

North East Derbyshire District Council

Cabinet

7 November 2019

Leisure Facility Concessions

Report of Councillor Barry Lewis, Portfolio Holder for Partnerships & Leisure

This report is public

Purpose of the Report

- To provide an update to members on the financial performance of the leisure facilities and recommend that membership fees are not increased for 2020.
- To review leisure facility concessions and add a further concession category to support the Armed Forces Community.

1 Report Details

Background

- 1.1 Through the 'budget challenge' and half year review process, significant cost increases have been identified which increase pressure on the leisure facility budgets at Dronfield Sports Centre, Eckington Pool and Sharley Park Leisure Centre. The most significant cost increases are due to the staff pay award £42k and utility costs £52k, along with other inflationary cost increases.
- 1.2 However, the positive financial performance of the leisure facilities, growth in memberships and the impact of recent transformation projects, allow for the membership fees to be frozen at 2019 rates, whilst still maintaining significant progress towards the delivery of the subsidy reduction plan. Based upon the facilities as they operate today despite the cost pressures outlined in 1.1, the forecast subsidy for the 3 Leisure facilities at the end of 2020/21 is anticipated to be £286,000. This is a £116,750 per annum improvement on 2018/19. Cabinet will be aware of a number of projects aimed to further reduce the subsidy. In light of all of the above, it is recommended that memberships for 2020 are frozen at 2019 rates.
- 1.3 Public leisure facilities are not just about money. The leisure facilities have over 735,000 visits from customers each year, all engaging in physical & social activity. Such activity has a fundamental impact on positive physical/mental health and wellbeing and public leisure facilities play a significant role in achieving this. A UK Active study 'Physical Activity – A Social Solution' shines the light on the major social value that leisure centres provide to the communities that they serve. As expected, community leisure has a huge impact on wellbeing (£2.4bn) and health (£715m), but findings also demonstrate benefits for wider social issues like education and crime, not traditionally considered to be impacted by the physical activity sector.

- 1.4 Leisure services continue to support the community through specialist programmes and promotions such as a mental health collaboration project with Henry Fanshaw School, the delivery of the Exercise by Referral Scheme, Dementia Friendly Swimming Session at Sharley park LC, 7 for 1 school holiday swimming, free under 5's swimming, to name just a few.
- 1.5 To ensure affordable access to physical activity for all, the Council operates a concessions scheme which supports the most vulnerable in our community. The full details of the existing concession scheme can be found in the membership brochure in **Appendix 1**. Currently, concessions are available to residents of the district who are:
- Aged 60 or over
 - Suffering ill-health and have been advised to exercise by your doctor
 - A full-time student (aged 16 or over)
 - Unemployed or on a low income (Council Tax Benefit or Housing Benefit)
 - Registered disabled
- 1.6 Following a recent review of concessions the following changes are recommended:
- a. The addition of a concessionary membership/pass for residents of the district who serve or have served in the armed forces. This builds on the Council's commitment to support the Armed Forces Community through the signing of the Armed Forces Covenant. The concession will be available to residents who provide proof of address and either a:
- MOD Form 90 (military IDs)
 - Defence Privilege Card
 - Veteran's ID Card

We owe a huge debt of gratitude to the armed forces community, and this change is part of NEDDC ensuring they receive the support they deserve.

- b. Due to the roll out of Universal Credit, residents are gradually transitioning onto the scheme in order to receive their support. This requires a change the proof of eligibility criteria on the existing scheme. For administrative purposes, it is proposed to accept sight of the Universal Credit app showing receipt of the 'housing element'. This addition will simply maintain access to the concession scheme for all of those on either Universal Credit (housing element) or those still receiving Housing benefit.
- c. It is recommended that the 'Aged 60 or over' concession is replaced by a 'Pensionable Age' concession, as determined by <https://www.gov.uk/state-pension-age>. This change aligns our concession with other concessionary schemes such as the Derbyshire Gold Card and our Revenues and Benefits service to ensure continued sustainability in light of an aging population. To ensure people currently receiving the concession are not negatively impacted, the concession will be closed to over 60's and the current recipients aged between 60 and pensionable age who have an active membership will continue to be eligible.

