



Derby City Council

CABINET MEMBER MEETING 21 August 2014

Report of the Strategic Director of
Neighbourhoods

ITEM 4

Leisure Pricing Review

SUMMARY

- 1.1 The Neighbourhoods Directorate annually reviews its fees and charges across its range of services. This is to ensure that the fees and charges where applicable, reflect the cost of delivering services, take into account comparator rates for these services within the sector, ensure that inflationary cost increases are taken into account, and that budget income targets are achieved.
- 1.2 At the Leisure and Culture Cabinet Member meeting on the 27 March 2014, it was agreed that the default inflationary increase on the 2013/14 fees and charges for parks and golf would be applied on the 1 April 2014. It was also agreed that leisure centre prices would be reviewed in light of the new leisure facility developments and that the existing 2013/14 prices would be charged until the implementation of the review later in 2014.
- 1.3 The review of the fees and charges currently applied at all Council run leisure centres has now taken place and proposals developed for a revised pricing structure and charges for activities at Moorways Sports Complex, Queens Leisure Centre, Springwood Leisure Centre and the new Derby Arena.
- 1.4 The review and proposals in this report cover the following activities
 - Pay as you play activities
 - Learn to Swim and Education swimming
 - Sports Centre space hire and block bookings
 - Coaching courses
 - Children's activities
 - Fitness memberships and leisure cards
 - Track cycling
 - Events
- 1.5 Fees and charges for the activities listed in paragraph 1.4 take into account an inflationary increase of 4%. The detailed prices are shown in the Appendices to this report.
- 1.6 In developing the proposals for the pricing structure and charges a number of principles underpinning the approach that has been taken have been developed. These will apply to all the Council run Leisure facilities.

- Discounted prices for Derby residents on pay as you play activities will be offered through a revised leisure card scheme. Derby residents will be defined as residents paying Council Tax to the Council.
- Concessionary prices will be based on an ability to pay therefore targeting the most financially disadvantaged customers and not based on the time of day the customer uses the facility.
- Consistent percentage discounts will be applied to all concessionary prices enabling clear communication to all eligible customers.
- Discounted prices for Derby sports clubs will be offered alongside development support to encourage good practice in areas such as child protection, athlete development and increasing participation.

1.7 Benchmarking across neighbouring authorities for activities such as gym, badminton and swimming as well as with other cycling facilities across the country has taken place. This has then informed the development of the proposed pricing structure and charges.

1.8 The impact of the proposed changes to the pay as you play pricing structure for the existing leisure centres (Moorways Sports Complex, Springwood Leisure Centre, Queens Leisure Centre) has been modelled. A full year effect of the proposed changes with an inflationary income of 4% applied is estimated at a potential increase in income of approximately £95,000. This assumes that all customers currently paying pay as you play prices continue to use the facilities in the same way.

As the proposed changes to the pay as you play pricing structure and the inflationary increase were not implemented on the 1 April 2014, it is now proposed to introduce the changes from the 1 October 2014. Although some customers may change their behaviour from that predicted in the modelling exercise, there appears to be enough allowance in the potential increase to indicate that the proposed changes will have a positive effect on income during the remaining six months of the year.

1.9 It is proposed that as part of regular programme reviews throughout the financial year, prices for activities can be reviewed and changed in addition to the annual inflationary increase. This is to ensure that activity prices keep pace with changes in the market, that value for money continues to be offered to customers and that income opportunities are maximised.

RECOMMENDATION

- 2.1 To approve the key principles underpinning the revised leisure pricing structure and price proposals.
- 2.2 To approve the proposed changes to the leisure pricing structure and charges and implementation from 1 October 2014.
- 2.3 To approve the proposed prices for the new Derby Arena.
- 2.4 To approve that leisure prices for activities can be reviewed and changed in addition to the annual inflation increase as part of regular in year programme reviews, with the approval of the Council Cabinet member.

