

## Report on leisure pricing for the financial year 2014/15

**Cabinet Member** Cllr Robert Deed  
**Responsible Officer** Leisure Facilities Manager

**Reason for Report:** To advise Members of the proposed leisure pricing strategy for 2013/14.

**RECOMMENDATION(S):** That the PDG recommend to Cabinet the strategy and price increases proposed.

**Relationship to Corporate Plan:** None arising from this report.

**Financial Implications:** An increase in income of £65k will arise if current performance continues.

**Legal Implications:** None arising from this report.

**Risk Assessment:** Consideration of the Council's financial position, competitor analysis and performance to date has informed the proposed pricing for 2014/15. Increases consistent with the rate of inflation have been recommended.

### 1.0 Introduction

1.1 Leisure pricing was reviewed and discussed at length and has also formed a key part of budget setting discussions with the Head of Finance for 2014/15. Mindful that this PDG has in previous years expressed a desire to comment on the proposed pricing structure for the leisure service, this report seeks the PDG's comments on these proposals.

### 2.0 The Process

2.1 As with the previous years' process, the Leisure Facilities Manager and leisure management team met to discuss pricing. This time the focus was forming a strategy that made the service as cost effective as possible and to reduce the contribution made by the general council tax payer.

2.2 In determining the short to medium term strategy regarding pricing for 2014/15 the following data was used:

- Competitor analysis on pricing (see appendices 1A and 1B)
- Current economic climate
- Effect of various percentage increases on income projection

2.3 The pricing proposals of the leisure management team were then discussed with the Head of Finance. It was agreed that an amount in the region of £65k increase in income deriving from fee increases was appropriate particularly with regard to the need to meet continuing cuts in government grant. The income projection for the service for 2014/15 is shown below:

- £65k Fee increases
- £34k Lords Meadow ATP and training room/other income
- £24k Additional income from Exe Valley programming (swim lesson etc.)
- £6k Culm Valley resulting from an enhancement to the gym area

2.4 Members should note that these increases, coupled with the £63k saving from removing shift enhancements from staff salaries, leads to a reduction in service cost of £192k for 2014/15. This added to the reduction in service cost already of circa £500k in the last four years means we will have cut the subsidy to the service by nearly £700k in five years.

### **3.0 The Proposal**

3.1 Casual (pay and play) prices:

3.1.1 That an increase of 3% (rounded up to the nearest 5p) applies to casual charges. Applying this percentage results in a £65k increase if the current level of customer activity is maintained. The only exception to this increase is for tennis court hire which currently is charged per head, and in the worst case scenario of four non-members playing can result in the court costing £13.80 which is very expensive in comparison to other leisure providers. Tennis income is very low at present. The recommendation is therefore to offer tennis on a court hire basis, not per head, with a court at peak time costing £6.80 and an off peak court £3.90.

3.2 Memberships:

3.2.1 That all memberships be increased by 3% and those frozen in the previous year that will face a higher percentage increase be given a £10 discount during May to compensate for the higher increase across the rest of 2014/15. No other increases are anticipated for memberships for the coming financial year.

3.2.2 That an additional junior membership be created allowing for a wider range of activities for the under 16's. The current Junior Lifestyle membership is not used to its full advantage by many so it is proposed that parents can make a choice with the membership focusing either solely on lessons and teen gym/classes or a more inclusive membership for their children. In addition to this, recent research into junior memberships shows that Mid Devon offers exceptionally good value, so a two tier memberships would best fit value for money and income optimisation. It is proposed that the current swim lesson/teen, gym/teen classes be frozen at £19.45 (this membership loses the benefit of free training sessions in the pool hence the freezing of the price), the new all-inclusive junior memberships includes all activities including free swimming, free classes, fun splash, discounts on courses etc. to be priced at £23.95. A list of current and proposed prices is found in appendix 2.

3.3 Corporate memberships.

3.3.1 Corporate prices have been simplified (see appendix 3) into three categories making administration and the selling of corporates easier. Corporate memberships have risen since 2012 by 57% which has been a result of

improved direct marketing but also in the improvement in facilities offered across the portfolio but particularly at Lords Meadow.

#### **4.0 Other considerations**

4.1 The rewarding of loyal customers/members has long been an issue considered by both the leisure management team and raised as an issue by long serving members themselves; why do we market inviting promotions to new customers and not reward them? Coupled with the need to improve retention amongst existing members the leisure management team will be investigating the option to create a 'price for life' membership package which, once a member achieves a certain length of membership, they will be offered the opportunity to have their membership fee frozen for the rest of their membership term. This is currently a 'work in progress' project and will require more investigation and analysis but it was felt a worthwhile topic to highlight in respect of this report.

#### **5.0 Conclusion**

5.1 As yet is it unknown what strategy local leisure providers will take on pricing for 2014/15. Whilst we have been sensitive to increases in light of the economy, the prices that are proposed in this report reflect the view that they still represent excellent value for money. Customers at all three sites are enjoying, and will enjoy, enhanced and improved facilities which we anticipate will lead to improving retention levels.

5.2 Analysis of membership data, casual usage and income is on-going and throughout the year various membership offers are created to counteract any dips in usage/income. This ability to be flexible and market appropriately means any downturns can be addressed quickly.

5.3 These price increases based on current budgets for income should yield an estimated £65k depending on the future patterns of use by leisure centre customers.

