

AGENDA ITEM 7**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL****CABINET****12TH FEBRUARY 2015****COUNCIL FEES AND CHARGES (INCLUDING PROPOSALS TO REVISE CHARGES FOR LEISURE SERVICES) 2015/16****JOINT REPORT OF THE GROUP DIRECTOR, CORPORATE AND FRONTLINE SERVICES AND THE GROUP DIRECTOR COMMUNITY AND CHILDREN'S SERVICES****Authors: Chris Lee (01443) 424026 and Dave Batten (01443) 490256****1. PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to set out the proposed increases to Council fees and charges for the financial year 2015/16 and to outline proposed changes specifically to Leisure fees and charges (all to be effective from 1st April 2015 or as soon as is practicable thereafter).

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Consider and, if appropriate, approve the proposed revised levels for all Council fees and charges as set out at Appendix 1.
- 2.2 Specifically in relation to Leisure Fees and Charges
- 2.2.1 Approve proposed changes to the Councils More Card Leisure Membership Scheme and agree to launch a new 'Leisure for Life' Card from 1st April 2015 (or as soon as is practicable).
- 2.2.2 Approve the proposed price points for the new 'Leisure for Life' card and approve the revised schedule of pay and play fees and charges as set out in Appendix 2 and Appendix 3.
- 2.2.3 Approve to fix the price of the annual memberships and the new committed price points for a period to the 1st January 2017.

2.2.4 Approve that all other future increases to fee levels in Leisure Services (as contained in this report) are effective from 1st January (effective from 1st January 2016).

2.2.5 Approve that serving members of the Armed Forces are offered a free Leisure for Life Card.

3. BACKGROUND

3.1 Council on the 26th February 2014 agreed the Council's budget strategy for 2014/15. Part of the strategy was to increase fees and charges, in total, by an average of 3% above the Retail Prices Index (RPI) per annum for 2014/15 and for each subsequent year to 2017/18.

3.2 The latest RPI level as announced on the 13th January 2015, was 1.6% and if all income was included that would mean an increase of 4.6%.

3.3 A review has also been undertaken of Leisure Charges (detailed below at Section 4) which has proposed a number of changes including rebranding and repositioning our level of fees. The leisure proposals (in totality) will deliver the 4.6% increased income requirement for 2015/16.

3.4 Cabinet have also requested that the level of charge for Car Parking is frozen, that is, to remain at current levels for 2015/16. This will be the second consecutive year which our car parking charges will have been frozen.

3.5 Appendix 1 provides an exemplification of proposed increases for 2015/16, which it is estimated will deliver the required £0.500M of additional income which is included in the draft budget strategy for 2015/16. The proposed increase is 6.1%.

3.6 Agreement of the proposed increases is now required in order to put in place the necessary steps for increases to be effective from 1st April (or as soon as is practicable thereafter).

4. LEISURE CHARGES – REVIEW

4.1 Further to the changes agreed as part of the Councils Medium Term Financial Service Planning arrangements (Cabinet 31st July 2014), a review has been undertaken to address the outstanding issues of product lines and fees and charges.

MoreCard

4.2 The Council introduced the MoreCard in 2006, replacing the former "Leisure Card". Along with the purchase of a new Management Information System, at the time this represented a significant step in taking forward a programme of improvements to the Council's Leisure Services.

