

Introduction

The charges within Sport and Leisure Services cover a wide range of activity and are determined by three principles, full cost recovery; market rate and the ability to pay. In April 2008 a new pricing policy was introduced following agreement by Members that reflects these three principles.

All the charges are discretionary and relate to a service which the user can choose to buy or not. Competition for each of the activities is offered by private sector, other local authorities and the third sector and users have a choice as to where they undertake their activity.

Therefore, market forces are an important factor in the setting of charges for sport and leisure service. Whilst full cost recovery principles have always been in use for newer commercial activities such as health and fitness, historically, the public benefit of swimming has been subsidised. There is a risk with any price increase of reaching a price point that drives the customer to look elsewhere for a cheaper provider. Dependent on where you live in the Borough and your ability to travel there is alternative provision people could choose. Therefore, benchmarking local competition is crucial in the setting of the fees and charges to ensure that the service is not priced out of the market and the price increase is self defeating. The future provision of the services and the use of any ongoing subsidy is currently subject to consideration as part of a separate project within the Haringey Efficiency and Savings Programme.

The maximisation of income is key driver for the service and it seeks to achieve this through promotion of an engaging range of activities to the general public and target groups alike. More people exercising more often is at the heart of everything we do. As a consequence of this more income will be generated.

The current concessionary pricing scheme (Ability to Pay) was introduced in 2008 as part of the pricing policy review and the service offers three categories of concession targeted at encouraging regular access by vulnerable groups for whom price has been identified as a barrier to participation.

Analysis of Cost and Income

Breakdown of the cost of delivering the service and the associated fees and charges income.

	£'000
<i>Expenditure</i>	
Employees	3,509
Premises	1,366
Transport	10
S&S	485
Third Party Payments	446
Leasing	112
Cap Financing (Prudential Borrowing)	514
<hr/>	
Total Expenditure	6,442
<hr/>	
<i>Income</i>	
Govt Grants	279
Other Grants	20
Customer and Client Receipts	3,599
Recharges	193
<hr/>	
Total Income	4,090
<hr/>	
Net Cost of Service	2,352
<hr/>	

The net cost of service comprises three elements. The first is the cost of the ability to pay concessions and accounts for an estimated £930k p.a. of the cost. The second element is the historical subsidy on public swimming (£6.09 per session full cost recovery against a casual swimming charge of £3.60 during 09/10) of £602k p.a. The third element is a general subsidy on non commercial activity. Non commercial activity costing £820k p.a. relates to casual sports usage, club bookings, non income generating spaces, non recoverable costs and also sports provision at White Hart Lane Community Sports Centre.

Fees and Charges Proposals

The typical increase in sport and leisure fees and charges being proposed is 12% this is made up of a combination of three price increases. 4% from an in year 10/11 increase; 2.5% increase for the January 2011 Vat rise from 17.5% to 20% and a further 5% increase which is year two of the price increase agreed in 2009/10 to be 2.5% above inflation (inflation currently 2.5%). In quarter 4 it will deliver the £50k target for in year efficiencies – the £25k will be delivered via average 2.5% in year price increase for 3 months and the remaining £25k via bringing forward the 2011/12 2.5% price increase (for 3 months). Therefore, the in year price increase will translate to £150k saving in the full year for 2011/12. However, this is dependent on the public reaction to the increase and external austerity pressures which may lead to more people qualifying for concessions. Additionally, £49k of this saving will be used to offset ongoing budget pressure with the remaining £100k saving representing additional income compared to the 2010-11 budget.

All sport and leisure fees and charges have been benchmark against 9 comparator boroughs. These Boroughs are:-

1. Waltham Forest
2. Barnet
3. Enfield
4. Hackney
5. Islington
6. Camden
7. Tower Hamlets
8. Newham

Revised fees that are now proposed fall within the average of standard charge made by each of these Boroughs where we currently charge less than the average rate.

Where we currently charge more than the average across these boroughs an individual increase or no increase has been proposed.

1. Swimming Fees and Charges - The Standard Fee will rise from £3.80 to £4.50 and as standard swimming charge this puts us in line with other benchmark boroughs plus a 5% further increase to ensure we remain in line with their fees and charges increase for 2011/12. 25-50% increase has been applied to the casual swimming rates for advantage and advantage plus this year. This is because these charges have not increased in line with other fees and charges since the introduction of the current pricing policy.

The reason they have not increased year on year is due to the effect of rounding to the nearest 10p over the last three years. The discounted swimming charges for the two concessionary groups remain among the lowest cost activities within the leisure centres even after the realignment of the charges. In addition a further increase has been applied to reflect the movement of the standard price as set out above. These proposed rates are in line with other equivalent rates across the 9 comparator boroughs. Income

derived from casual swimming is £517k p.a. which equates to 14% of the total leisure centre income.

The Active People Survey indicates that 14.4% of the boroughs adult population swim at least once per month. This compares with a London average of 12.3%, whilst private gym operations offer smaller ancillary swimming facilities, the larger proportion of adult resident swimming participation takes place in the boroughs public pools.

2. Car Parking Charges – The 1 hour and 2 hour car parking charges for White Hart Lane have been brought in line with those hourly rates charged at Tottenham Green and Park Road Leisure Centres.