REASONS FOR RECOMMENDATION

- 3.1 The recommendations establish a consistent approach to the pricing structure and charges for all the Council run leisure centres and provide a discounted price for Derby residents. Derby residents will be defined as residents paying Council Tax to the Council.
- 3.2 The recommendations also establish a concessionary pricing structure which targets people on low income and the most financially disadvantaged people living in the city ensuring that the facilities are accessible and affordable to everyone.
- 3.3 The recommendations ensure that market based prices can be maintained as necessary to ensure good value for money for customers and that income opportunities are maximised for the Council.

SUPPORTING INFORMATION

Sports Centre Pay As You Play Prices

4.1 The proposed revised pricing structure and charges will apply to the following Council run sports centres from 1 October 2014

- Moorways Sports Complex
- Queens Leisure Centre
- Springwood Leisure Centre
- Derby Arena from early 2015

4.2 The changes to the pay as you play pricing structure are as follows:

Current price band	Proposed change
<ul style="list-style-type: none"> • Standard adult 	<ul style="list-style-type: none"> • Standard adult
<ul style="list-style-type: none"> • Concessionary (junior under 16, over 60, disabled person, full time student, unemployed on contributory allowance) 	<ul style="list-style-type: none"> • Price band deleted and replaced by Concessionary Leisure Card • New Junior price band introduced – 25% discount on adult price
<ul style="list-style-type: none"> • Adult Leisure Card – various discounts for different activities 	<ul style="list-style-type: none"> • Adult Leisure Card – 20% discount for Derby residents • Adult Leisure Card – 10% discount for non- residents
<ul style="list-style-type: none"> • Concessionary Leisure Card – various discounts for different activities 	<ul style="list-style-type: none"> • Concessionary Leisure Card - 40% discount for Derby residents only (over 65, disabled person, full time student, 16 to 18 year old in full time education, 16 to 18 year old on an Apprenticeship scheme and unemployed on contributory allowance)
<ul style="list-style-type: none"> • Junior Leisure Card– various discounts for different activities 	<ul style="list-style-type: none"> • Junior Leisure Card – 20% discount for Derby residents • Junior Leisure Card – 10% discount for non- residents
<ul style="list-style-type: none"> • Off peak 	<ul style="list-style-type: none"> • Price band deleted
<ul style="list-style-type: none"> • Active Living over 50s 	<ul style="list-style-type: none"> • Price band deleted
<ul style="list-style-type: none"> • Recreation Passport to Leisure (in receipt of a range of means tested benefits) 	<ul style="list-style-type: none"> • Recreation Passport to Leisure (in receipt of a range of means tested benefits)

4.3 The revised pay as you play pricing structure results in some prices for some activities increasing by more than the default inflationary amount. This allows the Council to introduce a market rate (determined through benchmarking) for certain activities that have been historically low, to introduce the new Derby Resident discount and to

provide concessionary pricing based on the ability to pay.

- 4.4 The changes to the pricing structure are described in paragraphs 4.4 to 4.12
As part of the revised pay as you play pricing structure it is proposed to remove the **off peak price band** which offers a reduced price between the hours of 9am and 4pm, Monday to Friday and all day at weekends. Over the last three years the off peak price band has been gradually phased out and is only offered for dry side sports hall activities and casual gym sessions. Traditionally off peak prices have been used to attract customers during quieter times at sports centres. However this means that customers receive a discounted price based only on the time of day they use the building and not based on their ability to pay. This therefore provides a discounted price to customers who it could be argued can afford to pay the full price. In the last two years reduced prices for concessionary groups have been extended to all opening hours, therefore removing the need for an off peak price band for these groups.

The removal of the off peak price band means that customers who previously paid the reduced rate during off peak times will now pay the full standard price. However a lower price can be paid if the customer joins the leisure card scheme or takes out a membership.

- 4.5 As part of the revised pay as you play pricing structure it is proposed to delete the **concessionary price band** for leisure centre pay as you play activities. This would affect the following categories of customers - over 60 years old, disabled people, unemployed (on contribution passed allowance) and full time students. There are currently three price band options for these customers – they are a concessionary price band, a concessionary leisure card price band and free/reduced price band with the Recreation Passport to Leisure. This causes duplication and confusion for customers. Removing the concessionary price band helps to make the offer simpler for customers.

Customer groups who previously would have been eligible for the concessionary price band will be able to access a cheaper price by taking up either a Concessionary Leisure Card or a Recreation Passport to Leisure.