- 4.3 The MoreCard as introduced in 2006 consisted of 2 distinct products, MoreMax and MoreValue, with a number of price points determined by eligibility criteria particularly age and ability to pay. The configuration of the products and price points were reflective of a different financial climate at that point in time, with income generation / maximisation being a secondary consideration to social inclusivity and responsibility.
- 4.4 In subsequent years further variations were added including MoreCorporate and MoreFamily memberships but in reality these were sub products of MoreMax and MoreValue. Initially the take up was relatively slow with a better take up in the Taf Ely area. However, with the MoreCard representing extremely good value for money, particularly for those taking regular exercise, significant numbers were eventually persuaded to sign up for direct debit membership across the County Borough albeit with a noticeable North South divide.
- 4.5 The MoreCard can be judged as a success, and now accounts for almost 50% of the income into our Leisure Centres. However, the financial landscape for Councils has radically changed in the last 8 years leaving the MoreCard at a crossroads of still delivering affordable opportunities for sport and physical activity but at a price the Council cannot continue to afford.
- 4.6 Of particular note is the level of discount given to the concessionary rates. Initially the concessionary rates were set to particularly encourage juniors and those on low income to take up and continue to undertake physical activity. The maximum discount for concessionary rates was initially set at 50% however, due to the way that annual price increases have been applied to all products their discount gap has widened to 55%. This level of discount is significantly higher than all neighbouring Councils and is out of step with the Leisure industry in general.
- 4.7 In addition to the MoreCard products there is a pay and play price list which covers all other activity charges for the Leisure Centres. The price list runs into pages and carries many anomalies dating back to the days of the former Borough / District Councils.
- 4.8 Officers have carried out a review of all Leisure Products and prices and the recommendations are set out in the following sections.

MoreCard - Recommendations

- 4.9 In 2012 the Council launched a marketing campaign entitled 'Leisure for Life'; this strap line has been subsequently used in all marketing material and signage. Officers concluded that this had created a level of confusion with the public in terms of what was the "brand". In the light of the service changes agreed in July 2014, it was felt that the Council should discontinue the MoreCard (and its sub-products) and relaunch the membership scheme solely as the 'Leisure for Life' Card.

- 4.10 Officers also felt that the way that the MoreCard range of products had been presented together with the various price points further served to create confusion amongst customers. The recommendation is to move to a one product approach, based on the current MoreMax Card, which represents the most comprehensive and best value product in the Leisure Market in South Wales. This approach would allow for a simpler and more direct marketing approach in the future.
- 4.11 It is also recommended that the new 'Leisure for Life' Card should have 2 levels of discount as follows:
- | | |
|--------------------|---|
| Leisure for Life – | Concession for Juniors, Seniors, ability to pay
Set at 40% of the relevant full priced rate |
| Leisure for Life - | Corporate set at 25% discount of the full committed rate |
- 4.12 To ensure that further pricing anomalies do not occur in the future it is further recommended that price rises are applied to the full price products only. All discounted prices will then rise in line with discount percentages as above (ensuring they remain at the new levels and do not drift apart over the next few years as has happened to this point).

Future Price Increases for Leisure

- 4.13 One of the major issues in administering a membership scheme is the level of attrition, that is customer "drop off". In Rhondda Cynon Taf this runs at 45%, which results in an average length of stay per customer of only 5 months. This level of drop off takes up a significant amount of staff resource in what is in effect non-productive work. The industry norm is to introduce a price differential in terms of committed/non-committed memberships. The More – Corporate Scheme has always been based on a commitment period of 12 months whilst the general MoreMax and MoreValue schemes have been run on an uncommitted basis
- 4.14 Officers have carefully considered offering distinct cheaper products e.g. gym only, gym and swim, class cards etc, however it is felt that moving in that direction would severely undermine the premium product and would very likely lead to a steep reduction in income. Whilst the Council must be aware of what the industry norms are, trying to compete on price would appear to be a mistake particularly at the low to middle end of an extremely fickle market. By sticking with our premium product we are clearly defining our place in the market, offering affordable fitness together with sport and swimming. No private sector operator can compete with this offer. Bringing in a committed rate at £35.00 per month guaranteed until January 2017 will really provide a stern test for the private sector.

The recommendation is to introduce a new committed rate, competitively priced at £35 per month.

- 4.15 The next recommendation for the new Leisure for Life Card is to freeze prices for the new committed and annual membership rates. It is felt that this would be an effective way of both encouraging customers to take up the product, stay longer and would counteract some of the customer negativity in respect of the reduction in opening hours implemented as part of the Medium Term Service Planning changes.
- 4.16 This would be a powerful marketing tool particularly over the next few months. The revised charges for the new 'Leisure for Life' Card are included at Appendix 2. (Note last years budget strategy approved fee increases of on average 3% above RPI – officers will monitor the financial consequences of this freeze and demand levels and will incorporate into the 2016/17 fees and charges review).

