



## REPORT TO COMMUNITIES COMMITTEE – 21 FEBRUARY 2019

### LIVE LIFE ABERDEENSHIRE - FEES AND CHARGES 2019/20

#### 1 Recommendations

**The Communities Committee is recommended to:**

- 1.1 Consider proposals for adjustments to the existing Live Life Aberdeenshire Pricing Policy for 2019/20 as detailed in Appendix 1 of this Report.**
- 1.2 Instruct the Head of Lifelong Learning and Leisure to feedback any views on these proposals to the Culture and Sport Sub Committee for determination at its March meeting.**

#### 2 Background / Discussion

- 2.1 At its meeting on February 23, 2017, this Committee agreed a new pricing policy for Sport and Physical Activity prices. The Education and Children's Services Committee (Feb 16, 2017 and March 23, 2017) agreed the same policy for Libraries and Heritage charges, with the Infrastructure services committee (March 16, 2017) agreeing a price policy for the Macduff Marine Aquarium which adopted common principles with the overarching price policy.
- 2.2 Full Council at its meeting on April 26, 2018 agreed that all Lifelong Learning and Leisure matters including pricing be grouped under the remit of the Communities Committee, who subsequently delegated these matters to the Culture and Sport Sub-Committee. A report on proposals for price adaptations, including feedback from this committee, will be presented to the Culture and Sport Sub-Committee in March. This paper seeks to obtain the views of the Communities Committee in a consultative role prior to a decision being taken by the Sub-Committee.
- 2.3 Key drivers for the pricing policy were to focus more-generous concession pricing on low income groups to encourage access; ensure regular use by residents was encouraged; and maximise income through charges whilst working to keep prices affordable and near the Scottish average.
- 2.4 A further driver was to work towards a common pricing policy for lets managed across Education and Children's Services.
- 2.5 Many users, particularly low-income groups, experienced price reductions as a result of this policy. However, it was recognised that several groups, particularly those who would no longer be eligible for concessions, would experience significant price rises. It was also clear that significant price rises could result in reductions in facility usage – particularly amongst Active Aberdeenshire members. To mitigate this a phased approach to price increases was agreed as follows:

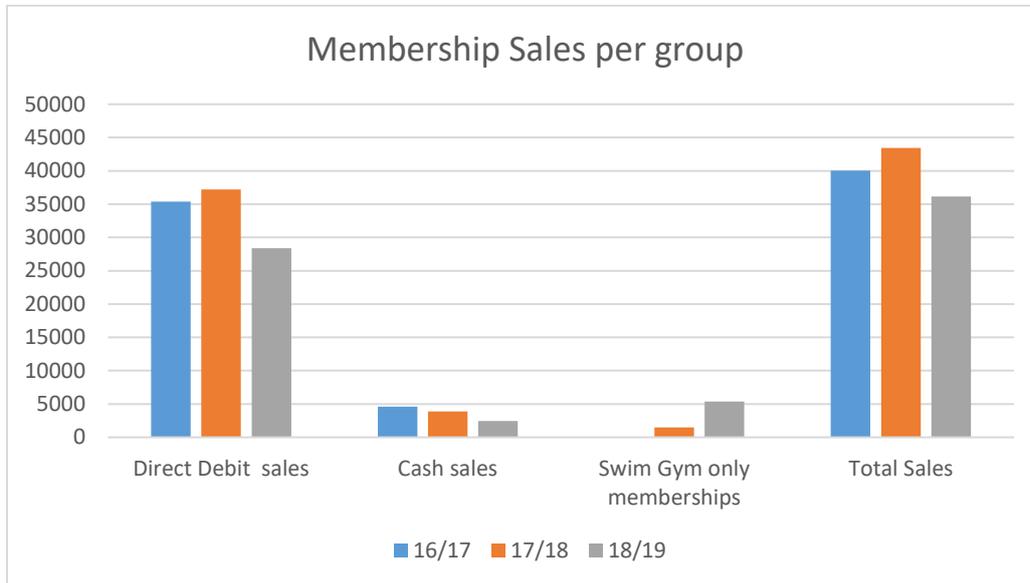
- (1) Price rises would be capped at 20% in 17/18
  - (2) Price rises would be capped at 25% in 18/19
  - (3) Price rises would be capped at 20% in 19/20
  - (4) Full implementation in 20/21
- 2.6 It was anticipated that the new prices would increase income in excess of expenditure by £700,000 once complete. In the 2018/19 budget process an additional inflationary requirement of £123,000 was added to the income target, which became £823,000 additional income in 18/19 as compared to 16/17 prior to the new policy. Current projections suggest that the service will meet that target.
- 2.7 An additional amount of £136,000 is required in 19/20 to meet inflationary requirements.

