



## Report of Head of Sport and Active Lifestyles

### Report to Chief Officer, Culture and Sport

**Date: January 2019**

### Subject: LeedsCard and Leisure Centre Charging Review

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### Summary of main issues

1. In 2018 a review of all pricing was conducted and pricing across all categories were changed to meet customer and service demands. This review simplified the prices to enable the service to develop both its fitness membership categories and casual pay and play elements.
2. There are a number of immediate priorities that need to be addressed in 2019 and that fundamentally underpin the Active Leeds service's budget and service delivery plans for 2019/20 and which are based on growing income.
3. The City Council's central Leisure Centre role is also to provide access to facilities to those that can't access facilities elsewhere and therefore pricing for the vulnerable groups in Leeds has to reflect this. The principle of supporting vulnerable or priority groups through pricing will remain a key element of the pricing policy.
4. A review of the LeedsCard was agreed in the 2018 pricing charging review as the card has remained unchanged for 10 years and includes layer upon layer of pricing which is complicated for customers and staff to follow. Outdated concessionary entitlements leads

to further confusion around who can and can't obtain the LeedsCard Extra and proposals to update these is needed. Along with the need to reflect the current direction of the service with the rebrand and technological advancements it is imperative the scheme is fit for purpose.

5. Changes in the approach to LeedsCard will have significant positive impacts on Active Leeds a) to generate revenue and support ongoing budget challenges, b) allowing an improved focus of the subsidy available and c) better use of data to make decisions based on the intelligence leading to improved product development, understanding of customers, marketing communication, sales acquisition and member retention.

### **Recommendations**

6. The Chief Officer, Culture and Sport is recommended:
  - 6.1. To approve the implementation price increases as set out in the report for implementation for in March 2019.
  - 6.2. To approve the proposed changes to the LeedsCard with a further review of the LeedsCard extra will be taken in early 2019.

## **1 Purpose of this report**

- 1.1 This report seeks approval for changes to existing prices for pay and play within the city's leisure centres. It also sets out the changes to the LeedsCard review of pricing relating to the existing LeedsCard.

## **2 Background information**

- 2.1 The generation of fee paying income from customers forms a vital part of the Active Leeds budget. The service consists of 17 facilities across the city which has over recent years regularly exceeded 3.6 million visits per annum to its leisure centre portfolio and has an annual activity income target in excess of £13 million. The managed budget subsidy for the service is £4.6m. PFI/NNDR constitutes £3.7m in 2018/19. The service has implemented efficiency measures, to reduce its Council subsidy over the last 8 years by over 50% (in addition to meeting expenditure pressures, most notably energy and staffing costs).
- 2.2 The leisure market is substantial, and increasing revenue now offers the service much more significant contribution to sustainability than further costs reduction - although the latter does remain an ongoing focus.
- 2.3 Work has been undertaken to review existing pricing structures with the following aims (primarily to support delivery of efficiencies as part of the Council's wider budget strategy to maximise income from fees, however, we have to balance this against market demand and ensuring people can access our facilities and services that otherwise wouldn't be able to afford to.):
- To grow income
  - To grow participation
  - To protect the most vulnerable
  - To achieve efficiencies through growth
  - To streamline pricing structures

## **3 Main issues**

- 3.1 The current pricing arrangements within the service are complex and typically involve one or a combination of:
- Pay and Play casual activities
  - Memberships
  - Direct debits
  - Targeted discounts for those in need (Including LeedsCard Extra and Leeds Let's Get Active)
  - Block booking hires
  - Standard and LeedsCard rates (the latter typically being a small percentage less than standard price)
- 3.2 The combination of all the above results in a complex and lengthy list of prices given the huge range of activities on offer, often making it difficult for both customer and

staff to easily understand charging arrangements and offers that might relate to their activity.

