



**Report to: Income Generation Sub-Committee, 5<sup>th</sup> November 2020**

**Report of: Director of Homes and Communities**

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**Subject: FREEDOM LEISURE - PROPOSED FEES & CHARGES FOR 2021**

**1. Recommendation**

**1.1 That the Sub-Committee recommends to Council the proposed Fees & Charges submitted by Freedom Leisure for 2021, covering the period 1<sup>st</sup> January 2021 to 31<sup>st</sup> December 2021 inclusive.**

**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 1<sup>st</sup> 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 31<sup>st</sup> 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 1<sup>st</sup> April to the 31<sup>st</sup> March.
- 2.4 Freedom Leisure has previously submitted a formal request to submit their fees and charges for approval with effect from 1<sup>st</sup> January each year, instead of the 1<sup>st</sup> 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 9<sup>th</sup> 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 2021 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 Gheluvelt & Cripplegate Parks, which opened to the public in September 2020. Therefore, this activity will also now be included within their annual review of fees and charges. There is an allocation of 12 hours per week for free tennis courts subject to individuals meeting the advance 25/50 criteria. In addition, there will be free guided sessions available through the Tennis for free charity.
- 2.12 In September 2020 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 2021. 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 2021**

- 3.1 The proposal from Freedom Leisure is that their prices are increased by an average of 2.45% across the various categories of their Fees & Charges proposal document, with the following providing a summary across the categories;

<b>Category</b>	<b>Ave: % increase</b>
Monthly Memberships	3.1%
Annual Memberships	3.4%
Swim School Memberships	2.9%
Swimming Activities	1.7%
Swim - Casual Adult & Lane	2.2%
Swim - Casual Child	3.2%
School Swimming	2.9%
Clubs & Private Hire (Events)	1.8%
Special Swimming Sessions	2.7%
Unsupervised Activities	2.4%
Equipment Hire	0.8%
Supervised Activities	2.4%
*AGP's and Athletics Facilities	2.3%

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

- 3.2 The only significant proposed increase in the monthly membership category is the Worcestershire joint connected – (7 Worcestershire Leisure Centres) with the intention to increase the charge by £8.50 per month (11.97%) for all new members, whilst existing members on this category will continue to retain their existing reduced rate. The rationale for the above inflationary increase is due to the current investment taking place to enhanced facilities at Malvern Splash and Tenbury Pool. The single membership in this category would therefore increase by £4.50 per month (11.53%)
- 3.3 The increases in 3.2 would then also apply to the annual membership category with an increase in the annual cost of £93.50 (11.97%) and £49.50 (11.53%) for the single membership with the same justification.
- 3.4 The casual adult swim is due to increase by 2.2% (10p) and the casual toddler (under 8's) and child (8 to 16 years) swim by 3.2% (5p). 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 (particularly the junior charge) will align favourably 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 and Droitwich Leisure Centre).

Leisure Centre	Adult 2020	Junior 2020	Proposed 2021	Proposed 2021
Perdiswell	£4.50	£3.40	£4.60	£3.50
Bromsgrove	£4.35	£3.50	Not yet confirmed for 2021	
Redditch	£4.50	£2.25		
Malvern Splash - Peak	£5.00	£4.45		
Malvern Splash – Off Peak	£4.40	£3.30		
Pershore	£4.60	£3.30		
Evesham	£4.60	£3.30		
Droitwich	£4.60	£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 (1,555 local children now participate in the swim school programme across the seven day period, with the impact of the Coronavirus pandemic reducing this from a peak of 2,085 in March 2020) The charge allows Freedom Leisure to offset loss of earnings and they therefore host such events on a break even basis.
- 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 28th August 2020 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 £100 per annum. However, the students only have to pay a fee of £50 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 at Perdiswell Leisure Centre by an additional 10p per session as this is the only facility which now hosts the Les Mills licensed programme of classes such as Body Pump, Body Balance, Body Combat, Sh'Bam and Grit.
- 3.10 Freedom proposes to retain the fees and charges for the new tennis courts at Cripplegate and Gheluvelt Parks at current 2020 rates.

#### **4. Preferred Option**

- 4.1 That the proposed fees and charges for 2021 are approved.

#### **5. Alternative Options Considered**

- 5.1 There is an option to increase all prices by a uniform 3%, this is not recommended as it does not 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.
- 5.2 There is an option that no price increases are applied. This option is discounted due to the ongoing impact of the coronavirus pandemic on the leisure industry as a whole, resulting in a reduction in activities available and the capacities within each class. 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 closure of all three leisure centres during the Q1 period of 2020 and the ongoing impact of the coronavirus pandemic, Freedom Leisure in consultation with the Council have produced a Business Recovery Plan to initially cover the period until the 31<sup>st</sup> March 2021. The plan consists of both a 'best' and 'worst' case scenario, with the current leisure contract being subsidised by the Council during this period. 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 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 is minimal.

## 6.4 Corporate/Policy Implications

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

## 6.5 Equality Implications

There are no equality implications associated with this report as no one particular group of protected characteristics is impacted.

## 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)**

**All Wards**

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### **Background Papers:**

**Appendix 1 – Freedom Leisure - Proposed Fees and Charges schedule for 2021 (1<sup>st</sup> Jan to 31<sup>st</sup> Dec inclusive)**