

TONBRIDGE & MALLING BOROUGH COUNCIL

LEISURE and ARTS ADVISORY BOARD

12 December 2012

**Report of the Chief Leisure Officer and the
Director of Finance**

Part 1- Public

Matters for Recommendation to Cabinet - Key Decision

1 LEISURE SERVICES BUSINESS UNIT – REVIEW OF CHARGES

Summary

This report outlines the charging proposals in respect of Larkfield Leisure Centre, Angel Centre, Tonbridge Swimming Pool, Tonbridge Farm All Weather Area and Tonbridge Racecourse Sportsground Games Hut. The Board's attention is drawn to the need for the charging proposals to be considered within the context of the Leisure Services Business Unit draft revenue estimates which will be reported to the Finance & Property Advisory Board on 4 January 2012.

1.1 Introduction

1.1.1 In preparing the charging proposals consideration has been given to the policy objectives stated in the Leisure & Arts Strategy 2008-13; market position; trading patterns at each facility; the Leisure Services Business Unit Business Plan; and user feedback. Charges at competing public and private sector facilities have also been taken into account. The Board is also reminded of the Leisure Pass Scheme, which enables financially disadvantaged residents to participate in leisure activities at reduced rates. In addition, the core charges include concessionary rates for young people (key corporate priority), people with disabilities and senior citizens.

1.1.2 All the proposed charges are shown in detail at **[Annexes 1–3]**.

1.2 Budget Strategy

1.2.1 The proposed charges for 2012/13 take into account the set of guiding principles for the setting of fees and charges previously approved by Members of the Finance and Property Advisory Board and reproduced below for the benefit of the Board:

- 1) Fees and charges should reflect the Council's key priorities and other corporate aims and priorities recognising there may be trade-offs as these are not mutually exclusive.

- 2) Fees and charges should have due regard to the Council's Medium Term Financial Strategy.
- 3) If there is to be a subsidy from the council tax payer to the service user this should be a conscious choice.
- 4) The Council should look to maximise income subject to market conditions, opportunities and comparable charges elsewhere, in the context of its key priorities and other corporate aims and priorities.
- 5) Fees and charges should normally be reviewed at least annually (unless fixed by statute or some other body).
- 6) Fees and charges should not be used to provide a subsidy from the council tax payer to commercial operators.
- 7) There should be consistency between charges for similar services.
- 8) Concessions for services should follow a logical pattern so as not to preclude, where appropriate, access to Council services on the grounds of ability to pay.

1.2.2 The Board is reminded that the Leisure Service Business Unit's review of charges is aligned with the revenue estimates process. The Leisure Service Business Unit revenue estimates will be submitted to the forthcoming meeting of Finance & Property Advisory Board on 4 January 2012. Both reports, however, remain inextricably linked – the scale of charges impacts directly upon the level of income and, therefore, the overall revenue estimates. The Board will, therefore, need to acknowledge the impact of any recommendations to amend the charges as set out in **[Annexes 1-3]** upon the overall revenue estimate for the Leisure Service Business Unit.

1.2.3 The Leisure Service Business Unit is anticipating a deficit of £1,016,550 for the current financial year end. This compares to a deficit of £471,500 forecast in the original estimate and a £300,000 economic adjustment for the downfall in trade. This represents a below profile performance of just over £245,000 which is as a consequence of the protracted economic downturn. In the revenue estimates for 2012/13 a decision has been taken to remove the economic adjustment, originally an estimate of the 'cost' of the economic downturn, in order to provide an estimate that actually reflects the ongoing financial position. As a consequence the deficit to be reported to the Finance & Property Advisory Board on 4 January 2012 is £1,104,800.

1.2.4 If the 2012/13 revenue estimate is to be achieved, the Leisure Service Business Unit has to consider maximising opportunities to match increased costs with increased income. The charging proposals for 2012/13 average 2.9% across the entire Leisure Service Business Unit, and have been considered carefully within the current market context. Whilst service levels remain generally satisfactory the

market position has changed significantly and customer feedback and prevailing usage patterns suggest that price may become a barrier to usage, especially in the family market and in comparison with competing facilities.

1.3 Pricing Policy Review Principles

- 1.3.1 Whilst acknowledging the principles of previous pricing reviews and the current market position, this review continues to ensure that the financially disadvantaged and key target groups (young people, senior citizens and people with disabilities) continue to be offered discounted use of facilities without restrictions to access. This approach is consistent with the Leisure Pass and the Council's social inclusion objectives. For example, it is proposed that charges for the Leisure Pass family swim will increase by only 20 pence for the entire family this year. The charge to schools utilising the facilities for swimming has been increased by only 5 pence. In addition, the Board will recall the decision to offer free access to Looked After Children in the Borough, a scheme that continues to be successful.
- 1.3.2 The principle of rewarding customer loyalty features heavily within the charging proposals, with discounts offered to annual memberships and the application of initiatives such as "price for life".
- 1.3.3 Finally, the Board will be reassured that, in pursuing these aims, consideration has been given to honouring any longstanding arrangements with specific hirers, such as dance schools and martial arts bookings, so that regular customers are rewarded for their loyalty.