- 4.6 It is proposed to introduce an improved **Concessionary Leisure Card** giving up to a 40% discount on pay as you play prices at sports centres for Derby city residents. This will replace the existing Concessionary Leisure Card which gives variable discounts for activities.

The eligible categories for this improved card will be over 65s, disabled people, unemployed people (on contribution passed allowance) and full time students. Under the current scheme over 60s are eligible for a Concessionary Leisure Card. It is proposed to change this to over 65s to reflect the change in pensionable age for women. Any customers aged 60 to 64 years who have previously held a Concessionary Leisure Card will be able to remain on the scheme. The change in age from 60 years to 65 years will only apply to new customers.

The Concessionary Leisure Card will be renewable annually and there will be a small

annual charge for the card of £2.50.

It is proposed to waive the annual fee for the Concessionary Leisure Card for all new customers for their first year of membership, helping the transition for those customers who have previously paid the concessionary price (now being deleted) over to the Concessionary Leisure Card.

Details of the customer's proof of eligibility will be kept on the leisure management system removing the need for the customer to produce this every time they take part in an activity.

- 4.7 It is proposed to introduce revised **adult and junior leisure cards** giving a 20% discount on pay as you play prices for Derby city residents and a 10% discount for non-Derby city residents on the standard price. The leisure card would be renewable annually and there would be a small annual charge for the card of £5.00 for adults and £2.50 for juniors. Junior Leisure Card holders will also get a 10% reduction on coaching courses.

Customers holding a leisure card will only need to produce their card at a sports centre reception to receive their discount. Without a card the customer will be required to provide proof of their Derby residence every time they visit the centre to gain the discount.

The annual renewal provides an opportunity for us to confirm that the customer is still a resident in Derby and therefore eligible for the discount.

A family leisure card will be offered providing a saving on purchasing individual adult and junior cards. Holders of the family card will access the same 20% or 10% discounts depending on where they live.

A Derby City Council Employee Leisure Card will continue to be offered at a reduced annual purchase price. Holders will pay the adult 20% discount leisure card rate for activities.

Additional discounts with cultural partners will be a feature of the leisure cards giving holders added value.

The leisure cards will provide a useful database of customers for marketing purposes. These new leisure cards will replace the existing Passport to Leisure card.

- 4.8 It is proposed to introduce a **junior price band** offering a 25% discount for under 16 year olds. Currently juniors under 16 are included as an eligible category in the concessionary price band. As this price band is being removed it is proposed to introduce a junior price band with a consistent 25% discount on the adult standard price. Currently juniors receive a reduced price with a discount ranging from 11% to 48%.

Offering a junior price band is common practice across many leisure operators and helps to encourage participation by families. The introduction of a standardised 25% discount provides for simple communication of the offer to customers.

Swimming will continue to be free for all pre-school children. The proposed new junior prices have been benchmarked against bordering local authority prices to ensure value for money for Derby people.

Juniors can obtain a further reduction in the price through the new Junior Leisure Card scheme giving them a further 20% discount if they are a Derby resident or a further 10% discount if they live outside the city.

- 4.9 It is proposed to introduce a £1.00 charge for all **customers over 75** and living in Derby for the following pay as you play activities – gym session, swimming and group exercise classes. The introduction of this policy could help increase the number of older people being active and help maintain participation levels in older people. Those taking up the £1.00 offer may be encouraged to take part in other paid for activities.

There are currently 81 Leisure card holders aged over 75 years and 29 bfit members. The number of over 75s using sports centres on a casual pay as you play basis is not known however it is very unlikely to be a high number. The latest Sport England Active People 7 survey shows that participation in sport and physical activity declines sharply with age. Using the Sport England segmentation tool over 75s are characterised by the 'Elsie and Arnold' segment. They have very low participation in sport - 82% have done no sport in the past four weeks. The latent demand for this group shows that 25% of them would like to do more sport. The top sports that Elsie & Arnold would like to do more of are swimming (30%); keep fit and gym (13%); cycling (3%); tennis (3%) and bowls (2%).

This proposal has the potential to make a positive change to the lives of older people living in the city by improving their health and helping to combat social isolation.