The recommendation is to freeze prices for the new Leisure for Life Card until January 2017.

- 4.17 The final recommendation for the new 'Leisure for Life' Card is to change the timing of future price rises. One of the major contributions to the attrition rate discussed in the previous section is the timing of the Councils annual price rises generally from April in any year.
- 4.18 The Leisure industry is geared to a traditional surge in membership in January/February. The Council is duty bound to inform customers on membership schemes of any impending price rises. By having to write to customers particularly new ones, soon after taking up membership, encourages customers to cancel direct debits and remove themselves from the scheme.

The recommendation is that future price increases for Leisure Services should be implemented on 1st of January each year (from January 2017 as per above).

Pay and Play - Recommendations

- 4.19 By moving to a one membership product the Council will be moving to a simpler form of charging in Leisure. Customers will either be members or will pay cash. To support this, a thorough review of all pricing has been undertaken across all activities. The approach adopted has been to replace the old prices based on space methodology which was how the industry traditionally calculated charges (most charges in Leisure Centres have been based on the size of the main hall and how many badminton courts it accommodates). The proposed new approach is based on a charge for the activity based on the time it takes plus any additional direct cost needed to put on that activity i.e. cost of a coach, instructor etc.

- 4.20 The Council will continue to support the Welsh Government's free swim initiative at the level funded by Welsh Government. All residents over the age of 60yrs (Grand Splash) will receive free swimming sessions and aquatic activities at all of our pools. Similarly, all school children (aged 16yrs and under) will continue to receive free swimming and aquatics activities throughout the school holidays.
- 4.21 The recommended revised price list is included at Appendix 2 and Appendix 3.

It is recommended that the level of charges as shown in Appendix 2 and Appendix 3 be implemented and that future price increases be effective from 1st January.

Armed Services Recommendations

- 4.22 As part of the current arrangements, the Council offers serving members of the Armed Forces a level 3 discount on MoreCard Membership. This offer covers personnel serving full-time, reservists and members of the TA.
- 4.23 Rather than applying the revised terms and conditions to service personnel, it is recommended that the Council offers a free Leisure for Life Card to all service personnel, to be verified annually by a valid service ID.

It is recommended that serving members of the Armed Forces are offered a free Leisure for Life Card.

5. EQUALITY IMPACT ASSESSMENT

- 5.1 In developing these proposals an equality Impact Assessment has been undertaken to ensure that :
- The Council meets the requirements of the Public Sector Equality Duties; and
 - Due regard has been taken of the likely impact of the decision in terms of equality and discrimination.

6. CONCLUSION

- 6.1 This reports sets out proposals for the level of council fees and charges for 2015/16 financial year, including a review of and proposals for arrangements for charging for our leisure services.
- 6.2 The consolidation of existing Morecard products into a Leisure for Life card product will provide for a more focussed and targeted marketing campaign and continue to offer value for money as compared with other products available across the leisure industry locally.

- 6.3 The recommendations will enable the Council to generate the additional income from fees and charges as included in the 2015/16 Budget Strategy (draft).

