

COMMUNITY WELL BEING PDG 2 AUGUST 2016

Appendix 1 within the report of the **Reviewing The Costs of Economy Working Group**, submitted to the Scrutiny Committee 23/05/2016

Cabinet Member: Cllr Colin Slade
Responsible Officer: Lee Chester, Leisure Manager – Development & Performance

Reason for Report: To provide members with an update on items within Appendix 1, reviewing the impact of increases to leisure centre charges.

RECOMMENDATION: To note the responses to the items raised, and note the results of Q1 performance with Leisure.

Relationship to Corporate Plan: Priority Area Community Aim 3: Promoting physical activity, health and wellbeing, Ensure the financial sustainability of our Leisure Centres.

Financial Implications: Reviewing the impact of membership changes and price increases on income generation.

Legal Implications: There are no specific legal implications.

Risk Assessment: There are no specific risks.

1.0 Introduction

1.1 At the Scrutiny Committee on 23 May 2016 a detailed report was submitted as appendix 1 within the *Reviewing The Costs Of Economy Working Group* report, which raised multiple queries and items of recommendation.

1.2 It was agreed that an update report to the Community Well Being PDG would be submitted; this report would also be circulated to the Scrutiny Committee as a formal update to agenda item *Reviewing The Effects Of Increases To Leisure Centre Charging* 18 July 2016.

1.3 *Reviewing The Effects of Increases to Leisure Centre Charging*; an overview on Q1 performance will be provided.

2.0 Queries and responses to items raised within the *Reviewing The Costs Of Economy Working Group* report.

2.1 **When members of Community Well Being PDG voted recently for a 30% reduction in discount to Zest 60+ in 2016, were they aware this would mean an immediate increase from £200-£240pa to £302pa for Zest membership which offers access only between 9am- 5pm?**

This was detailed within the paper submitted to the CWB PDG 2 February 2016 regarding Leisure Pricing. Amendments to the proposals were discussed by members within the group and recommendations were agreed.

2.2 This 50% increase was made with little advance warning to users and without consulting the Lords Meadow Leisure Centre Users' Panel. Why?

Letters were sent in early march following PDG recommendation and Cabinet approval in February, in line with the direct debit agreement. It would not be appropriate to inform Zest members of considerations to changes that have not yet been proposed, recommended and agreed by the elected establishment of Mid Devon District Council. All annual payers have been given significant notice of changes, as charges will not change until the renewal date for each individual member; for some this will not come into effect until March 2017.

2.3 The increase in state pensions during this time has been £4 per week maximum and many users need to budget expenditure on a weekly basis and cannot afford to pay in advance.

The opportunity to pay via Direct Debit has been introduced for existing 60+ members upon renewal.

2.4 Most customers on MTB (Means Tested Benefits) use the 'pay as you go' (PAYG) charges for the gym and these prices have risen from £2.50 per session to £4.80 per session - nearly twice as much - resulting in some users having to cut back from two weekly visits to one single visit.

As in the pricing paper from the February PDG, the previous structure offered 3 tiers of pricing, and it was recommended to reduce this to 2 levels of pricing, in line with other providers. All prices were benchmarked against other local providers. Following another benchmark exercise in June 2016, it is evident that the subsidy given for activities such as swimming, gym, and fitness classes that is offered by Mid Devon Leisure is still greater than local providers such as Leisure East Devon.

2.5 The impact of this increased charge could have been softened by extending the time frame to 8am-6pm for use of the Centre.

This will be considered in future reviews.

2.6 Are members aware that present membership charges include unwanted activities that many users do not use, such as dry side activities, court use and sauna, yet they do not have option to choose just gym and swimming or yoga and swimming?

The inclusive nature of the memberships is designed to encourage Zest members to diversify their leisure experience. Having a structure where members build their own packages is likely to make the structure more confusing, and conflicting to item 2.7 the simplifying of the structure.

2.7 We need a simpler membership structure that does not include unwanted activities which are 'junked in' to boost its offering.

What one member considers unwanted junk, another person considers a valued offering. Allowing tailor-made memberships is unlikely to simplify the structure.