1.4 Consultation

- 1.4.1 The charges proposed for facilities used by Tonbridge sports clubs have been the subject of consultation with the Tonbridge Sports Association.
- 1.4.2 The charges have also been circulated for comment to members of the customer panels at each site and responses received will be reported verbally at the meeting.

1.5 Comparison with Competing Facilities

- 1.5.1 Whilst we are keen to achieve increased coherence in pricing across facilities for the benefit of users, the Board will appreciate that individual facilities exist within their own markets. In this respect it is important to consider, for example, Tonbridge Swimming Pool in comparison to Tunbridge Wells Sports Centre and Sevenoaks Leisure Centre, rather than Maidstone Leisure Centre.
- 1.5.2 Detailed consideration has been given to relevant competitors, notably Tunbridge Wells Sports Centre, Sevenoaks Leisure Centre and Maidstone Leisure Centre. A selection of comparable charges is shown at **[Annex 4]**. In general terms the charges at Angel Centre and Tonbridge Swimming Pool are broadly comparable with the local competition. At Larkfield Leisure Centre charges have historically

been higher than at Maidstone Leisure Centre. Whilst the gap has closed over the past few years and has not been a deterrent to customers in the past, who have tended to prefer the facilities and service offered at Larkfield Leisure Centre, it is felt that price continues to be an important factor in customer choice.

- 1.5.3 In addition to the main local authority competitors, consideration has also been given to competing facilities operated by the private sector. In this respect competitor analysis has been undertaken against Virgin Active, Topnotch, Peak Fitness, Tonbridge School and David Lloyd Leisure at Kings Hill.
- 1.5.4 It is also important to make comparison between competing family leisure time activities, particularly when considering the typical family visiting one of our sites to swim. The cost of a family swim ranges from £5.80 to £16.10 depending on the status of a visiting family, (that is whether they are members or not). Other competing activities, assuming a family unit of two adults and two children, compare typically as follows:
- cinema visit - £25.80 (Odeon peak charge family ticket)
 - 10 pin bowling - £28.00 (AMF two game family ticket)
- 1.5.5 In this context, swimming remains a relatively affordable family day out, particularly if family membership at Larkfield Leisure Centre, (at a cost of around £1.80 per week) is taken out. This reduces the family swim to £9.50 at Larkfield Leisure Centre. At Tonbridge Swimming Pool the family membership option introduced last year costs around 80 pence per week and reduces the family swim charge to £8.85. In both instances this allows all the children in the member family rather than being restricted to two adults and two children.
- 1.5.6 The Board is also reminded that throughout the year the Leisure Service Business Unit engages in significant price promotion activity offering existing and new customers discounted opportunities to use the facilities. These promotions vary with the use of direct mail, vouchers in publications such as the Leisure Guide and Here & Now and the Zest Reward scheme that incentivises regular users. The recent '100 days of fitness' promotion for the Lifestyles Fitness Suites generated income of £34,000 excluding VAT.

1.6 Implementation Date

- 1.6.1 The proposed implementation date of the charges is 1 April 2012 other than where specifically detailed otherwise. Subject to approval the new scale of charges will be publicised prior to this date.

1.7 Price for Life

- 1.7.1 The introduction of a Price for Life commitment to new and existing members paying for all Lifestyles memberships by direct debit or annually has proved very popular. The offer has a unique dual purpose insofar as it aids sales and

retention, offering existing customers reward for loyalty and added value over time for remaining at the facility. The proposed increases detailed below will improve further the retention value of this commitment, and the Board will note that the Price for Life offer is retained.

1.8 Larkfield Leisure Centre

- 1.8.1 The proposed charges at Larkfield Leisure Centre are detailed at **[Annex 1]**. All casual charges are rounded to the nearest 10 pence for operational and customer convenience. An average increase of approximately 2.5% has resulted. Some specific issues are detailed below.
- 1.8.2 Non-Member Entry Charge – The Board will recall that non-members of the facility are charged a differential fee when taking part in an activity. This is proposed to rise by 10 pence to £2.20 for an adult but remain static at £1.10 for concessionary users. This is incorporated into the member/non-member charging structure for all activities. Whilst this charge is relatively high in the market place failure to increase it will erode the value of Centre membership. The spectator charges remain static.
- 1.8.3 Swimming Charges – The individual Swim & Spa monthly payment option has been held, to encourage customers to adopt this payment option if they are regular users. Whilst it remains competitively priced at £32.00 per month, requiring swimmers to only attend twice per week to benefit financially it is perceived to be relatively expensive in the market place and there is no growth in income from this source at present. In any event, as mentioned at sub-section 1.7, existing customers are protected by the Price for Life guarantee.

