

Report to: Communities Committee, 8th November 2023

Report of: Corporate Director - Operations, Homes and Communities

Subject: FREEDOM LEISURE - PROPOSED FEES & CHARGES FOR 2024

1. Recommendation

That the Committee:

- 1.1 Recommends the proposed Freedom Leisure Fees & Charges for the 2024 calendar year at Appendix 1, to Income Management Sub-Committee on 15th November for approval; and**
- 1.2 Notes that subject to approval by Income Management Sub-Committee on 15th November 2023, the proposed fees & charges will then be recommended to Council on 28th November 2023 for full and 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 are 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 development service on behalf of the City Council; this is known as the Healthy 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 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 2024 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 a nominal 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 2024, as was the case over the same period in 2023.
- 2.12 In September 2023 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 2024. 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 2024

- 3.1 Following an unprecedented set of circumstances over recent years the leisure sector has finally entered a more settled period despite energy costs remaining high, as the leisure operator now has the surety of having entered into new tariffs for both gas and electricity. Inflation currently stands at 6.7% (CPI August 2023).
- 3.2 As a result, the proposal from Freedom Leisure is that their prices are increased by an average of 4.6% across the various categories of their Fees & Charges proposal document, with the following table providing a summary:

Category	Ave: % increase
Monthly Memberships	3.8%
Annual Memberships	4.7%
Swim School Memberships	3.8%
Swimming Activities	5.6%
School Swimming	6%
Clubs & Private Hire (Events)	5%
Special Swimming Sessions	5.9%
Unsupervised Activities	1.1%
Equipment Hire	No increase from 2023
Supervised Activities	3.1%
*AGP's and Athletics Facilities	5.3%
Tennis – Annual Passes	No increase from 2023
Tennis – Pay & Play	No increase from 2023
Tennis - Coaching	7%

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

- 3.3 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 (LC), Redditch LC, Malvern Splash, Pershore LC, Evesham LC, Droitwich LC and Worcester Citizens Pool).

Leisure Centre	Adult 2023	Junior 2023	Proposed 2024	Proposed 2024
Perdiswell	£5.50	£4.10	£6.00	£4.50
Bromsgrove	£5.40	£4.35	Not yet confirmed for 2024	
Redditch	£5.30	£2.65		
Malvern Splash	£5.80	£4.60		
Pershore/Evesham/Droitwich	£5.20	£3.80		
Worcester Citizens Pool	£6.60	£4.20		

- 3.4 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 (Over 2,500 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.
- 3.5 The proposed increased rates for the Swimming Club have been agreed with the Secretary of the Club following a consultation meeting between the two organisations.

- 3.6 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.
- 3.7 Freedom Leisure also offers a promotional membership to students attending the Heart of Worcestershire College at a cost of £115.00 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.
- 3.8 It is proposed to increase the Fitness class fee by 5.6% across the three venues as the programme of classes on offer includes the licensed Les Mills programme of classes such as Body Pump, Body Balance, Body Combat, Sh'Bam and Grit.
- 3.9 For pay and play tennis at Cripplegate and Gheluvelt Parks Freedom Leisure propose to apply a freeze on the current 2023 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 2024 are approved as such action is forecast to generate an additional income of c£146k to Freedom Leisure, which will therefore reduce the risk of any further request for financial support from the Council during 2024/25.

5. Alternative Options Considered

- 5.1 There is an option to increase all prices by a standard percentage rate across the board, but this is not recommended given the comments in 3.1 and 3.2 of this report. Such an increase may not allow Freedom Leisure to react to the competitive market place in a flexible manner, and it remains 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 impact of worldwide issues 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 an appropriate increase 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 remains encouraged and supported.

6. Implications

6.1 Financial and Budgetary Implication

At the Policy & Resources meeting on 7th February 2023 the Committee approved financial support up to a maximum value of £315,000, identified with the MTFP, to

cover additional energy costs for the period 1st April 2023 to 31st March 2024, which is to be paid monthly in arrears via a fully open-book process.

Note – As part of the Council’s savings plan the original £315k was reduced to a budget of £125k, based on recent meetings with Freedom Leisure who indicated that the costs for their new energy contracts were lower than originally projected.

The new fees and charges recommended enable Freedom Leisure to continue to provide efficient services and will assist them in 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 Management 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 those in receipt on benefits are eligible for the Advance 50 card providing access to activities at half price. The Freedom Leisure Healthy Communities team will continue to deliver and expand their free multi-sports programme during school holidays.

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 via the Freedom Leisure Healthy Communities team delivering targeted programmes and reductions through the concessions available, enables a broad range of the community to participate in activities and meet with other people through the leisure centres and local community facilities, supporting both mental and physical wellbeing.

The geographical spread of the three leisure centres and outreach locations 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 2024 (1st Jan to 31st Dec inclusive)**