- 2.8 The opportunity to renew at current prices was not offered to all existing Zest members, which is partial and unfair.**
A decision was made to extend this to memberships which expired in April only, where an opportunity to purchase a membership at 2015/16 prices was offered, rescinding any outstanding days on the membership at the time of renewal.
- 2.9 Are members aware of the financial benefits to the Centre of annual payments made up front or by 12 monthly direct debit instalments, even though average annual usage is about eleven months? Do we have figures monitoring the actual attendance over 12 month period?**
Annual advanced payments yield less income than 12 months of Direct Debit payments. The benefit is for the member to save costs, which is explained at reception. Individual attendance details are available at Zest member request.
- 2.10 Are members aware of the public health benefits of the Leisure Centre in helping an ageing population maintain fitness levels through active lives and social relationships? Many of them meet up socially in the coffee shop after class and spend money which keeps this facility going throughout the day for all users.**
There are several social groups that meet after sessions across all the leisure sites.
- 2.11 Are they aware that between 9am-4pm the Centre is used mainly by less affluent groups such as parents with small children under 5, shift workers, unemployed, GP referrals and retirees of 60+ who keep it ticking over?**
There are many valued user groups that use the facilities during the daytime hours. Customers who are parents with small children under 5, shift workers, unemployed, GP referrals and retirees of 60+, cannot all be considered as less affluent. Mid Devon Leisure offers a very supportive and clear criteria for subsidising access for those on means tested benefits.
- 2.12 Are members aware that no discount is given during the 2 week Christmas/New Year closure period and during the Easter break?**
The facilities are only closed on 25 & 26 December and 1 January. Some activities are limited during this time, however access across the sites is still timetabled. Any concerns Zest members have when the facilities do not offer sessions or access can be reviewed on an individual basis, comparing the pay as you go value with actual usage for the payment period or month. If Zest members feel that have not received full value for money a review of usage for the period paid for will be undertaken at request, on an individual basis.
- 2.13 Are members aware that all users of Monday classes are affected adversely because they are cancelled on 3 Bank Holiday Mondays pa without compensation to Zest 60+ users (early May, spring and summer)?**
This is negligible. As stated in 2.12 concerns Zest members have when the facilities can be reviewed on request. Many local authority services do not operate on bank holidays, with extended period over weekends and

Christmas where no reimbursement of council tax is offered. Many other classes are still accessible during the week, circa 45 fitness classes per site per week. Zest members can access the facilities across all 3 facilities.

- 2.14 Are members aware that inadequate staff cover for sickness and planned holidays or courses means that lessons are cancelled from time to time, without compensation being offered - often without enough notice to save a wasted journey? (Examples can be given.)**

This is regrettable and the team are progressing strengthening the resource of qualified instructors to cover sickness and holidays. As stated in 2.12 concerns Zest members have when the facilities can be reviewed on request.

- 3.0 Responses to recommendations proposed within the *Reviewing The Costs of Economy Working Group* report.**

- 3.1 Monitor trends and usage by Groups: We need careful monitoring of trends in visits to gym, classes and pool by all age groups, including young people, so as to identify gaps to fill and target groups through regular emailing of special offers and events.**

Data is collected at the point of sale and when transactions are recorded on the leisure management system. This data is reviewed by each strategic team to progress the business.

- 3.2 Value for money: We need to improve our service offering to give better value, if charges are to be increased.**

Noted. The Leisure service has extensive business and marketing plans for 2016/17. Suggestions regarding how value can be increased is always welcome.

- 3.3 Simplify structure: We need to simplify the structure of membership so people only pay for classes they want to use.**

There are wider implications to the business, and this has been discussed at leisure management level on previous occasions. This consideration will again revisited at future reviews. The membership structure has been simplified considerably for 2016/17, and will be reviewed again for the CWB PDG to consider proposals.

- 3.4 User panels: We need to respond to User panels through regular meetings with their representatives.**

This pilot format is in place at Exe Valley Leisure Centre. It is agreed that member engagement is vital at all 3 facilities, and a greater opportunity of inward and outward communication is required.

- 3.5 Better collaboration: We need to increase our offering of flat rate and subsidised activities and classes by increased collaboration with groups like Active Devon, Drink Wisely, Age Well et al, who are keen to support certain target groups like young parents, 60+ and health referrals.**

This is a target area for Leisure and Public Health going forward.