3. Memberships – Members have raised concern that the structure of the current membership and concessionary scheme is overly complicated. It was agreed at the leader's conference on Wednesday 1st December that it would remain unaltered until such time as agreement on the future leisure options has been reached. The structure of the current membership scheme which was agreed in 2008 includes the concessions outlined later in this briefing. However, all new concessionary memberships will now be limited to Haringey Residents only.

However it is felt that there is scope to increase the cost of the all inclusive Gold package from the current proposed £42 to £44 and to increase the Blue (Swimming based) Membership from the proposed £28 to £29 to reflect the further increase in the standard swimming charge. All membership packages work on the bases of it being cheaper to take out membership if you come more than 6 times a month to the leisure centre for your chosen activity.

It is proposed that the following changes be made:-

- Blue Membership - this will now be focused on wet activities only removing the inclusion of racquet sports. Blue Members will now have access to a swimming based induction to bring this inline with those that join on Gold membership for the gym.
- Silver Membership - this will now include racquet sports and still offers great value given the price increase on racquet sports.
- Gold Membership free attendance at courses will be no longer be included in this membership type to bring this inline with the competitor benchmarking conducted this year.
- An ongoing promotion will be in place for those wishing to fix their direct debit rate by signing up for a contract to cover the next 12 - 18 months.

In each case transitional arrangements will be made put in place for existing members.

A review of membership packages on offer to corporate partners will be undertaken to ensure it meets potential purchasers needs and a sales and promotion plan will be put in place to attract new customers to take up the package. We will also improve promotion to local businesses through our annual marketing programme.

4. Park Road Café – The franchising of the park Road Leisure Centre Café is complete and operational. A rent free period will come to an end in November 2011 and after which the council will receive an annual income from the operator. The service can and will explore mutual incentivisation opportunities with the operator(s).

5. Swimming Lesson Prices – The benchmark exercise has revealed that the current pricing in place means Haringey is more expensive than all the other boroughs we looked at. Therefore we are proposing to hold the pricing on children's swimming lessons. The new swim school was launched this September and is proving a success and additional income is being generated through the higher occupancy rates. Therefore, sufficient additional income can be generated through growth rather than an increase in price per lesson. Swimming lessons currently equate for 7% of total leisure centre income but current income levels will rise by 30% this year.

6. Group Exercise Classes – We have changed the pricing strategy to move away from the class duration being the determining factor for price per class to the type of class e.g. and aerobic class or a yoga class (specialist). This is consistent with the other benchmark comparators and also recognise the higher cost of the instructor for a specialist class. Whilst in cash terms this only relates to a small proportion of income (less than £90k p.a.) the group exercise class programme accounts for some 40% of those that have a direct debit or cash monthly membership. These changes will improve the value for money for users.

7. Broadwater Farm - A key addition to the fees and charges schedule this year is the introduction of charges for the Broadwater Farm Centre. A re-alignment of the fees and charges took place in November 2009. Within the current fees and charges structure an overall 10% increase has been incorporated. The existing charging policy allows management to significantly reduce or waive entirely the hire charges. It is proposed that this way of working is ceased as it places management in a untenable position where potential hires make approaches based on a expectation to reduce the fee significantly. The specific 10% discount for Broadwater Farm residents will remain.

8. Commercial Hire rates - At Tottenham Green the main hall commercial rates have been revised to reflect the new competition entering the market both from Enfield and the new Tottenham Town Hall. Without major investment into the facilities competing on price is and the availability of our car parking are the main key selling points in the face of increased competition within the market. Overall prices are comparable to previous years but hirers now have the option to hire the hall without use of the kitchen.

All standard / commercial hire rates for rooms and sports halls have been increase above the 10% target to ensure non club based activity pays an increased rate allowing club rates increases to be kept lower for those within the Active Club Scheme.

All these increases and changes have been discussed with the Cabinet member who is supportive of the proposals.

Concessions and Discounts

Three groups are targeted with a progressive level of discount based on their status or ability to pay. The concessions are targeted at those vulnerable groups in the community who can most benefit from the long term health benefits achieved through regular exercise.

1. Advantage Plus the first level of discount applies to anyone (not limited to Haringey Residents) who has a status of under 16, over 60, fulltime student, registered disabled, registered Haringey carer or on an entry to employment scheme or job seekers scheme.
2. Advantage is the second level (highest) of discount and applies to Haringey residents only and who have already qualified for a means tested benefit such as income support, housing benefit, council tax benefit, income based job seekers allowance, working tax credit (those with NHS Health exemption charges certificate) and Education maintenance allowance.
3. Haringey over 65's is the third level of discount and offers free usage Monday – Friday between 9 am and 5pm.

This has worked well for the last three years at targeting the discount to the people based on their ability to pay regardless on where they live in or out the borough. If users do not fit either of these categories they either pay the standard price or take out a monthly package.

We have recommended this year that for new applicants we now apply the residency criteria to the Advantage Plus in order to ensure the further Council subsidy offered under the Advantage plus category is only available to residents.

In addition to the above individual concessions a club concession scheme is in operation for bookings of facilities. Booking rates are initially set a commercial full cost recovery and then discounted back on three different club rates. The club rates are based on the development of their quality systems and the highest level of discount is offered to clubs who have met national quality marks and are developing a broad range of activities in the community.

Methods of Payment

Methods of payments accepted are: cash; cheque; debit and credit cards. In addition Direct Debit is offered on monthly membership packages.