compared with local competitors. Although the quality of the service is excellent, accessibility to sessions is limited due to the need to balance public use, lessons school, and club use. It is therefore proposed not to increase the current prices for swim direct membership

Pool Hire

Pool Hire is only applicable to clubs and organisations offering special events and includes changing rooms and lifeguard cover. There is increasing demand for pool hire particularly mid-week, evenings and there are some evenings where we are not able to offer public swimming due to club use. It is proposed that to encourage clubs to adopt a more 'mixed bag' which might include early morning and weekend slots, the Council should introduce peak and off peak prices for pool hire. This will then be consistent with the approach taken to sports hall, studio and gym. As this may impact on clubs who have a high percentage of peak time, it is proposed that changes are phased over 2 years to give clubs the opportunity to make adjustments through programming or fees.

Concessionary Membership

This has been retained from the original membership package (pre Fitness Direct) and offers people on low incomes a membership at a nominal charge that allows them to access reduced activity prices for key activities like gym, swim and class. It is felt that it would be unfair to make a charge to enable people to access concessionary prices; therefore it is proposed that the Council restructure the concessionary scheme. Once proof of eligibility is provided, the membership is provided free of charge but concessionary prices are increased (or decreased) to offer a standard 50% reduction on standard prices. This will be simpler for everyone to understand and fairer.

Pay and Play Gym and Classes

Pay and play represents less than 10% of our income, as an increasing percentage of our users take up a memberships package, however pay and play suits individuals who are not 'ready to commit', who want to try a range of activities, or who are not regular users. The policy has been to keep prices at a level that does not create a cost barrier, but which also makes membership better value for people visiting more than twice a week. It is proposed that pay and play gym and classes now needs to increase in line with industry trends to reflect the investment in gym equipment and classes.

Court Hire

Charges for court hire were restructured at the start of 2017 to reflect the differing levels of equipment required by different users. The new pricing structure has now settled down, but with increasing demand for court hire at peak time, it is proposed that charges for peak time bookings increase. Charges for off peak will remain the same, encouraging clubs and users to consider a shift to off peak bookings.

Exercise Referral Scheme

This is an important scheme to encourage people to adopt a regular activity habit, and most referrals tend to be from people who are elderly or on low incomes. Numbers of referrals have increased in 2017 with strengthened relationships with the health sector. It is therefore proposed to continue with the current pricing structure to ensure that 'price' is not a barrier. The aim is to achieve completion of a 3 month programme which should lead to a more active routine, progressive confidence and eventually progression to full membership or appropriate packages.

PROPOSED DECISION

It is proposed that the fees and charges set out in the Appendix 1 be implemented from 01/01/2018.

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 set out in Appendix 1 be implemented from 01/01/2018.

Portfolio Holder's endorsement: I agree the recommendation

SIGNED: CLLR JAMES BINNS

Date: 18 October 2017

Date Notice of Decision given: 18 October 2017

Last Day for call-in: 25 October 2017

For Further Information Please Contact:

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HEALTH & LEISURE PORTFOLIO

PROPOSED SCALE OF FEES AND CHARGES FOR 2018

HEALTH & LEISURE CENTRES

				Current Charge £	Proposed Charge £	Increase £
Charges for all centres unless specified.						
All Increases with effect from 1 st January 2018:						
Swimming Charges						
Adult		per hour		4.60	4.80	0.20
Junior	(under 8's)	"		Free	Free	N / A
Junior	(8 - 16 inclusive)	"		2.60	2.70	0.10
Senior	65+	"		3.30	3.40	0.10
Concessionary	Adult	"		2.00	2.40	0.40
	Junior	"		1.20	1.70	0.50
Swim Academy (44 weeks)		price per lesson		6.50	6.50	0.00
Area Hire (Commercial) - Pool Hall		"		145.00	155.00	10.00
Area Hire (Club Rate) - Pool Hall	Peak 2018	"		75.00	85.00	10.00
Area Hire (Club Rate) - Pool Hall	off peak 2018	"		75.00	65.00	-10.00
Area Hire (Club Rate) - Pool Hall	peak 2019	"		85.00	90.00	5.00
Area Hire (Club Rate) - Pool Hall	off peak 2019	"		65.00	65.00	0.00
Memberships (not inclusive, but entitles members to reduced activity charges)						
Concessionary	(Six Months)			4.00	0.00	-4.00
Senior Active/Teen Active (12 mths)				32.00	32.00	0.00
Membership Packages						
Profiles	Fitness Direct Individual	Monthly		45.00	47.00	2.00
		6 months		265.00	270.00	5.00
		Annual		495.00	517.00	22.00
	Fitness Direct Joint	Monthly		85.00	88.00	3.00
		Annual		935.00	968.00	33.00
	Fitness Direct Indiv. off-peak	Monthly		34.00	35.00	1.00
		Annual		374.00	385.00	11.00
	Family	Monthly		95.00	98.00	3.00
		Annual		1,045.00	1,078.00	33.00
Student		Monthly		23.00	25.00	2.00
		3 months		69.00	75.00	6.00
		Annual		253.00	275.00	22.00
Senior / Concessionary Indiv.		Monthly		34.00	35.00	1.00
		Annual		374.00	385.00	11.00
Corporate Individual		Monthly		38.00	39.00	1.00
		Annual		418.00	429.00	11.00
Corporate Joint		Monthly		75.00	76.00	1.00
		Annual		825.00	836.00	11.00
Swim Direct (adult)		Monthly		29.00	29.00	1.00
		Annual		319.00	319.00	11.00

Swim direct (senior)	monthly	23.00	23.00	1.00
	Annual	253.00	253.00	11.00
Casual Use		7.00	7.50	0.50
Group Exercise Class *		5.50	6.00	0.50

* Majority exempt from VAT

Healthy Horizons / GP Referrals

First Assesment		7.50	7.50	0.00
20 Sessions (price per session)		3.60	3.60	0.00
Active Lifestyles Package (unlimited sessions)		72.00	72.00	0.00

HH graduate package (Fitness direct - max 3 months) #		30.00	30.00	0.00
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Available on completion of the Health Programme; monthly price

Sports Hall

Sports Hall (4 Courts)	Peak	per hour	45.00	50.00	5.00
	Off Peak	"	30.00	30.00	0.00

Sports Hall (6 Courts) # # Applemore only	Peak	per hour	72.00	75.00	3.00
	Off Peak	"	45.00	45.00	0.00

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Dryside Activities Charges

Badminton	Peak	per hour	9.50	10.00	0.50
	Off Peak	"	7.00	7.00	0.00
Court hire -with equipment*	Peak		20.00	20.00	0.00
Court hire with equipment*	Off peak		15.00	15.00	0.00
Equipment hire for studios*	Peak		10.00	10.00	0.00

* This charge will apply to clubs and hirers who require equipment to be set up i.e trampolines, gymnastic equipment and mats for martial arts

ATP	1/3 Area Lymington	per hour	33.00	33.00	0.00
	Whole Lymington	"	78.00	78.00	0.00
	Whole Ringwood	"	33.00	33.00	0.00

Playsite #		per session	3.00	3.00	0.00
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Ringwood and Applemore only