- 3.6 Public Health: We need to work with local GP practices and Health Centres to facilitate the use of 'on prescription' classes to Customers on MTB with health issues.**
Any member of the community that meets the criteria of means tested benefits will be eligible for subsidies. Leisure and Public Health will be working collaboratively on external partnerships to resource opportunities to expand on this. Examples of work already being undertaken are Cardiac Rehabilitation with Northern Devon Healthcare NHS Trust's Lead Nurse for Cardiac Support Service, and providing wellbeing programmes for juniors referred to the Intensive Family Intervention Team – Early Help.
- 3.7 Better customer experience: We need to offer better customer service through cleaner changing rooms, toilets and showers; answering telephone calls; responding to online enquiries; being able to cancel classes online as well as booking them; better information about special offers, events such as Active Devon support.**
Noted. Improvement plans have been implemented, and standards will continue to be targeted within the teams, measured and reviewed.
- 3.8 Monitor use by Means Tested Benefits users: We need to re-examine the prices of PAYG activities to everyone on Means Tested Benefits. A price increase rise from £2.50 to £4.80 per gym session to customers on discretionary MTB rates is not fair and will discourage use and lead to lower fitness levels in this group.**
The decision of how to progress this recommendation is within the remit of the elected members and groups. As with the current pricing, the affordability of attending the facilities is ultimately the responsibility of the customer. If they can afford to have a membership it can be utilised as much as the Zest members chooses. If they are unable to afford a membership we have a system for discounting per visit based on eligibility, and those discounts are still greater than other local providers.
- 3.9 Auto renewal: For everyone who can afford to pay up front or pay by direct debit, we need to eliminate income lost by 'void' months through agreed automatic renewal of membership. Failing that, to automatically generate reminders to customers to renew membership by email, letter or personal contact - even offering a free swim or gym pass for a friend as an incentive. I have never been contacted to renew my membership in the last 15 years and so I often leave it for a couple of months - as a result, the centre loses an income stream and a customer for a short while. It all adds up to a need for better customer care and customer**
Auto renewal of annual payments is an uncommon practise within leisure, although the concept would reduce the lag between membership expiry and renewal, and is a recommendation for the CWB PDG to consider. The current system of administrating annual members would require a review, with associated links to financial regulations and risk to ensure that auto collections are not met with legal challenges.
- 4.0 Scrutiny Agenda item, 18 July 2016. Reviewing The Effects Of Increases To Leisure Centre Charging. A review of performance has been completed comparing Q1 2015/16 to Q1 2016/17 in the areas of, Participation, Zest Memberships and Finance.**

4.1 **Participation.** Overall recorded participation has increased by circa 27,000. From 209,000 to 236,000. This is significant increase is mainly due to an anomaly in the headcount attributed to management bookings for groups and organisations within the dryside area from 2015/16. Participation in health and fitness continues to increase, and participation in the swimming pools is comparable.

4.1.1 **60+ participation,** has increased by circa 1,300 visits although a nominal reduction is evident at the weekends. Significant greater participation between 8am–1pm with a reduction from 2pm–10pm.

4.1.2 **Concessionary participation,** members and pay and you go cardholders have reduced by circa 1,200 visits across equally across the days and hours of the day. Although this is expected with less Zest members in this group.

4.2 **Zest Memberships.** Overall Zest memberships are very comparable from 2015/16 to 2016/17, with a growth of 18 zest members for the same period.

4.2.1 60+ memberships have increased by 12, whilst Adult Concessionary memberships have decreased by 140.

4.2.2 Junior concessionary memberships have increased by 10.

4.2.3 Members opting to pay via advanced payment has notably reduced by 134, although the attrition average for Q1 is 5.12% just under the target of 5%.

4.3 **Finance.** The income target for 2015/16 was £2,529,000, with an under performance of -£147k. In addition to recovering the deficit for 2015/16 the income targets have increased by £157k, resulting in an increase of the income target to £2,685,000, and an improvement in performance of circa £304k is required to achieve budget.

4.3.1 Overall, Leisure has collected circa £55k more income in Q1 2016/17, when compared to Q1 in 2015/16. £15k under recovered for the income target for Q1 2016/17.

2015/16			2016/17				
Area	Q1 Budget	Q1 Income	Area	Q1 Budget	Q1 Income	variance 15v16 Performance	Variance of 2016/17 Budget
Dryside	(59,885)	(35,533)	Dryside	(50,016)	(60,562)	(25,029)	(10,546)
Fitness	(202,222)	(188,323)	Fitness	(208,836)	(206,480)	(18,157)	2,356
Front of House	(62,116)	(67,949)	Front of House	(82,034)	(52,834)	15,115	29,200
Wetside	(241,226)	(217,593)	Wetside	(238,705)	(244,495)	(26,902)	(5,790)
Grand Total	(565,449)	(509,398)	Grand Total	(579,591)	(564,371)	(54,973)	15,220

4.3.2 Concessionary cash income has reduced by circa £2k when compared with the previous year in Q1. This can be a factor of price increases, and that the team are monitoring the eligibility of those applying for a means tested concessionary membership more closely. Equally there is evidence that movement from concessionary members to the full paying membership has taken place, as a number of these members want to have unlimited use of the facilities at peak times.

4.3.3 With very comparable volume of members in both adults and juniors, membership income has increased significantly. Income of £328k for 2015/6 Q1 was collected, compared to £352k for 2016/17 Q1. It is evident that movement from Zest members paying in advance to Direct Debit has taken place. At this time it is considered that whilst the structure of memberships and pricing is a very emotive matter, membership levels have not been adversely affected, and income growth is being achieved.

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