



Report to: Income Generation Sub-Committee, 10th November 2021

Report of: Corporate Director – Operations, Homes and Communities

Subject: FREEDOM LEISURE - PROPOSED FEES & CHARGES FOR 2022

1. Recommendation

- 1.1 That following review at the Communities Committee meeting on the 3rd November 2021, the Committee recommends to the Council the approval of the proposed Fees & Charges submitted by Freedom Leisure for 2022, covering the period 1st January 2022 to 31st December 2022 inclusive (Appendix 1); and**
- 1.2 This report will go to the Council meeting on the 30th November 2021 for final approval.**

2. Background

- 2.1 Freedom Leisure was appointed as the City Council's approved leisure operator to manage the public leisure facilities and associated services with effect from 1st December 2015 through a ten year contract with the option for a further three year extension.
- 2.2 Contractually Freedom Leisure is required to submit their proposed fees and charges for the following year by 31st August each year.
- 2.3 Fees and charges are approved annually as part of the budget setting process and are approved by Full Council. The majority of the Council's fees and charges are agreed at the February Council meeting and implemented with effect from 1st April to the 31st March.
- 2.4 Freedom Leisure has previously submitted a formal request to submit their fees and charges for approval with effect from 1st January each year, instead of the 1st April. The rationale for this is that demand for indoor leisure provision is at its highest in the first quarter of the calendar year, as outdoor options are more limited due to the lack of natural daylight and adverse weather conditions.
- 2.5 On the 9th May 2017 CLT asked officers to amend the forward plan to reflect the revised implementation date, referred to above, for the annual approval of the Freedom Leisure Fees & Charges.
- 2.6 Freedom Leisure also delivers the sports, arts and play development service on behalf of the City Council; this is known as the Active Communities programme.

This programme is designed to break even with no operator profit and the Community Holiday Activity Programme is provided free of charge in priority wards, with associated costs funded via external grants.

- 2.7 Freedom Leisure delivers a part of the Worcester City Council employee benefit scheme. This consists of a free gym induction, free booking card and a 25% discount on 'pay as you go' activities and membership prices, upon production of a valid staff ID badge. This supports Freedom's commitment to a healthy workforce under the accredited 'Worcestershire Works Well' scheme.
- 2.8 It should be noted that the prices contained within the Freedom Leisure Fees and Charges proposal for 2022 are the maximum charges applicable. However, with due notification to the City Council a reduced price can be promoted as part of a targeted marketing campaign (which would usually be run on a national basis).
- 2.9 The choices available under the 'Connected' membership categories provide customers with not only access to the excellent facilities available at Perdiswell Leisure Centre, St Johns Sports Centre and Nunnery Wood Sports Complex, but it also enables them to use (at no additional cost) any Freedom Leisure facilities in the Worcestershire area, such as those within the local Malvern contract at Sport Martley, Dyson Perrins and Malvern Splash.
- 2.10 Within the original contract bid Freedom Leisure committed to providing free swimming for the over 75s and under 16s in one of the priority wards each holiday period, on a rotational basis (Warndon, Rainbow Hill/Tolladine, Gorse Hill/KGV also known as 'Areas of Highest need' as well as Ronkswood, Midland Road/Horizon and Dines Green) and free swimming lessons for identified year 6 pupils who are not able to reach the National curriculum criteria of being able to swim at least 25m.
- 2.11 In October 2019 Freedom Leisure were appointed as the operator for the new tennis facilities in Gheluveld & Cripplegate Parks, which opened to the public in September 2020. Therefore, this activity is also now included within their annual review of fees and charges. There is an allocation of 15 hours per week for free tennis courts subject to individuals meeting the advance 25/50 criteria. In addition, the Council has the option of funding an additional 15 hours of free tennis between 1st April and 30th September 2022, as was the case over the same period in 2021.
- 2.12 In September 2021 Freedom Leisure consulted with representatives from the Public Health Service at Worcestershire County Council and the Sports Partnership Herefordshire and Worcestershire to discuss the content of their future 'Active Ageing' programme and their proposed fees and charges for 2022. Both organisations were content with the proposal outlined to them and pleased with the impact of Freedom Leisure's ongoing work in the community.