#### Impact of pricing framework

- 2.8 Officers undertake annual reviews of the impact of pricing on customer behaviour which most recently took account of qualitative staff feedback as well as quantitative feedback.
- 2.9 The latest review was driven by the new Culture and Sport & Physical Activity strategies which were adopted in 2018, and considered how our pricing policy impacts on our ability to meet our strategic outcomes – recognising the importance of strengthening links with community groups, working with local economies and an emphasis on driving up participation using sport and culture facilities for the development of health and wellbeing. Cognisance has also been taken of the impact on local economies of the challenging issues faced recently by the oil & gas industry, the scale of which was not seen in 2016/17 when developing the new pricing framework.
- 2.10 Whilst the new pricing policy has been successful in meeting income targets, with facility usage remaining comparable in 18/19 to the two preceding years the latest review has identified a number of key demographic areas where usage trends cause some concern and subsequently officers have identified areas where an adaption in price may address these and best ensure that the service both meets income targets and ensures it can achieve its strategic objectives.

#### Key area 1 – Active Aberdeenshire membership.

- 2.11 Membership sales have significantly reduced during the current year (down by 16%) with the only area of growth being membership types that restrict uses to either 'wet' or 'dry' services for a reduced rate. Membership is also the only area where actual income is predicted to be less than the previous year (reduced by £11,500). The graph below breaks down membership sales in three key areas – Direct debit full memberships / monthly payment memberships and sales of the restricted use memberships.



2.12 Although most Active Aberdeenshire prices are not due to increase (outwith of inflation) in 19/20 as part of phase 3, officers have identified a need to consider some changes to the membership pricing scheme to ensure it remains an effective tool to encourage regular usage and reverse the trends identified above.

2.13 Officers consider that continuing with phased increases where applicable or adding an amount for inflation will be counterproductive in terms of encouraging usage and generating income – whereas an adaption of the existing price structure coupled with a focus on marketing membership products will reverse the trend identified above and maximise income. Membership sales are a key product in terms of encouraging regular usage by residents and so contributing to the development of healthier lifestyles in our residents.

2.14 Consideration could be given to the following to encourage healthier lifestyles and increase usage and income;

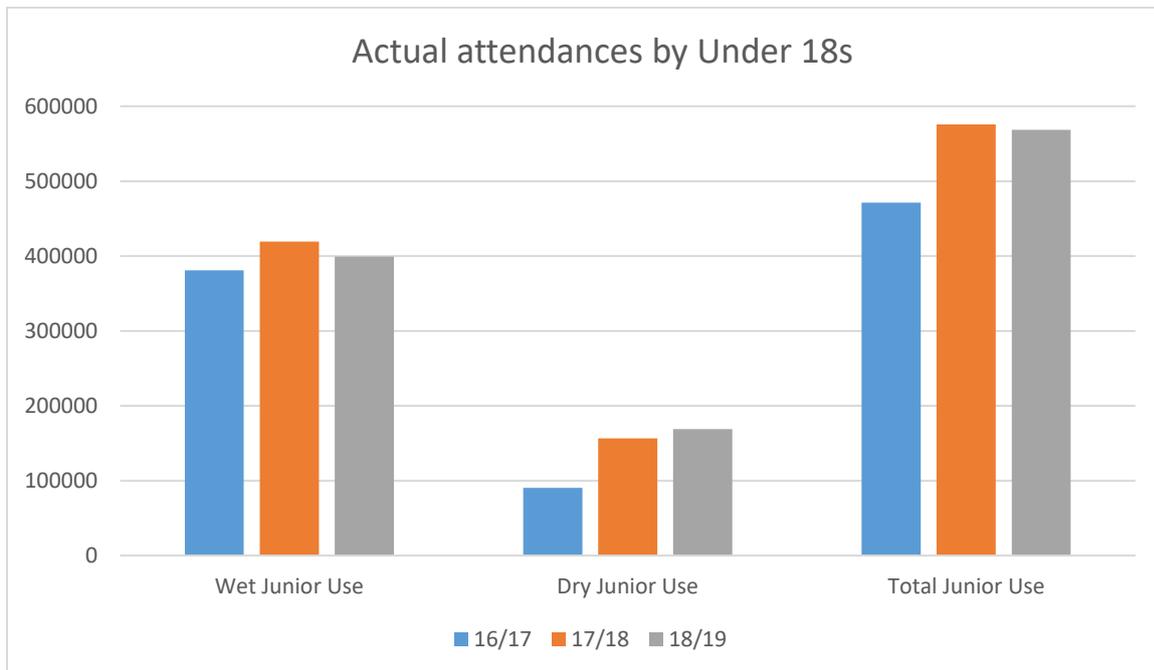
#1 *Combine the current Joint membership (2 adults) and small family membership (1 adult and 2 children) into one 'small group ticket priced at £48 (Joint rates are currently £47 and small family 49.95).*