APPENDIX 1**PROPOSED FEES AND CHARGES INCREASES FOR 2015/16**

Group	Service Area	Type Of Income	Proposed Increase 2015/16	
Corporate	Electoral Registration	Miscellaneous Income Vatable	6.1%	
Corporate		Sale Of Publications	6.1%	
Corporate	Land Charges	Land Charges	6.1%	
Corporate	Porth Plaza	Hire Of Premises	6.1%	
Corporate	Valley Innovation Ctr Serv To Business	Hire Of Premises	6.1%	
Chief Exec				
Chief Exec	RHP Premises Costs	Leisure Sales Income Vatable	6.1%	
Chief Exec		Leisure Sales Income Non Vatable	6.1%	
Chief Exec	RHP Souvenir Trading	Miscellaneous Sales	6.1%	
Environmental				
Environmental	Licensing	Licences	6.1%	
Environmental	Food Health And Safety Project	Course Fees General	6.1%	
Environmental		Service Chgs Recoverable	6.1%	
Environmental	Food Standards	Course Fees General	6.1%	
Environmental	Bereavement Services	Sales Caskets & Urns	6.1%	
Environmental		Plaques & Memorials	6.1%	
Environmental		Cremation Fees	6.1%	
Environmental		Books Of Remembrance	6.1%	
Environmental		Burial Fees	6.1%	
Environmental		Exhumation Fees	6.1%	
Environmental		Memorial Permits	6.1%	
Environmental		Use of Chapel	6.1%	
Environmental		Registrar	Booking Fees	6.1%
Environmental			Attendances	6.1%
Environmental	Community Safety CCTV	Other Fees Receivable	6.1%	
Environmental	Leisure Centres	All Income	Revised Fee Schedule Proposed	
Environmental	Leisure Centres	Catering and Bar Income	6.1%	
Environmental	Community Centres Client	Rental Income	6.1%	
Environmental	Waun Wen Community Centre	Leisure Sales Income Vatable	6.1%	
Environmental		Leisure Sales Income Non Vatable	6.1%	
Environmental	Coliseum Aberdare	Leisure Sales Income Vatable	6.1%	
Environmental	Park & Dare Theatre	Leisure Sales Income Vatable	6.1%	
Environmental	Bars & Catering Parc & Dare	Leisure Sales Income Vatable	6.1%	
Environmental	Bars And Catering Coliseum	Leisure Sales Income Vatable	6.1%	

Group	Service Area	Type Of Income	Proposed Increase 2015/16
Environmental	Allotments	Rental Income	6.1%
Environmental	Maritime Rec Ground	Vending Sales	6.1%
Environmental		Leisure Sales Income Vatable	6.1%
Environmental	Ynysangharad Park	Summer Fees	6.1%
Environmental		Winter Fees	6.1%
Environmental	Parks (Excludes new fees and charges introduced 15/16)	Rental Income	6.1%
Environmental		Income From Outside Bodies	6.1%
Environmental		Summer Fees	6.1%
Environmental		Winter Fees	6.1%
Environmental	Countryside Services	Miscellaneous Income Vatable	6.1%
Environmental	Street Cleansing Operations	Contract Income	6.1%
Environmental	Commercial Waste	Trade Refuse Charges	Revised Fee Schedule Proposed
Environmental	Waste Collection	Miscellaneous Income Vatable	6.1%
Environmental		Bulky Waste Collection Income	6.1%
Environmental	Parking Services	Season Ticket Parking Fees	0.00%
Environmental		Parking Fees	0.00%
Environmental	Nrswa	Licences	6.1%
Environmental	HTS Secondary	Non Vatable Fees	6.1%
Environmental	Traffic Management	Non Vatable Fees	6.1%
Education	School Meals Income	School Meals Sales	6.1%
Education	Schools Facilities Management	Miscellaneous Income Vatable	6.1%
Education	Catering Training	Misc Contributions Non Vatable (OS)	6.1%
Education	Welfare Income	Clients Meals Sales	6.1%
Education		Catering Income	6.1%
Education	Peripatetic Music Service	Misc Claims	6.1%
Education		Miscellaneous Income Vatable	6.1%
Education		Equipment Hire	6.1%
Education	Music Development	Misc Claims	6.1%
Education		Examination Fees	6.1%
Education		Performances - Ticket Income	6.1%
Education	Aberdare Library	Unbalanced Deposits	6.1%
Education	Library Central Services	Misc Contributions Non Vatable (OS)	6.1%
Education		Miscellaneous Income Vatable	6.1%
Education		Miscellaneous Income Non Vatable (ZR)	6.1%
Education		Sale of Local History Books	6.1%
Education		Income from sales of postcards	6.1%
Education		Materials Sales	6.1%

