

Cabinet

5 SEPTEMBER 2011

**CABINET MEMBER
FOR RESIDENTS
SERVICES**

Councillor Greg Smith

THE FUTURE OF THE LIFESTYLE PLUS CARD

**Wards:
All**

This report recommends that the Council ceases its operation of a leisure card, by decommissioning the existing Lifestyle Plus Scheme (LPS) and approving that GLL provide and manage a concessionary card operating under the terms of GLL's existing Pay and Play concessionary offer in conjunction with Virgin Active.

CONTRIBUTORS

AD Cleaner Greener
and Cultural Services
Acting Head of
Libraries, Leisure and
Fleet Transport
DFCS
ADLDS

Recommendation

That authority be delegated to the Cabinet Member for Residents Services, in conjunction with the Director of Residents Services, to agree with the Council's providers GLL and Virgin Active the terms, including any profit share, on which they will implement a new leisure card based on existing concessionary offers already provided and manage this on the Council's behalf.

**HAS A EIA BEEN
COMPLETED?
YES**

**HAS THE REPORT
CONTENT BEEN
RISK ASSESSED?
YES**

1. BACKGROUND

- 1.1 The Lifestyle Plus Scheme (LPS) is a concessionary scheme targeted mainly at access to leisure centres. Membership is open to people living in the borough that are in receipt of a range of benefits including unemployment benefits, state pension, income support, invalidity sickness benefit and housing benefit. It is also open to full time students.
- 1.2 The scheme started in the 1980's with the then Leisure & Recreation Department. When the LPS was handed over to Education in 1994, membership cost £ 2.00 per person, per year, which has now risen to £20.50 per year. Membership of the scheme reached a peak in 1996 with 6,500 card holders but has declined over time to its present level of approximately 1,800. As the steady decline in membership shows, it is not as popular as it once was. Based on feedback from customers, the main reasons for the decline are the cost of the card, its bias towards off-peak access and the stigma of an easily identifiable concessionary card.
- 1.3 Hammersmith & Fulham is fairly unique in its approach to the LPS concessionary card and most other boroughs have opted for a different model. Whilst no two concessionary card schemes are the same, there is general consensus around a low initial cost for the card and a higher cost entry fee than is the case with the current Hammersmith & Fulham scheme.
- 1.4 In the immediate area there are a number of different approaches to concessionary leisure card cards and Table 1 below compares Hammersmith & Fulham to its closest neighbouring authorities.

Table 1

	Annual Membership	Swimming		Gym	
		Average % discount	Average Entry Price	Average % discount	Average Entry Price
LBHF Current	£20.50	72%	£0.50p	91%	£0.50p
Kensington & Chelsea	£11.75	66%	£1.20	50%	£2.85
Wandsworth	£6.00* *six months only	56%	£1.70	50%	£4.00
Ealing	£3.00	50%	£1.70	50%	£3.20
Richmond	£6.00	45%	£2.00	10%	£5.10
Brent	£5.00	46%	£1.40	57%	£2.00
Hounslow	£2.00	87%	£0.50p	74%	£1.50

Table 2 below shows the discounts given off the usual entry fee in this Council and other neighbouring or West London boroughs for residents entitled to concessions.

Table 2

	Swimming				Gym			
	Peak % discount	Peak Price	Off Peak % discount	Lifestyle or off-peak price	Peak % discount	Peak Price	Off Peak % discount	Lifestyle or off-peak price
Hammersmith and Fulham	0%	£2.55 non-member £3.60	72%	50p	0%	£5.10	91%	50p
Kensington & Chelsea	none	none	none	none	none	none	none	none
Wandsworth	25%	£3.15	25%	£3.15	10%	£8.00	10%	£8.00
Ealing	none	none	none	none	none	none	none	none
Richmond	10%	£3.20	10%	£3.20	10%	£6.00	20%	£5.60
Brent	25%	£2.55	25%	£1.75	25%	£3.95	25%	£3.50

2. PROPOSAL

- 2.1 Following the modelling of various options, the following proposal provides what is considered to be the most cost effective means of delivering concessionary access to the borough's leisure centres.
- 2.2 It is proposed that the borough does not operate a leisure card and decommissions the existing LPS. Instead, GLL will provide and manage a concessionary card that operates under the terms of their existing Pay and Play concessionary offer. The Council's other private sector leisure provider, Virgin, have agreed to also offer the same terms.
- 2.3 Under the proposed arrangements, residents currently entitled to a LPS will pay GLL £3 per annum for the card (compared to £20.50 per annum for LPS) and will then be able to use the following facilities as below (Table 3).