Peak casual swimming charges increase by only 10 pence for all members. As described above the increase in differential for adult non-members results in an increase of 20 pence to these users. A family swim at any time equates to the cost of two children and one adult. In the case of Centre members a ‘family’ is defined as two adults and all the children in that family.

The Leisure Pass family swim rate has been increased by only 20 pence. This charge represents a reduction against the standard charge of almost 40%.

- 1.8.4 Membership – the annual family membership charge has increased by £2. A family membership is proposed at £94 per annum requiring, as an example, only 15 visits for family swimming in a year to benefit customers. Other membership categories increase proportionately and membership continues to offer reductions on all activities, including children’s courses.
- 1.8.5 Lifestyles Health and Fitness – The charge for adult Lifestyles membership paid by direct debit is proposed to increase by £1 per month with the headline rate becoming £43 per calendar month. As mentioned at sub-section 1.7 existing customers are protected by the Price for Life guarantee. The concessionary membership charge is held to encourage direct debit payments rather than casual

use in the concessionary category. Membership currently aimed at the 'hard to reach' 11-15 year olds age group is frozen at £15 per calendar month and the age band extended to include 16 to 18 year olds in full time mandatory education. However, Kickstart, the membership for 0-10 year olds is proposed to rise by £2 per month to £12. Across the leisure centres over 300 children hold this form of membership which is perceived to be extremely good value for money. In order to protect existing customers a Price for Life style price fix will apply to their membership fee until their 10th birthday assuming continuity of membership payments.

- 1.8.6 Courses – The Board will be aware of the introduction of the new Swim School at Larkfield and Tonbridge Swimming Pool in September 2011 with over 50% of customers now opting for direct debit payment. The headline charge is proposed to increase by 50 pence per month from September however the Leisure Contracts Manager would like to retain discretion over implementation of this increase subject to ongoing review and financial performance of the Swim School at both sites. Dryside course charges are also proposed to increase from September 2012. However, consideration is being given to adopting a 45 week dryside programme similar to Swim School from that date and a revised charging structure that incorporates direct debit payment options will be brought before this Board as a part of the review process.
- 1.8.7 Soft Play Zone/Crèche – the Board will be aware that the Crèche at Larkfield Leisure Centre has been relocated and incorporated within 'Larkabout'. However the introduction of a private sector competitor across the road has resulted in a significant reduction in business and a review is being undertaken to consider programme changes to this facility area. Therefore no increase in existing charges is proposed and the review findings will be reported to the next meeting of this Board.

1.9 Angel Centre

- 1.9.1 The proposed charges for the Angel Centre are detailed at **[Annex 2]**. All charges are rounded to the nearest 10 pence for operational and customer convenience. An average increase of approximately 3.9% has resulted. Some specific issues are detailed below.
- 1.9.2 Lifestyles Health and Fitness – as at Larkfield Leisure Centre the charge for adult Lifestyles membership paid by direct debit is proposed to increase by £1 per month with the headline rate becoming £43 per calendar month. As mentioned at sub-section 1.7 existing customers are protected by the Price for Life guarantee. The concessionary membership charge is held to encourage direct debit payments rather than casual use in the concessionary category. Membership currently aimed at the 'hard to reach' 11-15 year olds age group is frozen at £15 per calendar month and the age band extended to include 16 to 18 year olds in full time mandatory education. However, Kickstart, the membership for 0-10 year olds is proposed to rise by £2 per month to £12. Across the LSBU over 300

children hold this form of membership which is perceived to be extremely good value for money. In order to protect existing customers a Price for Life style price fix will apply to their membership fee until their 10th birthday assuming continuity of membership payments.

- 1.9.3 Courses – As at Larkfield Leisure Centre dryside course charges are proposed to increase from September 2012. As mentioned at paragraph 1.8.6 consideration is being given to adopting a 45 week dryside programme similar to Swim School from that date and a revised charging structure that incorporates direct debit payment options will be brought before this Board as a part of the review process.
- 1.9.4 Community Facilities – the charges for the Meeting Rooms have not been increased for two years whilst awaiting refurbishment of these areas. The refurbishment is now complete and increases proposed. The increases are relatively high and will be supported by greater flexibility offered to the General Manager to discount regular, community and block bookings. As in previous years, existing arrangements with long term regular hirers have been subject to individual negotiation, in order to recognise the loyalty of these users.
- 1.9.5 Tonbridge Farm All Weather Area - the proposed charges for the Tonbridge Farm All Weather Area are included within the Angel Centre charges at **[Annex 2]**.

