

**Leisure pricing for the financial year 2016/17**

**Cabinet Member** Cllr Colin Slade  
**Responsible Officer** Leisure Manager – Development & Performance

**Reason for Report:** To advise Members of the proposed leisure pricing strategy for 2016/17.

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

**Relationship to Corporate Plan:**

**Financial Implications:** An increase in income of £133k will arise if current Membership levels are maintained.

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

**Risk Assessment:** Leisure Services have a live membership base of circa 3500 adult Zest Members, and circa 2460 Junior Zest Members. An increasing number of the current membership base has purchased a membership subsidised from the full paying rate, through promotions and deals, and via an age related product for people over the age of 60. Other members have received a loyalty initiative where memberships were frozen from 2013/14 fees.

To continue to offer subsidies which are not related to a means tested measure, will restrict the income potential for the service.

The proposals in this report will have an impact on current members, who in some cases will be affected by increases in fees and changes in existing products. The rationale for any changes will need to be recognised and understood by all stakeholders.

**1.0 Introduction**

- 1.1 Over recent years the level of subsidy given to Zest members has increased to levels where memberships are continuing to grow, but income has started to be negatively affected through deals and agreements, some of these deals have already been discontinued, such as *'15 months for the price of 9'*.
- 1.2 The membership base has shifted significantly to advanced payments, and although this does provide a cash income injection, it has been achieved by offering discounts in comparison to members that pay by 12 monthly Direct Debit instalments, and many existing Zest Members have converted their membership in order to capitalise on the discounted rates.

- 1.3 In 2013 a bespoke promotional product was introduced to give Zest members over the age of 60 a significantly subsidised membership product, if paid in a lump sum and only used at off peak times.
- 1.4 Within a review conducted by the Strategic Leisure Management Team, it has been agreed to propose a streamlining of our products, pricing and literature in order to simplify the information for staff and customers, and maximise income potential. This would include a reinforcement of the policy that was implemented in 2010, where subsidies are only given to those on means tested benefits, ie those not able to afford access to the facilities at the full rate of charge.

## 2.0 **60+ Memberships**

- 2.1 These are Zest Memberships purchased in a lump sum, and are valid for 12 months. The sole criteria are that the member is over the age of 60 years, and that the membership is used at off peak times.
- 2.2 The subsidies for these memberships range from 50% - 58%.
- 2.3 It is proposed that the current products will be discontinued when the current 12 month period has elapsed for each individual member, and a new agreement on a Lifestyle, or Lifestyle Plus membership will be offered.
- 2.4 Leisure services currently have 4 Zest membership types in this category as follows:

Membership Type	Members	2015/16 Fee
60+ Off Peak Lifestyle (Swimming and Pool Activities)	272	£ 200
60+ Off Peak Lifestyle Plus (Swimming, Classes & Fitness Studio)	110	£ 240
60+ Off Peak Zest Bonus(Swimming & Fitness Classes)	70	£ 220
60+off Peak Zest Bonus(Swimming & Fitness Studio)	156	£ 220
<b>Total Members</b>	608	

- 2.5 Concessions will still be available to those on a means tested basis, where a **'Lifestyle Plus Concessionary'** product will be offered; this will apply to new and existing Zest Members.
- 2.6 It is proposed that all existing Zest Members with a 60+ membership will be honoured with a 12 month grace period at **'Lifestyle Plus Concessionary'** fees of £25.00 per month via Direct Debit, regardless of means tested eligibility, following expiry of the current annual period.
- 2.7 An opportunity to pay for the **'Lifestyle Plus Concessionary'** membership fee for the full 12 month period will still be available, although no further discounts will be offered.
- 2.8 Following the grace period of 12 months, the membership fee will be brought in line with current Lifestyle Plus Loyalty membership fees, at £36.00 per month, with the exception that means tested criteria can be evidenced and the Lifestyle Plus Concessionary agreement will continue.

2.9 If current membership levels are maintained this will increase income by circa £43k (net) by the end of the 12 month grace periods.

2.10 Following an audit of 7 other leisure providers in Devon and West Somerset, there is no evidence that any other provider has a product for their members on the basis of age in excess of 60 years. A summary of the audit for membership fees and charges can be found in **appendix 1**.

### 3.0 **Lifestyle Memberships**

3.1 These are Zest memberships purchased either via a monthly Direct Debit or a lump sum for 12 months in advance, and currently offer unlimited access to the following:

- Swimming Pool and Pool Activities
- Adult Swimming Lessons
- Racket Sports
- Sauna

3.2 Currently the lump sum for 12 months in advance is calculated at 12 months membership for the price of 9. It is proposed that for 2016/17 this offer is reduced to 12 months for the price of 11.