- 3.3 Membership pricing (formerly Bodyline card) has already been addressed with significant reductions in the price of a membership to make it more affordable and competitive which has led to increased sales and lower attrition rates. Moving forward there are also other immediate priorities that need to be addressed early in 2019 and that fundamentally underpin the Sport service's budget plans over the next 3 years.
- 3.4 The service have to position our offering by using our unique selling points. Our core role is not commercial, but the service has to be business like in delivering its wider outcomes. The service have a network of leisure centres across the city that offer a wide range of staff supported activities for everyone. Activities such as children swimming lessons, junior gym, fitness classes, tennis, and Active for Life sessions. We are in a position to be able to focus on the family market and those most in need. Pay and Play and Memberships are both important to have available to ensure we capture this market that the commercial sector don't provide for. However, ultimately they have to be priced correctly to ensure we maximise the growth potential within the City and ensure we can grow income to avoid having to reduce more targeted services to meet budget pressures.
- 3.5 In practice therefore the following issues have been explored:
- Can additional income be generated from casual pay and play activity and review of the LeedsCard?
  - What measures can be retained to protect the most vulnerable groups?

### **Casual Pay and Play Prices**

- 3.6 These relate to prices where customers can turn up and pay on the door. No memberships are required. It is proposed to increase the high volume activities such as casual swimming, casual gym, casual fitness classes, school swimming and swimming lessons in line with CPI inflation of 3%. Additionally it is proposed to set a number of higher increase to John Charles Leisure Centre activities in order to bring in line with other competitors in the field of holding events after a benchmarking exercise. JCCS carries the highest subsidy of all centres. Please see appendix 1 for some core prices with the proposed increases.
- 3.7 If the increases in the prices are implemented these could yield an income movement of a maximum £55k gross (assuming there is no additional impact on numbers attending as a consequence of the increase).

### **LeedsCard Review**

- 3.8 LeedsCard is now over 20 years old and has changed little in those 20 years. The programme was initially developed to manage leisure related pricing (replacing the old

Passport to Leisure) and to capture customer data for marketing and communication purposes. This rationale has changed little over the years.

3.9 There are four different membership cards currently available:

LeedsCard - £10 per year. Available to all people aged 19 to 59 inclusive

- LeedsCard Extra\* - £2 per year. Available to Leeds residents in receipt of certain income or disability related benefits
- LeedsCard 60\* - £10 per year. Available to all people aged 60 or over.
- LeedsCard 60 Extra\* - £2 per year. Available to all Leeds residents aged 60 and over in receipt of certain income or disability related benefits.

These cards allow access to services beyond Active Leeds and include the Culture block, including Parks and Countryside, the common purpose of the card is to provide the card holder with a price discount. However due to services utilising different management systems and the inability of these systems to connect with one another, there is little or no useful transactional data captured other than by Active Leeds.

3.10 To maximise the potential of data it is imperative that excellent data governance is in place to ensure that: data is captured at source and inputted accurately; data is held in a secure and safe place and adheres to data protection protocols; quality data is up to date, accurate and dependable.

3.11 The new data governance regulations (GDPR) introduced in May 2018, also have a big impact on how we capture, store and use data and this requires careful consideration to ensure that the programme meets these new protocols.

3.12 There has been some ongoing work to explore how the data held by Active Leeds and Libraries can be bridged, but this has been going on for some time with no solution in place.

3.13 Visitor Attractions are looking at developing their own management system to manage bookings, memberships and advance bookings which proposes to include Lotherton Hall, currently managed through Active Leeds.

3.14 Parks and Countryside have recently made their intentions known to remove standard LeedsCard discounts for Attractions, although LeedsCard Extra discounts will remain as part of their budget strategy.

3.15 The Active Leeds service will further digitise its business and introduce new technology, being able to manage and develop the data at its disposal is imperative. Good data will be at the heart of everything the service proposes.

3.16 Despite an aspiration to manage all Cultural services through one management system there doesn't appear to be a desire or a single management system solution to manage this. The different services' want to have the autonomy to develop their

own sector specific systems. In practice this renewed focus should yield better service outcomes.

- 3.17 The existing physical card will remain for the scheme, although there is likely to be a move to a digital replacement and these would be slowly introduced whilst still offering the physical card at the same time.