3. Pricing and Rationale for 2022

- 3.1 The proposal from Freedom Leisure is that their prices are increased by an average of 3.2% across the various categories of their Fees & Charges proposal document, with the following providing a summary across the categories:

Category	Ave: % increase
Monthly Memberships	1.35%
Annual Memberships	1.35%
Swim School Memberships	3.0%
Swimming Activities	4.6%
School Swimming	5.8%
Clubs & Private Hire (Events)	3.5%
Special Swimming Sessions	5.6%
Unsupervised Activities	4.9%
Equipment Hire	0.8%
Supervised Activities	4.5%
*AGP's and Athletics Facilities	6.2%
Tennis – Annual Passes	No increase from 2021
Tennis – Pay & Play	No increase from 2021

*AGP's – Artificial Grass Pitches (at all three Leisure Centres)

- 3.2 Freedom Leisure have increased their casual charges due to the expectation that many of their employee costs will increase significantly. Wages across the group will need to increase due to the anticipated increases expected with the National Living Wage/National Minimum Wage.
- 3.3 The employment market in the leisure industry remains very challenging in part due to the existing level of pay. Freedom Leisure are finding it very difficult to recruit for key positions and they recognise that they need to increase the salaries offered for key posts such as Duty Managers, Swim Manager and Swim Instructors to ensure they remain competitive. With such a high demand for swimming lessons they need to ensure they can cater for all children and adults wanting to learn to swim and increasing pay will ensure they can continue to deliver what is a hugely successful programme.
- 3.4 The casual adult swim is due to increase by 6.5% (30p) and the casual Under 4 swim by 8% (10p) and the junior fee by 8.7% (20p). Following a recent local benchmarking exercise these casual swim charges identified the fact that the proposed new charges at Perdiswell Leisure Centre are comparable with other competitors, even though it's the newest facility. Therefore, the new prices will align competitively with all the local facilities that were included in the study (Bromsgrove Leisure Centre, Redditch Leisure Centre, Malvern Splash, Pershore Leisure Centre, Evesham Leisure Centre, Droitwich Leisure Centre and Worcester Citizens Pool).

Leisure Centre	Adult 2021	Junior 2021	Proposed 2022	Proposed 2022
Perdiswell	£4.60	£2.30	£4.90	£2.50
Bromsgrove	£4.50	£3.50	Not yet confirmed for 2022	
Redditch	£4.60	£2.30		
Malvern Splash	£4.55	£3.40		
Pershore/Evesham/Droitwich	£4.60	£3.30		
Worcester Citizens Pool	£5.20	£3.30		

- 3.5 Freedom Leisure calculates the rig/de rig charges for clubs and private hire based on the number of individual swimming lessons cancelled and refunded. Children enrolled on the swim school programme pay by monthly direct debit and therefore when Freedom Leisure hosts an event (swimming gala etc.) they have to provide refunds to a far greater number of children (2,250 local children now participate in the swim school programme across the seven day period) exceeding the attendance prior to the coronavirus pandemic. A 25% discount is then applied to the overall charge for the event.
- 3.6 The proposed increased rates for the Swimming Club have been agreed with the Secretary of the Club following a consultation meeting that took place on the 17th September 2021 between the two organisations.
- 3.7 Worcester Swimming Club use the whole of the main pool during their training sessions, but the teaching Pool remains available for community use. For events such as the County Championship and Club Open meets which can encompass a Friday evening and all day Saturday and Sunday, Freedom will limit the number of occasions this will occur within the programme to protect public swim access. On the occasions when a gala is being held at Perdiswell Leisure Centre mitigation against the loss of public swimming time is that 'Connected' members still have the option of being able to swim at Malvern Splash without additional charge.
- 3.8 Freedom Leisure also offers a promotional membership to students attending the Heart of Worcestershire College at a cost of £105 per annum. However, the students only have to pay 50% of the fee with the College subsidising the balance. This is to encourage active participation amongst the students and provides them with better value for money than paying per visit.
- 3.9 It is proposed to increase the Fitness class fee by 6.7% (40p) per session following the return of the Les Mills licensed programme of classes such as Body Pump, Body Balance, Body Combat, Sh'Bam and Grit across the sites.
- 3.10 For Tennis at Cripplegate and Gheluvelt Parks Freedom Leisure proposes to apply a freeze at current 2021 charges, they will continue to offer the advanced 25 concession for the annual pass, and freedom leisure members will continue to benefit from a 20% discount.

