

## Leisure Pricing Review

**Cabinet Member(s):** Cllr Colin Slade  
**Responsible Officer:** Lee Chester – Leisure Manager – Performance & Development

**Reason for Report:** To update Members on the items within the Leisure Pricing Policy, from the PDG recommendations of 2 February 2016.

**RECOMMENDATION:** That the information in the report be noted and updated by the Leisure Management in future PDG meetings. Future items for Leisure sustainability will be brought before the PDG members to consider.

**Relationship to Corporate Plan:** Priority 3, Aim 3 – Promote physical activity, health and wellbeing - Ensure the financial sustainability of our Leisure Centres.

**Financial Implications:** None arising from this report; however a budgetary position is provided for information.

**Legal Implications:** None related to this report.

**Risk Assessment:** None related to this report.

### 1.0 Introduction

1.1 At the Community PDG meeting on 2 February 2016, members were presented with a report for the Leisure pricing policy for 2016/17, where the following recommendations were proposed and agreed, and scheduled for a further report to the 27 September Community PDG:

***e) That a full review of rents, lets and charges be undertaken with a view to further simplifying the tariff structure;***

***d) That within six months a full review of Leisure services income and resources be undertaken to ensure a positive long-term financial result for the service.***

2.0 ***e) That a full review of rents, lets and charges be undertaken with a view to further simplifying the tariff structure;***

2.1 In line with the recommendations the pricing structure has been applied, and further reviews have taken place to simplify the structure, improving the branding/presentation of the fees, and ensuring a corporate standard and approach to charging for lettings across the facilities.

2.2 Branding and marketing material have been presented in a format that clearly identifies fees and charges for adult, junior and concessionary fees. This re branding also applies to all marketing material, and will be represented on the updated leisure website to launch early October 2016.

- 2.3 Fees applied for commercial rents will be baselined by a valuation by an approved agent.
- 2.4 A corporate approach to a series of lets has been applied across the facilities for 2016/17, with a cost per area analysis to be completed in preparation for the Leisure pricing policy for 2017/18. This will ensure that the operational costs per activity area are reflected in the charges, and that future lettings are considered within a fully commercial context.
- 3.0 ***d) That within six months a full review of leisure services income and resources be undertaken to ensure a positive long-term financial result for the service.***
- 3.1 The Leisure budget requirements have been drafted in the Medium Term Financial Plan (MTFP), as shown in **Appendix 1**. Considerations have been made within the plan for inflationary costs of service in line with Mid Devon District Council's MTFP.
- 3.2 Cost pressures have been identified in key areas, such as;
- The proposed expanding the fitness facilities at the Exe Valley Leisure Centre, which will require:
    - a. An increased demand on utilities,
    - b. Additional fitness equipment
    - c. employee resources and marketing during a 12 week launch
  - The completion of phase 3 of the leisure restructure, optimum deployment of staff, and the implementation of unpaid breaks
- 3.3 Savings have been targeted in future years in Premises Costs, Supplies and Services and Employee Costs.
- 3.4 Income growth has been targeted in one-off initiatives, and growth within service business areas.
- 3.5 The table below shows a summary of the projected position at the end of 2019/20, where prior to Capital Charges and Depreciation, Leisure Services can achieve a positive result against the net cost of services.

<u>Leisure Services MTFP - Summary</u>	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Total Gross Expenditure	2,903	3,129	3,087	3,087
Total Income	(2,595)	(2,843)	(2,973)	(3,106)
<b>Net Cost of Services</b>	<b>308</b>	<b>286</b>	<b>114</b>	<b>-19</b>
Capital Financing	530	530	531	531
Estimated increase in capital charging - Fitness Development project*	0	18	37	37
Estimated Increase in business rates - Fitness Development Project*	0	3	6	6
<b>Total Budget Requirement</b>	<b>838</b>	<b>837</b>	<b>688</b>	<b>555</b>

- 3.6 To progress further reductions of Leisure budget requirements, inclusive of Capital Charges and Depreciation, a variety of options will be available for members to consider in future budgets.

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

**List of Background Papers:**