

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Housing, Environmental and Economic Development

Housing, Environment and Economic Development Committee: 8 June 2011

Subject: Leisure Services Account 2011/2012

1. Purpose

- 1.1 This report is provided to Members in response to a decision at the April Council meeting which called for the Chief Executive to bring forward a report to facilitate a change to the decision with regards to the removal of the Leisure Services staff concessionary membership as a consequence of the number of staff who had withdrawn from the membership scheme following the price increase.

2. Background

- 2.1 Leisure Services operates 3 main leisure facilities within the authority. In 2010/11 the annual expenditure was £4.3million, with an income of £1.4million, the net budget/subsidy therefore was £2.9million. The net budget/subsidy for 2011/12 is £2.6million. A recent Audit Scotland report showed that the level of subsidy per head of population within West Dunbartonshire was relatively high when compared to other authorities with income from sales, fees, rents and charges being relatively low. This reflects the Councils current policies in relation to leisure and other recreational provision and the high level of subsidy.
- 2.2 Leisure Services have two national Statutory Performance Indicators that are related to usage. CC1 - wet side usage per 1,000 population and CC2 - Dry side usage per 1,00 population.

CC1 wet side usage 2010/11 - West Dunbartonshire Leisure Services achieved 4,750 wet side activity visits per 1,000 population (total of 408,830 visits). West Dunbartonshire ranked 8th out of the 32 Council areas in 2009/10 (placement not available yet for 2010/11 figures).

CC2 dry side usage 2010/11 - West Dunbartonshire Leisure Services achieved 4,220 dry side activity visits per 1,000 population (total of 395,023 visits). West Dunbartonshire ranked 23rd out of the 32 Council areas in 2009/10 (placement not available yet for 2010/11 figures).

An analysis of the usage of wet-side and dry-side usage from 1 April 2010 - 31 March 2011 demonstrates the following.

80% of wet side usage is concessionary either free or discounted. *(This includes concession resident free & discounted usage, over 60's free usage and GP referral client usage, does not include pre 5 free swims).*

32% of dry side usage is discounted concessionary. *(This includes concession resident discounted usage, over 60's free usage and GP referral client usage)*

- 2.3 Since 2004 West Dunbartonshire Council staff had received a 50% discount to the standard rate Cosmopolitan Gym membership. This was paid through payroll deduction at source or could be paid in an annual paid in full membership fee. This scheme was extended to include family members and resulted in leisure services having 814 staff and family members.
- 2.4 In February 2011 elected members approved a number of savings options for all departments to enable the budget to be set for 2011/12. One of these approved savings options was to discontinue the discounted gym membership from West Dunbartonshire Council staff and revert their membership to the full price membership. This was based on feedback through the public consultation exercise.
- 2.5 It had been projected that an increase in fees accrued would translate to an increase in income to the service of £140k based on an attrition rate of 15%.

3. Main Issues

- 3.1 A range of reductions in concessionary pricing within Leisure Services was considered by Elected Members for savings during the budget consultation and budget setting exercise. The removal of the West Dunbartonshire Council staff concessionary membership was the only one of these saving to be taken following the public consultation exercise.
- 3.2 Since the introduction of the increased membership fees there has been a larger than anticipated number of cancellations which has meant the projected increase in income of £140k will not be achieved.
- 3.3 In February 2011 prior to the letter of notification advising West Dunbartonshire Council Cosmopolitan members of the change to pricing staff membership there were 814 West Dunbartonshire Council Cosmopolitan members.
- 3.4 A total of 497 West Dunbartonshire Council staff have cancelled their membership following the price review. This equates to a 61% cancellation rate.
- 3.5 Of the remaining West Dunbartonshire Council members there are 206 monthly paying members who have chosen to keep their membership and pay the full monthly price and 111 members who opted to pay a year membership in advance prior to the membership price change on 1st April 2011.