- 4.10 It is proposed to extend the **full time student concessionary Leisure Card category** to include 16 to 18 year olds in full time education or on an Apprenticeship scheme. 16 to 18 year olds do not have any or have very limited independent income and 16 to 18 year olds on an Apprenticeship scheme are on very low income yet currently have to pay full adult prices.

This provides an easier transition for 16 year olds who currently have to pay the adult price from their sixteenth birthday and have no independent or very low income.

Currently 16 to 18 year olds are one of the lowest demographic groups using sports centres. The impact of change is therefore anticipated to be positive by encouraging more people in this age group to carry on or start being active.

- 4.11 It is proposed to delete the **Active Living reduced price band** for over 50s. This price band offers a reduced price for people aged over 50 years with no other qualifying criteria and is not based on the ability to pay.

We are therefore providing a discount to people only based on age, many of who arguably can afford to pay the standard price. Many 50 to 59 year olds are in full time employment. The current number of Active Living members aged 50 to 59 years is 142 therefore this change will impact on a very small number of customers.

Any customers aged 65 or over who meet the concessionary eligibility criteria can continue to receive a reduced rate through the Concessionary Leisure Card scheme.

Any customers aged 50 or over who do not meet the concessionary eligibility criteria can continue to receive a reduced rate through the standard Leisure Card scheme and then reduce a further discount at the age of 65 years with a Concessionary Leisure Card.

4.12 It is proposed to reduce the renewal period for the **Recreation Passport to Leisure card** from 12 months to 6 months. The Recreation Passport to Leisure card provides free access to certain activities between 9am and 4pm Monday to Friday and all day Saturday and Sunday and on bank holiday. The following groups are eligible for the Recreation Passport to Leisure.

- over 18 on income-based income support, jobseekers allowance or Employment Support Allowance (ESA)
- an unemployed school leaver between 16 and 18 years old
- disabled people claiming Disability Living Allowance or Personal Independence Payments, Incapacity Benefit or Care Allowance
- volunteers through the European volunteer services
- unemployed asylum seekers
- Derby City Council Foster Carers
- receiving Guaranteed Pensions Credit.
- Derby Children's Care Homes

At present the card is valid for 12 months. Customers have to produce proof of their eligibility for the card. The status of this eligibility may change within the 12 month period which results in customers receiving the free use benefit when they are no longer entitled. Customers are requested to advise a sports centre if their circumstances change during the 12 months however this very rarely happens.

By reducing the renewal period of the card from 12 months to 6 months this introduces an opportunity for the sports centre to check that the customer is still eligible for the card and will reduce the number of customers using the card when they are no longer eligible. A pilot of this proposed change has taken place over the last six months at leisure centres and has been positively received by both customers and staff.

It is not proposed to change any of the eligibility criteria at this stage for the Recreation Passport to Leisure. These groups represent the most socially and financially disadvantaged groups in the city.

4.13 The proposals detailed above require the implementation of a new pricing structure for leisure centre pay as you play activities. Consultation was carried out with a range of employee groups across Leisure Services to inform the development of the new structure. Customer comments from the last 12 months which related to pricing issues were also reviewed as part of the process. Benchmarking across neighbouring authorities for activities such as gym, badminton and swimming, for fitness

memberships and leisure card schemes was carried out. This included Nottingham City Council, Derbyshire Dales District Council, Erewash Borough Council, Amber Valley Borough Council and South Derbyshire District Council.

- 4.14 To establish the revised charges for pay as you play activities benchmarking was used to set an average market rate price for the Leisure Card 20% discount price band. This then ensures that Derby residents receive value for money when comparing similar activity prices to neighbouring authority leisure centres. Other prices were then set using this price band as the starting point.

Derby Arena activity prices

- 4.16 The prices for activities at the Derby Arena are detailed in the Appendices. These include

- Pay as you play activities – these are the same price as at other Derby leisure centres
- Track cycling
- Events
- Facility hire and block bookings

- 4.17 To set prices for the indoor cycling activities benchmarking has taken place across other cycling facilities in the country. This included the National Cycling Centre in Manchester, the Sir Chris Hoy Velodrome in Glasgow, the Wales National Velodrome in Newport and the Lee Valley Velodrome in the Olympic Park, London.