### **Primary proposal**

- 3.18 To re-name the current LeedsCard card as the Active LeedsCard to reflect the change in direction and to fit with Sports and Active Lifestyle service re-brand to Active Leeds. This change appears to be a natural evolution of the scheme. The new Active LeedsCard can still be a Library Card (if required) and the Breeze Card will remain. Parks, Culture and libraries have all been consulted with to help formulate the proposal.
- 3.19 To manage the data solely for Active Leeds business / marketing purposes by creating a Single Customer View (SCV) of Active Leeds users that permits better management of: pricing, marketing, service access, product development etc.
- 3.20 Upon presentation of an Active LeedsCard, customers can still access price discounts across other services and at council attractions (where discounts still apply under the direction of the appropriate service). Active Leeds would look to consider the following amendments to its pricing strategy:
- Review LeedsCard Extra / 60 pricing and concessionary types to introduce a model that helps to increase income levels whilst still supporting those who need it most like those in poverty/low incomes.(further information below)
  - To make better use of targeted and flexible pricing in response to business intelligence and business need, removing the need for off peak prices.
  - To explore pricing which is demand led by utilising algorithms to determine what prices of activities should be, depending on demand i.e. learning from retail, travel and hospitality sectors and move away from traditional peak and off peak set pricing.
- 3.21 Create a “master” database into which all data can be uploaded, ensuring that all services can still access Active LeedsCard data should they require it. To publish data to open platforms to assist in this and by working with Open Active to further develop this work.
- 3.22 To allow Libraries to develop Talis or to go out to market and procure a replacement system.
- 3.23 To allow services who would benefit from an attractions based management system to develop their proposal and go out to market.
- 3.24 In addition to all of the above, Active Leeds would propose to cease promotion of the 3rd party discounters, this would make the purchase of a LeedsCard to be non-vatable and based on present sales would generate additional income. If 3<sup>rd</sup> party

discounts are no longer being promoted, the service will need to provide greater benefits to justify the increase in price. Added value will include:

- Discounted courses
- Discounted racquet sports at weekends
- Other targeted discounts
- Discounted children's parties
- Inclusion of the running track at JCCS
- Extended booking privileges
- Special offers i.e. attraction weekends, discounted entry to events
- Service information i.e. first to hear about new classes, new products etc

3.25 The charge for the standard LeedsCard has remained at £10 per year for over ten years and is due an increase. A £2.50 increase based on the current annual sales would generate an additional £20k in income. If we applied average prices increases each year to the LeedsCard the price would be now over £13 meaning we are effectively adding lost years of inflation to the prices. The standard pricing for the LeedsCard will still remain for the short term until a further review takes place, however Active Leeds will actively pursue ensuring more people that use our services are signed up to our system to improve the data we hold. This additional income can be re-invested to assist in bridging the shortfall in hours required to fund the new Customer Sales Hub (separate Customer Hub report has further details on this proposal)

### **Vulnerable Groups**

- 3.26 Although there will be price increases across most activities the increases to the LeedsCard Extra rates will be minimal to ensure in keeping with the principle of protecting the most vulnerable groups, including those in poverty/low income. Concessionary group discounts have been reviewed to ensure we are giving discounts to those that the Council class as concessionary groups. Current concessions groups include: children, people over the age of 65 on benefits (increased age from 60 to 65), disability related, low incomes, those seeking work, carers, and those unable to work.
- 3.27 The introduction of universal credit also impacts on the benefits for which the service accepts as proof and this will simply be added to the list of proof to the entitlement.
- 3.28 LeedsCard Extra Card at £2 per annum has also been in place for 10 years and it is proposed to increase this to £3. We need to fully review the LeedsCard Extra and we will bring back a separate review of this entitlement and success/impacts in the 2019 financial year.
- 3.29 We will continue with the new Leeds Lets Get Active scheme offering discounted membership of £10 a month or £2 a session for these sessions, to further encourage the vulnerable inactive groups to participate in activities at the leisure centres. However, there will be a further review of this in 2019 to ensure this complements our health programmes and is fit for purpose.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

4.1.1 Consultation has taken place with a variety of colleagues in the Active Leeds service. Consultation has also included the Parks, Libraries and Museum services. This included staff as well as senior officers and the finance team. The Executive Member, responsible for Active Leeds has been consulted with on \*\*\*\*\*.

### **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 Price increases may affect certain individuals using the service currently, however the pricing structures gives plenty of options to access prices suitable for them. There will be at the least 4 weeks' notice to customers about the pay and play price changes to ensure people are aware of the changes. The revised concessionary scheme supports the needs of vulnerable people and is designed to better target our subsidy.

### **4.3 Council Policies and City Priorities**

4.3.1 The Best Council Plan 2018 – 2021 sets Council outcomes of:

We want everyone in Leeds to;

Enjoy happy, healthy, active lives

Live with dignity and stay independent for as long as possible

Enjoy greater access to green spaces, leisure and the arts.