Group	Service Area	Type Of Income	Proposed Increase 2015/16
Education		Miscellaneous Sales	6.1%
Education		Sale Of Photocopies	6.1%
Education		Sale Of Publications	6.1%
Education		Equipment Sale Income	6.1%
Education		Library Fines	6.1%
Education		Hire Charges	6.1%
Education		Tel Kiosk Collections	6.1%
Education		Other Fees Receivable	6.1%
Education		Unbalanced Deposits	6.1%
Education	Pfi Lifelong Learning Centre	Miscellaneous Income Vatable	6.1%
Education	Education Welfare Officers	Mobile Telephone Calls Reimbursement	6.1%
Community		Board And Lodge Income	6.1%
Community		Catering Income	6.1%
Community		Clients Meals Sales	6.1%
Community		Day Nursery Fee Income	6.1%
Community		Hire Of Premises	6.1%
Community		Misc Income Non Vatable (OS)	6.1%
Community		Private Telephone Calls Reimbursement	6.1%
Community		Produce Sales	6.1%
Community		Staff Meals Sales	6.1%
Community		Tel Kiosk Collections	6.1%
Community		Visitors Meals Sales	6.1%

Leisure for Life

Appendix 2

Proposed Price List

	Adult	Concession	
Leisure for Life Membership			
Leisure for Life Annual	£350.00	£210.00	p/annum
Leisure for Life (DD committed 12 month)	£35.00	£21.00	p/month
Leisure for Life (DD)	£38.00	£22.80	p/month
Leisure for Life (Cash)	£45.00	£27.00	p/month
Leisure for Life Day Pass	£10.00	£6.00	p/day
Leisure for Life Corporate	£26.25	-	p/month
Pay and Play			
Fitness			
Group Fitness Class	£5.00	£3.00	
Fitness Studio	£5.00	£3.00	
Induction	£10.00	£6.00	
GP Referral / Step Scheme	£1.75	-	
Swimming			
Swim	£3.10	£1.85	
Swim under 5's	-		
Parent and toddler		£3.95	
1 to 1 swimming lessons (1/2 hr)	-	£17.45	
30 min group swimming lesson	£6.60	£3.95	
Per 10 wk course	£66.00	£39.50	
Requires Swim Wales registration Fee			
Life saving class	£6.60	£3.95	
Racket Sports			
Badminton, Squash, Table tennis per person	£3.70	£2.20	
Racket hire	£3.10	£3.10	
Team Games			
Indoor sport activity (5 aside, Netball etc)	£37.00	£22.00	
Ball Hire	£8.35	£8.35	
Bowls Winter	£10.45	£6.25	
Bowls Summer	£5.30	£3.20	

Health Suite / Spa	£5.20	£3.10
Other Activities		
Coached Sports classes	£5.00	£3.00
Softplay session	-	£3.00
Cycle Hire 1/2 Day	£3.95	£2.40
Cycle Hire all Day	£7.00	£4.20

Appendix 3

Leisure Hire Price list

Social hire	Adult	Concession
Conference and meetings		
Small meeting / conference (approx 15)	£20 per hr	-
Standard conference	£35 per hr	-
Large conference (Function Hall)	£50 per hr	-
Very large conference (Main Hall)	£70 per hr	-
Wedding / Birthday Social function	£550.00	-
All inclusive all day		
Include 2 door security		
Setup fee	£35.00 per hr	-
Extra door security for 200+ guests	£100.00	-
Sport Hire prices per hr		
Single court	£7.40	£4.40
Hall Hire	£37.00	£22.00
Room for sport use (up to 20)	£20.00	£12.00
Studio (max 50)	£26.00	£15.60
Swimming Pool Hire per hr		
Pool hire	£50.00	£50.00
Small pool hire	£30.00	£30.00
Diving pit / pool	£30.00	£30.00
Lane hire per lane	£10.00	£10.00
Pool party	£100.00	£100.00
Pool party (Bronwydd Pool)	£50.00	£50.00
Bouncy Castle parties		
Standard Castle party (2hr)	£75.00	£75.00
Premium Castle party / Softplay (2 Hr)	£110.00	£110.00
Inclusive of 1hr room hire		