#2 *Apply nominal increases (of 1.6%) only to Standard memberships and family group memberships.*

#3 *Hold the price of the Learn 2 Swim membership at £18 to encourage carers to move from paying 'over the counter' for lessons to direct debit payment.*

#### Key area 2 – Prices for Clubs and Young People.

2.15 Prices for young people have increased by the capped limit for the past two years and are due to increase again in 2019/20. The graph below shows the trend for usage by young people.



2.16 Although the table above shows a small increase in dryside use by young people, this is in part influenced by the development of new dryside facilities in the past two years and the extra capacity for use they have created. Without this it is probable that dryside use would have mirrored wet usage in showing a small decline. A key concern arising from the review is that further price rises in 19/20 may accelerate this trend of reduced usage by young people

2.17 In addition, feedback from clubs booking facilities for young people is that continued price increases calls into question the commitment from the council to building relationships with club providers as to a degree they are a 'captive market' as there is always a requirement for space for clubs at peak times. As part of listening to club feedback, officers trialled introducing price changes for clubs in August (as opposed to April) to dovetail with most clubs' seasons and the school year. Feedback has been that this has been helpful to clubs and would of benefit if this practise were to continue. Consideration should therefore be given to:

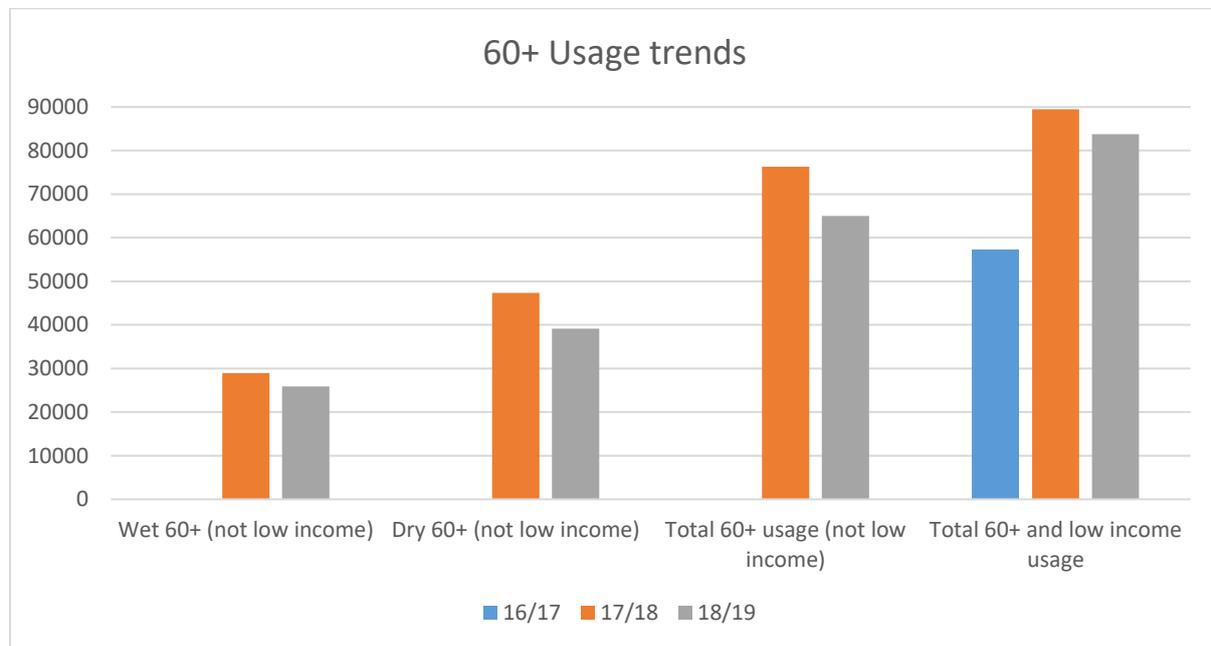
#4 *Adopting an approach of implementing club/group price rises in August in line with most seasons and the academic year.*

2.18 Officers intend to undertake some focused work with young people through the Youth Forum in February to look at improving facility usage by this group. Notwithstanding feedback from this work, officers suggest consideration of:

#5 *Only applying an inflationary increment (3.5%) to prices for young people to encourage greater participation and income.* In the event that the planned price increases were to be implemented – officers have a concern that this would exacerbate the slight decline in usage seen in the current year to the detriment of our strategic objectives and usage and income from this group.