4. Preferred Option

- 4.1 That the proposed fees and charges for 2022 are approved.

5. Alternative Options Considered

- 5.1 There is an option to increase all prices by a uniform 2.5%, this is not recommended given the comments in 3.1 and 3.2 of this report with vacancies at a long term high, coupled with high wage pressure across many sectors. The National Living Wage is expected to increase by 2.7% in 2022 and 3.8% in 2023 with experts forecasting average salary increases of 3% in 2022. Freedom anticipate that the combination of increasing vacancies and inflation is likely to keep pressure on pay increases. Freedom also expect the recent announcement of an increase of 1.25% in NI costs to create additional further pressure on pay, and therefore have a detrimental impact on their cost base.

- 5.2 A standard 2.5% increase also doesn't enable or support Freedom Leisure to respond to the competitive market place in a dynamic way, and it is of critical importance that the delivery partner for Leisure Services is able to influence price setting with appropriate rationale.
- 5.3 There is an option that no price increases are applied. This option is discounted due to the impact of the coronavirus pandemic on the leisure industry as a whole. Therefore, in order for Freedom to be able to meet their contractual obligations as much as possible in the current economic climate there is a need to apply some increases to fees and charges, as well as a reduction in expenditure. It is recommended that fees and charges are increased in a planned way, to ensure that participation is supported.

6. Implications

6.1 Financial and Budgetary Implication

Due to the impact of the coronavirus pandemic Freedom Leisure are still in their Business Recovery phase and continue to receive support from the Council. In 2020/21 they received a payment of £100k from the Government NLRF (National Leisure Recovery Fund) and a further £220k from the Council. The new fees and charges recommended enable Freedom Leisure to continue to provide efficient services and will assist them in a return to meeting their contractual obligations in terms of the future management fee due to the Council.

6.2 Legal and Governance Implications

Responsibility for reviewing fees and charges is delegated in part 3 of the Council's constitution to the Income Generation Sub-Committee. An annual review is carried out as part of the budget-setting process for the forthcoming financial year. However, as the proposed changes affect Freedom Leisure's income and expenditure only, there is no budget impact for the Council, outside of that outlined in 6.1 above.

6.3 Risk Implications

There is always a risk that with any increase in fees and charges that fewer members of the community will be able to participate. It is the view of officers that this risk is mitigated since the number of fees and charges which are receiving a significant increase are limited to casual pay and play activities.

6.4 Corporate/Policy Implications

Links to the City Plan corporate theme number 3 – A Healthy and Active City.

6.5 Equality Implications

No specific equality impacts were identified in relation to these proposed charges. However, as part of the Council's annual budget setting process an overall equalities impact assessment will be undertaken.

6.6 Human Resources Implications

None arising directly as a consequence of this report.

6.7 Health and Safety Implications

None arising directly as a consequence of this report.

6.8 Social, Environmental and Economic Implications

Maintaining a fee & charges schedule that promotes participation with a differentiated approach (i.e. targeted programmes and reductions through the concessions recommended) enables a broad range of the community to participate in activity and meet with other people throughout leisure centres and community based activity. The geographical spread of the three leisure centres and activities also supports the Council to meet its aspirations in relation to sustainability, with fewer journeys than would be the case if there were a single centre serving the City.

Ward(s)
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Background Papers: **Appendix 1 – Freedom Leisure - Proposed Fees and Charges schedule for 2022 (1st Jan to 31st Dec inclusive)**