- 3.6** The aim for officers in managing the Leisure Services budget is to ensure that in 2011/12 the service costs no more than the £2.6million allocated through the 2011/12 budget process. Normal management arrangements in relation to financial issues mean that where variances in either income projections or costs indicate a need to review elements of the budget decisions are taken within the delegated powers to officers to manage budgets effectively.

Given the early identification of the projected increase in income being unlikely to be achieved through the alteration to the concessionary membership scheme, Managers within the service have developed a plan to address any shortfalls in income which may impact on the delivery on the overall budget target of £2.6million. These measures include:

- Optimising the use of permanent staff and reducing the use of casual employees.
- Proactively managing employee attendance to reduce levels of sickness absence that have an impact on employee costs.
- Promoting corporate membership packages with local businesses as a mechanism to increase gym membership (see below).
- Reviewing inter-departmental charges to ensure income is optimised.
- Attracting additional events to facilities.
- General cost reduction measures.

Corporate Membership

- 3.7** In addition to the concessionary price that had been offered to staff the Council also operates a corporate membership scheme. The scheme, which is in line with other leisure service providers in both the public and private sector offers a percentage reduction in full price membership to organisations employing 25 or more staff. For employees within an organisation to receive the reduced price then a minimum of 10 employees from the company must be active members. Where numbers fall below this level then the price offered to remaining members is the standard price for access to our facilities.
- 3.8** There are a range of companies currently participating in the scheme and these include our public sector partners such as NHS, Police and Fire as well as private sector companies. At present, the companies themselves make no contribution to leisure services to support the benefit provided to their staff. It is considered that this approach provides a marketing opportunity for the Council to local businesses to increase membership as far as practicable and as a consequence support our income targets.

4. People Implications

- 4.1** The implications of removing the discount membership scheme does not have any bearing on core staffing at leisure facilities. While staff generally may feel that a benefit has been lost this benefit was not part of any terms or conditions of employment.

5. Financial Implications

5.1 The budget for Leisure Services for 2011/12 has been established as £2.6million and despite the legitimate concerns expressed in relation to the additional income anticipated from removing the staff scheme measures are actively being taken as described above to ensure that as far as practicable services are delivered within budget.

5.2 Paragraphs 2.1 and 2.2 set out the current usage patterns and also highlight the generally high level of subsidy to leisure and recreational services by the Council. Given the wider pressures on the Councils budget and consideration of this information it may be appropriate to consider a review of pricing policy generally to ensure that services can be delivered in the future within the financial envelope likely to be available as pressure on public service expenditure increases.

6. Risk Analysis

6.1 There is a risk that the level of income projected for this financial year will not be achieved, however an income recovery plan has been developed to mitigate the risk.

7. Equalities, Health & Human Rights Impact Assessment

7.1 No significant issues were identified in a screening for potential equality impact in this report.

8. Conclusions and Recommendations

8.1 Leisure Services is required to operate within an overall revenue budget allocated by the Council of £2.6million. The discontinuation of the staff discount membership has resulted in a greater number of membership cancellations than anticipated with the projected increase in income of £140,000 being acknowledged as unlikely to be achieved.

8.2 Given the responsibilities of officers to ensure that as far as practicable services are delivered within budget a plan has been put in place to reduce costs as far as possible and increase income through other means. The impact of this plan will be monitored during the course of the current financial year and performance of the Leisure Services budget reported to Members on a regular basis.

8.3 The current pricing arrangements for Leisure Services and a consequence income levels reflect the high level of subsidy and the concessionary use of facilities.

It is recommended that the Committee:

(i) note the content of this report;

(ii) note that plans have been introduced by officers to ensure, as far as practicable that Leisure Services operates within it's revenue budget of £2.6million for 2011/12; and

(iii) agree that, given the issues raised in this report a wider review of pricing policy for Leisure Services is undertaken and submitted to a future meeting of the Committee for consideration.

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Date: 26 May 2011

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Appendix: None

Background Papers: None

Wards Affected: All