4.3.2 These outcomes are directly supported through our ambition as an organisation being efficient and enterprising as well as trying to ensure Leeds is the best city to be active in. The steam lining and price reduction as already illustrated has meant we have more people being active in our leisure centres as membership continues to grow.

4.3.3 2018 / 19 priorities for the council are, amongst others; promoting physical activity, building capacity for individuals to withstand or recover from illness, supporting healthy ageing and enhancing the quality of our public realm.

4.3.4 Progress against these outcomes will be measured through a series of key indicators including; percentage of the adult population active for 30 minutes once per week, obesity levels at age 11, overall satisfaction with cultural provision in Leeds.

4.3.5 The Active Leeds Service makes a significant contribution to reducing health inequalities and promoting wellbeing. The above outcomes, priorities and key indicators will all be supported by the service through improving the quality of its facilities / equipment in order to encourage existing customers to maintain participation and to encourage new customers to engage in physical activity.



#### **4.4 Resources and Value for Money**

4.4.1 This report requests that we implement the new charges to help towards meeting the service budget target saving in 2019/2020 by increasing income in the region of £75k including implementation of increased LeedsCard prices.

#### **4.5 Legal Implications, Access to Information and Call In**

4.5.1 This is a Significant Operational Decision and not subject to call in.

#### **4.6 Risk Management**

4.6.1 The new strategy should modernise the pricing structure and balance the commercial needs of the service with the principle of supporting the most disadvantaged. However, at an individual basis some current service users will experience individual price rises and we could anticipate a small number of complaints raised. The service will develop a clear communications strategy to respond to these and to explain the concepts behind the changes.

### **5 Conclusions**

5.1 The conclusion of this report is to recommend the approval to implement pay and play price changes at the City Council's Leisure Centres in order to increase service income position to help meet the increased budget pressures in 2019/20. The proposed changes to the LeedsCard will complement the changes to the prices and allow for them to be modernised and still ensure there is a balance between commercial needs of the service and support the most disadvantaged.

### **6 Recommendations**

6.1 The Chief Officer, Culture and Sport is recommended:

6.2. To approve the implementation price increases as set out in the report for implementation for in March 2019.

6.3. To approve the proposed changes to the LeedsCard and to note a further review of the LeedsCard extra will be taken in early 2019.

### **7. Background documents<sup>1</sup>**

7.1 There are no background documents.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

## Appendix 1 Core Prices

### Leisure Centre Charges:

Peak - After 4.00pm Mon to Fri; Off-peak all other times

		New Standard Prices		New Leeds card rate & Leeds card 60		New Leeds card Extra, Leeds card 60 extra		Current Standard Prices		Current Leeds card rate & Leeds card 60		Current Leeds card Extra, Leeds card 60 extra Breeze where junior		
		Peak	Off Peak	Peak	Off Peak	Peak	Off Peak	Peak	Off Peak	Peak	Off Peak	Peak	Off Peak	
<b>Key Benchmark Prices</b>	<b>% increases standard prices</b>													
Adult Casual Swim	4%	£5.20		£4.80		£2.50	£1.80	£5.00		£4.70		£2.20	£1.70	
Junior Swim Lessons	0%	£6.50		£6.00		£4.80		£6.50		£6.00		£4.50		
Junior swim	3.7%	£2.80				£2.00		£2.70				£1.90		
Over 60s Swim	8%			£4.00	£3.00					£3.70	£2.70			
Gym Session Adult	0%	£6.50		£5.70		£5.00	£3.50	£6.50		£5.50		£5.00	£3.20	
Gym Session Junior	0%	£3.50				£3.50	£2.70	£3.50				£3.20	£2.50	
Fitness Class Adult	3.5%	£5.90		£5.20		£3.50	£2.70	£5.70		£5.20		£3.20	£2.50	
Fitness Class Over 60's	9%				£3.50						£3.20			
Badminton Adult	0%	£13.00		£12.00	£6.80	£10.70	£4.80	£13.00		£12.00	£6.70	£10.50	£4.50	
Badminton Junior	0%	£7.00				£5.50	£3.50	£7.00				£5.50	£3.00	
Badminton over 60's	0%			£12.00	£6.30					£12.00	£6.00			
School Swimming hire	2.9%	£89.00						£86.50						
<b>Average</b>	<b>2.6%</b>													