Key area 3 – Prices for people 60+

2.19 People 60+ who do not qualify for a low-income concession have incurred price rises at the capped limit for the last two years. As the right to an automatic concession is being phased out- this group will experience further price rises for the next two years. The impact of price rises on usage by this group is shown below.



2.20 The total usage by people 60+ is reduced (15% reduction) however officers are aware that a number of people in this bracket qualify for a low income concession – so it is realistic to assume some of this loss is as a result of users accessing facilities through the ‘low income’ concession route so the reduction in usage may not be as extreme as first thought. Officers have therefore looked at the combined low income and 60+ figures to estimate what the actual reduction of usage might be and identified that the probable ‘real’ reduction in 60+ usage is 8%.

2.21 Qualitative feedback indicates that 60+ users are finding annual significant price rises a barrier to regular usage – which may then impact on the ability of the service to promote regular exercise and healthy lifestyles to this group. Further price rises at the capped limit for year 3 are likely to exacerbate this trend and result in reduced usage and potentially minimal income return.

2.22 Officers suggest consideration of:

#6 *only applying an inflationary increment (3.5%) to prices for 60+ rather than the proposed price rises.* It is hoped that this approach coupled with a variety of promotions aimed at this group will reverse the current trend with the result of promoting healthy lifestyles, increasing usage and maximising income returns.

Key area 4 – Macduff Marine Aquarium

2.23 Macduff Marine Aquarium Prices were rationalised in 2017, and care was taken to ensure that the pricing of the Aquarium both reflected its nature as a premier visitor attraction and took cognisance of other relevant visitor

attraction pricing strategies whilst ensuring it was accessible to people on low incomes and education groups.

- 2.24 The Aquarium regularly monitors pricing strategies of other national comparable visitor attractions and works closely with local visitor attractions to develop joint ticketing initiatives which mutually boost attendance and promote Aberdeenshire as a place to visit – having an important wider input into the councils Tourism strategy. In line with other visitor attractions it pays particular notice to social media feedback (for example Trip Advisor) to ensure it continues to offer a high level of visitor satisfaction.
- 2.25 Based on an evaluation of the inputs above, the Aquarium has highlighted a need to consider the following:
- #7 *Retention of a specific price for people 60+ and disabled people not on low income, which is due to be phased out in 2019/20. The proposal is to offer a £1.25 discount off the standard rate (£7.50). This will enable the Aquarium to align ourselves with local partners, assist with joint ticketing, and positively market the price to meet customer expectations which will in turn translate into positive reviews and subsequent increased usage. In the event that Live Life Aberdeenshire continues to retain a 60+ price at the same level for other facilities this would also ensure commonality between service areas.*
- #8 *A 3.5% inflationary increase in prices to be applied to all prices except where specified – in line with similar proposals for the rest of the service.*
- #9 *The family group ticket price to be held at £21.75, based on feedback that this price offers no benefit to family groups with a pre school age child. Retaining the price at the current level will enable staff to promote this product and increase take up and subsequent income.*
- #10 *Some niche products (Aquarist for a day / Child annual membership) have had very limited usage this year (2 sales and 4 sales respectively). It is therefore suggested that prices are reduced by 25% and 35% respectively to assist in developing the products and generating future sales.*
- 2.26 A list of the proposed price changes for consideration is collated as Appendix 1 to this Report.

#### Proposals for consideration

- 2.27 The service has considered two options for 2019/20 having considered the year 2 pricing evaluation:

Option 1: Continue with phased increases, with all other prices rising by 2.5% to reflect inflationary pressure.

Option 2: Increases all prices by a factor of 3.5%, but do not implement the proposed phase 3 price increases – which predominantly impact on prices for those under 18 and over 60. Officers are considering some specific variations to this which are detailed in the main body of this report with numbers prefixed with a #.

- 2.28 Both pricing options are projected to generate the additional income requirements for 2019/20, however the latent potential for generating additional income through improved marketing and promotion of services is considered to be higher should option 2 be taken. The Table in Appendix 2 details the estimated income generated from Options 1 and 2 and shows the impact of a 1% reduction in fee-paying footfall of Option 2.
- 2.29 The proposals in Option 2 have been developed following an annual pricing review following two years of the new pricing policy and represent an alteration to maximise usage and income as well as ensure it is a 'best fit' for new strategy priorities. The Councils Corporate Charging policy requires a review of charges every three years which would involve a more detailed assessment of charges and costs together with a formal public engagement exercise. It is anticipated that this fuller review would be conducted in 2020/21 and wider ranging policy proposals subsequently developed.
- 2.30 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments have been incorporated in this report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.