Table 3

	Phoenix Leisure Centre	Fulham Pools	Hammersmith Broadway	Lillie Road
Swimming	£1.40	£1.40	n/a	n/a
Gym	£2.55	£2.55	£2.55	£2.55

Therefore a swim will cost £0.90p more per visit than is currently available to LPS members, but the annual fee is reduced by £17.50. On that basis, residents can swim on 19 occasions before it costs more. A gym visit will cost £1.65 more per visit but with a reduced annual fee residents can access the gym 9 times before it costs more.

3. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

- 3.1 GLL have agreed to pay £35,890 per year to the Council to mitigate for lost revenue through the removal of the LPS. Further income for the Council may be generated from profit share arrangements. Discussions around profit share arrangements are under way and GLL have indicated a willingness to enter into an 'open book' accounting arrangement. On this basis, it should be possible to agree a profit share arrangement. On a 50/50 share basis the Council would generate between £13,000 and £35,000 in additional income per annum on top of the £35,890, a potential total of at least £48,890 which is 36% greater than the current level of income.
- 3.2 GLL have however, confirmed that having already agreed to cover 100% of the Council's loss of income, taking the risk and the costs associated with the operation of the new membership scheme, including the costs of the IT, they would not be willing to accept or provide any further **guaranteed** payments to the Council and any additional income would be agreed using open book accounting to monitor the expected increased income levels.

Financial Year	Current income	Proposed Income	Profit Share (open book)	Net position
2011/12	£37,725 (1) and (2)	£35,890	£15,000 - £35,000	£13,165 - £33,165
2012/13	£37,725	£35,890	£15,000 - £35,000	£13,165 - £33,165
2013/14	£37,725	£35,890	£15,000 - £35,000	£13,165 - £33,165

(1) Investment costs to be made by GLL

(2) MTFS has already accounted for saving in administration of card.

4. SUMMARY

- 4.1 The Council currently has approximately 1,800 Lifestyle Card holders which generated income of £37,275 in 2010/11. The current cost of administering the Lifestyle Card is estimated to be £15,000 per annum. Therefore, the initial direct financial impact to the Council is £22,275 per annum. Should GLL administer the new concessionary access, GLL have agreed to pay LBHF the sum of £35,890 per annum.
- 4.2 It is recommended that the service providers deliver programmes and pricing structures to minimise the impact on existing concessionary users. Previous Lifestyle cardholders would be signposted to the leisure provider's concessionary offers and off-peak usage and off-peak rates. The borough's leisure providers would see an increase in income, so a profit share arrangement would be crucial in terms of mitigating any loss of income to LBHF.
- 4.3 Due to LBHF operating its leisure facilities under two operators, the delivery of this project has been more challenging. However, actions relating to the technology and relationships between the two systems are now progressing well with agreement from both providers to access a web portal system. It is currently estimated that this system will cost £3,360pa to maintain with a one-off cost of £7,500 to develop the system. As mentioned, GLL have agreed to take responsibility for these costs.

5 RISK MANAGEMENT

- 5.1 This project is included on the departmental project register. It has been assessed as a low risk project, as there is no financial contribution required from the Council.

6. EQUALITY IMPLICATIONS

- 6.1 The equality implications are considered medium in relation to disability issues and age. All other equality parameters are considered to be of low impact. The Council's leisure providers are able to reduce any adverse impacts through the increased communication and benefits of the new concessionary offers available to residents.

7. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

- 7.1 It is noted that it is proposed to enter into an arrangement whereby one of the Council's leisure providers (GLL) will operate and manage a concessionary card to replace the Council's existing Leisure Plus Scheme.
- 7.2 Upon instructions from the client department, Legal Services will assist with the drawing up of any necessary contracts setting out the terms of the arrangements agreed.

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Sports and Physical Activity Strategy 2006-2012	Chris Bunting	RSD
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