To ensure fair notice to customers, the proposed changes will come in to effect from the 1st January 2020.

- 1.7 The financial impact of all of the above is difficult to estimate. However, to give some indication, we know that at the time of writing approximately 100 NEDDC residents have registered with the Council as armed forces personnel, through the Armed Forces Covenant and corporate leisure membership scheme. Fitness industry market research estimates 1 in 8 (12.5%) people in the UK have some sort of gym membership. Therefore, assuming 12.5% of these people choose to take out a membership with us, the cost of the concession would be in the region of £1,700 per annum. As for the change to 'pensionable age' eligibility, in 2018 170 people between 60 and 65 years of age benefited from the concession at an estimated cost of £1,870 per annum. The estimates above are based upon a £11 discount off a standard membership of £30 per month.
- 1.8 Whilst the actual financial impact is difficult to forecast, due to a large number of variables, the assumptions made in 1.6 are considered fair and indicate that the proposed changes to the concessions scheme is largely cost neutral.

2 Conclusions and Reasons for Recommendation

- 2.1 In order to continue to improve the financial performance of the leisure facilities whilst ensuring the facilities are accessible and affordable to all, the recommendations in this report take a balanced approach which will benefit the community as a whole.
- 2.2 The proposed changes are an evolution of the scheme, reacting to the changes in the benefits system and other concession schemes to ensure consistency and alignment. The addition of the concession for the armed forces community is recognition of the huge debt of gratitude we owe to the armed forces community, and forms part of the Council ensuring they receive the support they deserve.

3 Consultation and Equality Impact

- 3.1 An Equality Impact Assessment has been undertaken and can be found in **Appendix 2**. A potential adverse impact was found in replacing '60 and over' with 'Pensionable Age' however, this impact has been clearly mitigated for existing customers and for new customers, the revised concession aligns with other government concessions and benefits schemes.
- 3.2 No consultation with customers has taken place to date. Assuming the recommendations in the report are supported, the changes to the concession scheme will be promoted within the facilities and online in the form of a revised membership brochure.

4 Alternative Options and Reasons for Rejection

- 4.1 Do nothing – To continue with the existing concession scheme would cause some eligible individuals who are currently in receipt of Housing Benefit to fall outside of eligibility when they transfer on to Universal Credit. In addition, the Armed Forces Community would not be eligible for a concession. This has been rejected on the ground of fairness and does not aligning with the aspirations of the Council.

5 Implications

5.1 Finance and Risk Implications

- 5.1.1 The financial risk implications have been indicated in the report, based upon the best information we have to date. However, with such a large number of potential variables the true impact is impossible to forecast.
- 5.1.2 There may be reputational risk associated with replacing the 'Aged 60 and over' concession with 'Pensionable Age'. This risk is mitigated by ensuring that all members currently in receipt of the concession, aged between 60 and the pension age, will continue to be eligible. In the spirit of good customer service, Officers will use some discretion with existing users who turn 60 in the early part of 2020.

5.2 Legal Implications including Data Protection

- 5.2.1 There are no legal or data protection implications which arise from the proposals in this report.

5.3 Human Resources Implications

- 5.3.1 Other than Officer time to update promotional materials and the leisure management system, there are no HR implications which arise from the proposals in this report.

6 Recommendations

That Cabinet:

- (1) Agree to freeze 2020 membership fees at 2019 rates.
- (2) Agree the revisions to the leisure concessionary scheme and addition of a concession for the Armed Forces Community, as outlined in paragraph 1.6 of the report.

7 Decision Information

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
<p>Has the relevant Portfolio Holder been informed</p>	Yes
<p>District Wards Affected</p>	All (Indirectly)
<p>Links to Corporate Plan priorities or Policy Framework</p>	<p>Providing a range of leisure facilities for our communities</p> <p>Protecting the most vulnerable within our communities</p>

8 Document Information

Appendix No	Title
1	Existing membership brochure
2	Equality Impact Assessment
<p>Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)</p>	
Report Author	Contact Number
Joint Head of Service – Partnership and Transformation	2210