3.3 In order to simplify the products, Racket sports and Sauna will be removed from the Membership benefits.

3.4 Nominal increases in Monthly Direct Debit charges will apply for 2016/17.

3.5 It is proposed to increase **Loyalty** prices held at 2013/14 rates from £25.45 to £28.00 (10%) to come inline with 2016/17 charges. This will impact on circa 60 Zest members.

3.6 If current membership levels are maintained this will increase income by circa £3k (net).

### 4.0 **Lifestyle Plus Memberships**

4.1 These are Zest memberships purchased either via monthly Direct Debit or a lump sum for 12 months in advance, and currently offer unlimited access to the following:

- Swimming Pool and Pool Activities
- Adult Swimming Lessons
- Racket Sports
- Sauna
- Fitness Classes
- Fitness Studio

4.2 There are currently two concessionary levels that apply to this Zest membership:

- **Level 2** for students, and those on disability living allowance
- **Level 3** for those in receipt of means tested benefits

- 4.3 These Concessionary Memberships are subsidised by 47% of the full paying fee at £21.20 per month.
- 4.4 It is proposed to simplify the structure of the Levels 2 and 3 and amalgamate into a single concessionary membership level. Following an audit of 7 other leisure providers in Devon and West Somerset, there is no evidence that any other provider has more than one concessionary level of membership fee. As with the current Level 2 & 3 Zest memberships there will be peak and off peak restrictions, although access to the swimming pools will not be restricted in order to increase participation. A summary of the audit for membership fees and charges can be found in **appendix 1**.
- 4.5 It is proposed to reduce the level of subsidy for the concessionary members and increase the monthly Zest membership fee from £21.20 to £25.00, (18%) this will still offer a subsidy of 38% of the full fee. This will affect circa 400 Zest members.
- 4.6 Currently the lump sum for 12 months in advance is calculated at 12 months membership for the price of 9. It is proposed that for 2016/17 this offer is reduced to 12 months for the price of 11.
- 4.7 It is proposed to increase **Loyalty** prices held at 2013/14 rates from £33.15 to £36.00 (8.5%) to come inline with 2016/17 charges. This will impact on circa 512 Zest members.
- 4.8 If current membership levels are maintained this will increase income by circa £46k (net)
- 5.0 **Junior Memberships**
- 5.1 There are two Zest membership types in this category purchased via monthly Direct Debit, and currently offers access to the facilities as follows:
- **Junior Lifestyle**
    - Group swimming lessons
    - Parent and toddler sessions
    - Teen fitness activities
  - **Junior Lifestyle Plus**
    - Group swimming lessons
    - Public Swimming
    - Parent and toddler sessions
    - Teen fitness activities
    - Racket Sports
    - Discounts on selected sessions
- 5.2 It is proposed to increase both Junior Zest membership fees by 5%, as supervised lessons and activities incur significant staffing costs.
- 5.3 Each of these membership types have a concessionary level for those in receipt of means tested benefits and are subsidised from the full paying fee.

- 5.4 It is proposed to reduce the level of subsidy for the concessionary members and increase the Monthly zest membership fee as follows:
- Junior Lifestyle Level 3, from £15.00 to £17.50 (16%)
  - Junior Lifestyle Plus Level 3, from £18.70 to £22.50 (20%)

These memberships will continue to receive subsidies of the full fee of 19% and 15% respectively. This will impact on circa 300 members.

- 5.5 If current membership levels are maintained this will increase income by circa £37k (net).

## 6.0 **Summary**

- 6.1 With other less significant increases in fees based on current membership levels, the net increase for memberships will be circa £130k.
- 6.2 Level 2 and 3 prices will be amalgamated into a single concessionary fee for Zest memberships and casual prices.
- 6.3 Other changes to casual prices, secondary spend, series of lets and rents are within 0 – 5%. Level 1 fees for Casual swimming for Adults and Juniors will not be increased to encourage participation.
- 6.4 Understandably there will be some movement of members following the increase in charges, and the focus will be on new business in order to meet the proposed budget increase of £155k for Leisure Services in 2016/17.
- 6.5 The headline changes will need to be handled sensitively, openly and directly with each Zest member well in advance of any changes.
- 6.6 Consideration to the potential impact will need to be understood by all team members and support services, in addition to senior managers and elected members.
- 6.7 Simplifying literature, pricing structures and website will be completed in line with the launch of the new pricing and marketing strategy.

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**Circulation of the Report:** Cllr Colin Slade, Management Team