### **3 Scheme of Governance**

- 3.1 The Committee is being consulted on this matter in terms of Part 2A of the Scheme of Governance General Provision 4.b which permits the Sub-Committee to consult with another Committee prior to taking a decision.

### **4 Implications and Risk**

- 4.1 An equality impact assessment was carried out as part of the original pricing review and was presented to the Communities Committee on February 23, 2017. Impacts on groups were identified and as a result a phased approach to price increases was identified. Should this report proposal be accepted the original price increase schedule will be curtailed which will reflect additional mitigation of impacts.
- 4.2 There are no staffing implications implicit within this report. Both pricing options will generate income that will meet the budget requirements for 19/20 – with option 2 providing additional potential subject to increased marketing and promotion of services. However, there is a risk that if fee-paying usage levels are not maintained and each one percent fall in fee paying usage will result in a reduction in income of £54,000 (Option 2C, Appendix 2).
- 4.3 The following Risks have been identified as relevant to this matter on a Corporate Level -  
ACORP 001- Budget Pressures, in that there is a risk that income targets may not be reached if action is not taken to adapt the pricing strategy. The following Risks have been identified as relevant to this matter on a Strategic Level, ECSSRS004 – supporting inclusive and healthy vibrant communities in that further significantly increased prices carry the potential of creating a barrier to access to healthy lifestyles for some participant groups.

4.4 There are no Town Centre First Principle implications.

**Laurence Findlay**  
**Director of Education & Children's Services**

Report prepared by Tim Stephen, Service Manager Facilities and Funding  
Date January 24, 2019.

## Appendix 1 - Proposals for price change consideration, taken from body of report

### Sport and Physical Activity memberships.

1. Combine the current Joint membership (2 adults) and small family membership (1 adult and 2 children) into one 'small group ticket priced at £48 (Joint rates are currently £47 and small family 49.95).
2. Apply nominal increases (of 1.6%) only to Standard memberships and family group memberships.
3. Hold the price of the Learn 2 Swim membership at £18 to encourage carers to move from paying 'over the counter' for lessons to direct debit payment.

### Club and regular user prices

4. Adopt an approach of implementing club/group price rises in August in line with most seasons and the academic year.
------------------------------------------------------------------------------------------------------------------------

### Prices for people under 18 and people 60+

5. Apply an inflationary increment (3.5%) to prices for young people to encourage greater participation and maximise income.
6. Apply an inflationary increment (3.5%) to prices for 60+ to encourage greater participation and maximise income.

### Macduff Marine Aquarium

7. Retention of a specific price for people 60+ and disabled people not on low income. The proposal is to offer a £1.25 discount off the standard rate (£7.50)
8. A 3.5% inflationary increase in prices to be applied to all prices except where specified – in line with similar proposals for the rest of the service.
9. The family group ticket price to be held at £21.75.
10. Aquarist for a day price to be reduced by 25% and Child annual membership by 35%.

**APPENDIX 2**

**Live Life Aberdeenshire  
Fees and Charges**

Increase in Income above 2018/19									
2019/20 Pricing Policy	Original Policy	New Pricing policy with anticipated uptake	Option 1B	New Pricing with same uptake as Original pricing	Option 2A	New Pricing Policy with static uptake (0% increase)	Option 2B	New Pricing with 1% decrease in uptake	Option 2C
Total Income	5,512	5,537	Option 1B	5,372	Option 2A	5,503	Option 2B	5,449	Option 2C
Active Aberdeenshire Membership	(29)	14		(93)		0		(14)	
Swimming Lessons	61	81		81		71		50	
Other	115	77		19		67		48	
All Fees and Charges	147	172		7		138		84	

% increase on 2018/19 income

2.74%

3.20%

0.13%

2.57%

1.57%

**With Extra Marketing**

Increase in Income in Year									
2019/20 Pricing Policy	Original Policy	New Pricing policy with anticipated uptake	Option 1B	New Pricing with same uptake as Original pricing	Option 2A	New Pricing Policy with static uptake (0% increase)	Option 2B	New Pricing with 1% decrease in uptake	Option 2C
Total Income	5,579	5,637	Option 1B	5,439	Option 2A	5,503	Option 2B	5,449	Option 2C
Active Aberdeenshire Membership	0	57		(64)		0		(14)	
Swimming Lessons	61	81		81		71		50	
Other	153	134		57		67		48	
All Fees and Charges	214	272		74		138		84	

% increase on 2018/19 income

3.99%

5.07%

1.38%

2.57%

1.57%