1.10 Tonbridge Swimming Pool

- 1.10.1 The proposed charges for Tonbridge Swimming Pool are detailed at **[Annex 3]**. The majority of casual charges are rounded to the nearest 10 pence for operational and customer convenience. An average increase of approximately 2.3% has resulted. Some specific issues are detailed below.
- 1.10.2 Membership – the Board will recall that an annual membership option was introduced at Tonbridge Swimming Pool in 2011. This was designed to induce and reward loyalty and reduced the casual cost of swimming to members. This has been successful and the adult membership charge is proposed to increase by £1 with other membership categories increasing proportionately. The adult non-member differential charge is proposed to rise by 5 pence to 80 pence still requiring customers to swim only fortnightly to gain financial benefit.
- 1.10.3 Swimming Charges – As at Larkfield Leisure Centre the individual Swim & Spa monthly payment option has been held, to encourage customers to adopt this payment option if they are regular users. Whilst it remains competitively priced at £32.00 per month, requiring swimmers to only attend twice per week to benefit financially it is perceived to be relatively expensive in the market place and there is no growth in income from this source at present. In any event, as mentioned at sub-section 1.7, existing customers are protected by the Price for Life guarantee.

Peak casual swimming charges increase by only 10 pence for all members. An increase in the differential charge for adult non-members results in an increase of 15 pence to these users. A family swim at any time equates to the cost of two

children and one adult. In the case of Centre members a 'family' is defined as two adults and all the children in that family.

The Leisure Pass family swim rate has been increased by only 20 pence. This charge represents a reduction against the standard charge of almost 35%.

1.10.4 Courses – As at Larkfield Leisure Centre the Board will be aware of the introduction of the new Swim School in September 2011 with over 50% of customers now opting for direct debit payment. The headline charge is proposed to increase by 50 pence per month from September, however, the Leisure Contracts Manager would like to retain discretion over implementation of this increase subject to ongoing review and financial performance of the Swim School at both sites.

1.10.5 Tonbridge Racecourse Sportsground Games Hut - the proposed charges for the Tonbridge Sportsground Games Hut are included within the Tonbridge Swimming Pool charges at **[Annex 3]**.

1.11 Legal Implications

1.11.1 The Council's Financial Rules require that all fees and charges must be reviewed at least once a year, and be reported to the appropriate Advisory Board.

1.12 Financial and Value for Money Considerations

1.12.1 The financial position of the Leisure Services Business Unit will be outlined in more detail within the revenue estimates report to Finance & Property Advisory Board on 4 January 2012. The overall impact of the proposals outlined in this report including growth forecasts is estimated to result in additional income to the Leisure Services Business Unit of £101,250 in 2012/13.

1.13 Risk Assessment

1.13.1 The proposals in this report have been considered carefully in liaison with the Director of Finance and have been endorsed by Management Team, taking into account the Leisure Services Business Unit's financial position and the present market situation.

1.13.2 The financial performance of the Leisure Services Business Unit will continue to be monitored regularly with reports to Management Team and to this Board. It will be appropriate, in the light of operating experience and market assessment, to review charges on an ongoing basis and to respond to market fluctuations and opportunities as soon as possible.

1.13.3 In the event we deem it necessary to take such action, reports will be submitted subsequently to the Board for confirmation.

1.14 Equality Impact Assessment

1.14.1 See 'Screening for equality impacts' table at end of report.

1.15 Policy Considerations

1.15.1 Community, Equalities/Diversity, Healthy Lifestyles, Young People.

1.16 Recommendations

1.16.1 It is **RECOMMENDED TO CABINET** that:

- 1) the scale of charges for the Council's leisure facilities as set out in **[Annexes 1-3]** be implemented with effect from 1 April 2012; and
- 2) a review of the programming and charges for the Soft Play Zone/Crèche at Larkfield Leisure Centre be progressed and the findings be reported to the next meeting of this Board.

Background papers:

contact: Martin Guyton

File Reference: MG/Budget Preparation 2012/13

Robert Styles
Chief Leisure Officer

Sharon Shelton
Director of Finance

Screening for equality impacts:		
Question	Answer	Explanation of impacts
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	Not Applicable.
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	Yes	The proposed charges include a range of concessions for senior citizens, juniors, students, people with disabilities and those on low income designed to encourage access for all.
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		Not applicable.

In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.