**Contact for more Information:** Samantha Bennion, Leisure Facilities Manager (01884 234902/sbennion@middevon.gov.uk)

**Circulation of the Report:** Cllr Robert Deed, Management Team

**List of Background Papers:**

## Appendix 1A

### Prices as of November 2013

Centre	Full membership (monthly fees)	Swim only (monthly fees)	Provider
Exeter University	£34.50		Exeter University
Clifton Hill Sports Centre, Exeter	£35.50		Parkwood Leisure
Pyramids Leisure Centre, Exeter	£35.50	£23.00	Parkwood Leisure
Riverside Leisure centre, Exeter	£35.50	£23.00	Parkwood Leisure
Hutton Moor, North Somerset	£39.00	£23.00	Parkwood Leisure
North Devon Leisure Centre, Barnstaple	£37.80	£23.00	Parkwood Leisure
Newton Abbot Leisure Centre, Newton Abbot	£33.00	£22.00	Teignbride District Council
Torrige Pool	£35.00	£21.00	1610 leisure trust
Leisure East Devon sites	£33.00	£24.00	LED trust
Wellington Sports Centre, Tone Leisure	£38.50		Tone Leisure trust
Mid Devon Leisure	£32.15	£24.70	Mid Devon District Council
Okehampton Leisure Centre, West Devon	£35.00	£18.50	Leisure Connection

## Appendix 1B

### Prices as of November 2013

Centre	Fitness studio	Fitness class	Badminton	Adult swim	Junior swim	Swim lesson	Sports hall	Provider
Exeter University	Inc with membership	£5.45	£6.80	£3.35	£2.45		£59.20	Exeter University
Clifton Hill Sports Centre, Exeter	£4.80	£5.00	£8.30	-	-	-	£36.00	Parkwood Leisure
Pyramids Leisure Centre, Exeter	£4.95	£4.60	-	£3.60	£2.55		-	Parkwood Leisure
Riverside Leisure centre, Exeter	£8.40	£5.85	£8.30	£3.60	£2.65		£53.65	Parkwood Leisure
Hutton Moor, North Somerset	£6.15	£4.80-5.60	£8.70	£4.35	£2.80			Parkwood Leisure
North Devon Leisure Centre, Barnstaple	£7.80	£5.20	£9.00	£3.45	£2.55		£49.60	Parkwood Leisure
Newton Abbot Leisure Centre, Newton Abbot	£6.00	£5.00	£9.50	£4.00	£2.00	£5.50		Teignbride District Council
Torridge Pool	£4.90	£4.40		£3.10	£2.00	£3.70jnr		1610 leisure trust

Centre	Fitness studio	Fitness class	Badminton	Adult swim	Junior swim	Swim lesson	Sports hall	Provider
Leisure East Devon sites	£5.20	£5.20-5.60	£2.60-5.20pp	£4.50	£2.30			LED trust
Wellington Sports Centre, Tone Leisure	£5.50	£5.50	£3.50pp	£				Tone Leisure trust
Mid Devon Leisure	£5.80	£5.10	£3.45pp	£3.90	£2.10	£5.70	£40.00	Mid Devon District Council

## Appendix 2

	2013/14	2013/14 actual 3%	2014/15 proposed
<b>Current prices vs. proposed prices</b>			
Fitness studio	5.8	5.97	6
Fitness classes	5.15	5.3	5.3
Yoga	6.2	6.39	6.4
Sauna	3.45	3.55	3.55
Badminton pr person	3.45	3.55	3.55
Squash pr person	4.1	4.22	4.25
Tennis pr person	3.45	3.55	3.55
Adult swim	3.9	4.02	4.05
Junior swim	2.1	2.16	2.2
Aquafit	5.1	5.25	5.25
Group lesson	6.8	7	7
one2one lesson	17	17.51	17.55
childrens drop in sessions	2.95	3.04	3.05
courses pr session	3.35	3.45	3.45
Pool fun session	2.1	2.16	2.2
teen gym	4.1	4.22	4.25
<b>Memberships</b>			
Zest lifestyle plus mth DD	37.5	38.63	38.65
Zest Lifestyle plus mth cash	45	46.35	46.35
Zest lifestyle plus loyalty DD	32.15	33.11	33.15
Zest Lifestyle plus annual*	337.5	347.63	347.7
Zest Lifestyle monthly DD	30.05	30.95	30.95
Zest Lifestyle loyalty DD	24.7	25.44	25.45
Zest Lifestyle annual*	270.45	278.56	278.55
<b>Junior membership</b>			
Lifestyle plus	19.45	frozen = 19.45	19.45
Lifestyle plus level 3	14.4	frozen = 14.40	14.4
New inclusive Lifestyle plus DD			23.95

\* annual memberships calculated at 9 x's mth DD

## Corporate Zest Memberships 2013

A simpler method was needed for the calculation for corporate memberships. Below is the table showing details of prices and staff numbers.

Number of members	Price per month per employee
10-24	£28
25-50	£25
51+	negotiable

51+ members will be agreed by the Leisure Facilities Manager and the Head of Finance in consultation with the Cabinet member.

### Terms and Conditions

- Corporate Zest Memberships are equivalent to the Zest Lifestyle Loyalty DD Membership i.e. 12 month membership contract.
- Spouse/partner of the employee is not eligible for the Corporate Zest Membership. (Existing arrangements for those already in place will be honoured. Partner rate will be reviewed in 2014).
- Corporate membership 'specials' can be arranged but need to be agreed at management team meetings and with the portfolio holder. These 'specials' will be offers for events such as open days or new facility developments.
- Proof of employment needs to be shown at time of application and verified by the Company on the application form (see Corporate section of the application form).
- There are no joining fees for Corporate Zest Memberships.
- Employees who are already Zest Members can be included and transfer to the Corporate Zest Membership, including existing Loyalty Zest Members.