The proposed prices for individual track sessions are in line with these facilities, with discounts being provided for juniors, concessionary categories and leisure card holders.

Track bikes, helmets and shoes will be available for hire. Customers hiring a track bike will receive free helmet hire.

- 4.18 All bookings taken for facilities, activities and events at the Derby Arena will be subject to tax based on the decision by the Council to opt to tax that venue.
- 4.19 Further prices and packages will be developed over the next few months as the final programme is confirmed. Examples include:
- Arena birthday party package
 - Corporate activity and hospitality packages
- 4.20 Non-commercial and commercial rates will apply for events bookings at the Arena. The price charged will depend on the requirements of each event to ensure that the Council receives value for money from staging the event. These events include sporting and cycling events, concerts and shows, conferences, exhibitions and meetings. The General Manager of the Arena and the Head of Culture and Business Development will be responsible for establishing and agreeing the charges for each commercial event.

Fitness memberships

- 4.21 Fitness memberships include the use of all the Council sports centres (activities vary on the type of membership purchased).
- It is proposed to introduce a new membership price for all membership types that are sold as soon as memberships including the Arena facilities go on sale in 2014. This new price will only apply to new customers purchasing memberships. (New customers are defined as first time buyers, casual customers purchasing a membership and previous members returning following a period of cancellation.)
- Existing customers with a membership that is live on the day before the new memberships go on sale will not be subject to an increase in their monthly payment in the current 14/15 financial year.
- 4.22 An analysis of the national fitness industry has been undertaken together with the local picture. It is proposed that the fitness facilities offered by the Council are positioned mid-market with a focus on a good value price and excellent levels of customer service and support. With only 13.2% of the populations currently using a fitness facility (public or private sector) there is clearly scope to grow the market in particular using the knowledge and expertise gained in delivering the Livewell Service and reaching sedentary people.

Price setting

- 4.23 Prices are currently increased annually. This does not allow for changes to be made during the year to ensure that activity prices keep pace with changes in the market, that value for money continues to be offered to customers and that income opportunities are maximised. It is therefore proposed that, as part of regular programme reviews throughout the financial year prices for activities can be reviewed and changed in addition to the annual inflation increase

OTHER OPTIONS CONSIDERED

- 5.1 A wide range of options for the pricing structure and charges were considered as part of the review. The pricing structure and charges have been developed to provide value for money to Derby residents and an attractive offer to people living outside the city.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	N/A Amanda Fletcher, Head of Finance - Neighbourhoods N/A N/A Claire Davenport, Director of Leisure and Culture Andrew Beddow, Head of Community Leisure Ann Webster, Lead on Equality and Diversity
For more information contact: Background papers: List of appendices:	Amanda Chambers 01332 641232 amanda.chambers@derby.gov.uk None Appendix 1 - Implications Appendix 2 - Leisure Prices (available on CMIS) Appendix 3 - Derby Arena proposed prices (available on CMIS) Appendix 4 - Fitness memberships and leisure card prices (available on CMIS)

IMPLICATIONS

Financial and Value for Money

- 1.1 The proposals have been benchmarked against neighbouring local authorities and represent value for money for Derby residents. A modelling exercise has been carried out with the involvement of the finance team, which demonstrates a potentially positive impact on income from the proposed changes.

Legal

- 2.1 None arising from this report

Personnel

- 3.1 None arising from this report

IT

- 4.1 None arising from this report

Equalities Impact

- 5.1 The proposals ensure that people on low incomes and the most financially disadvantaged in the city are able to access facilities that are affordable to everyone. People will also be able to access leisure facilities at concessionary rates at times they want, rather than just at off peak hours, which is better for carers and disabled people.

Health and Safety

- 6.1 None arising from this report

Environmental Sustainability

- 7.1 None arising from this report

Property and Asset Management

- 8.1 None arising from this report

Risk Management

9.1 None arising from this report

Corporate objectives and priorities for change

10.1 The proposals link into the Council plan priorities of - all people in Derby will enjoy good health and wellbeing, an active cultural life and good quality services that meet local need.