

REPORT FOR EDLC BOARD	
<b>Report Title:</b>	Pricing Review 2022/2023
<b>Contact officer:</b>	Mark Grant
<b>Date:</b>	16 <sup>th</sup> February 2022
<b>Agenda Item No:</b>	No 9
<b>Report No:</b>	EDLCT/ 97/22/MG

## 1. INTRODUCTION

- 1.1 The purpose of this report is to update the Board of proposed changes to EDLCT charges for 2022 / 2023. These charges are presented alongside the results of recent benchmarking exercise both locally and across Scotland.
- 1.2 This does not include changes to the gym membership and concessions schemes which were implemented in April 2020 during the first lockdown period.
- 1.3 In considering a pricing levels for EDLCT Services, there are a number of key factors which require to be considered in order to make informed decisions regarding pricing.

These include:

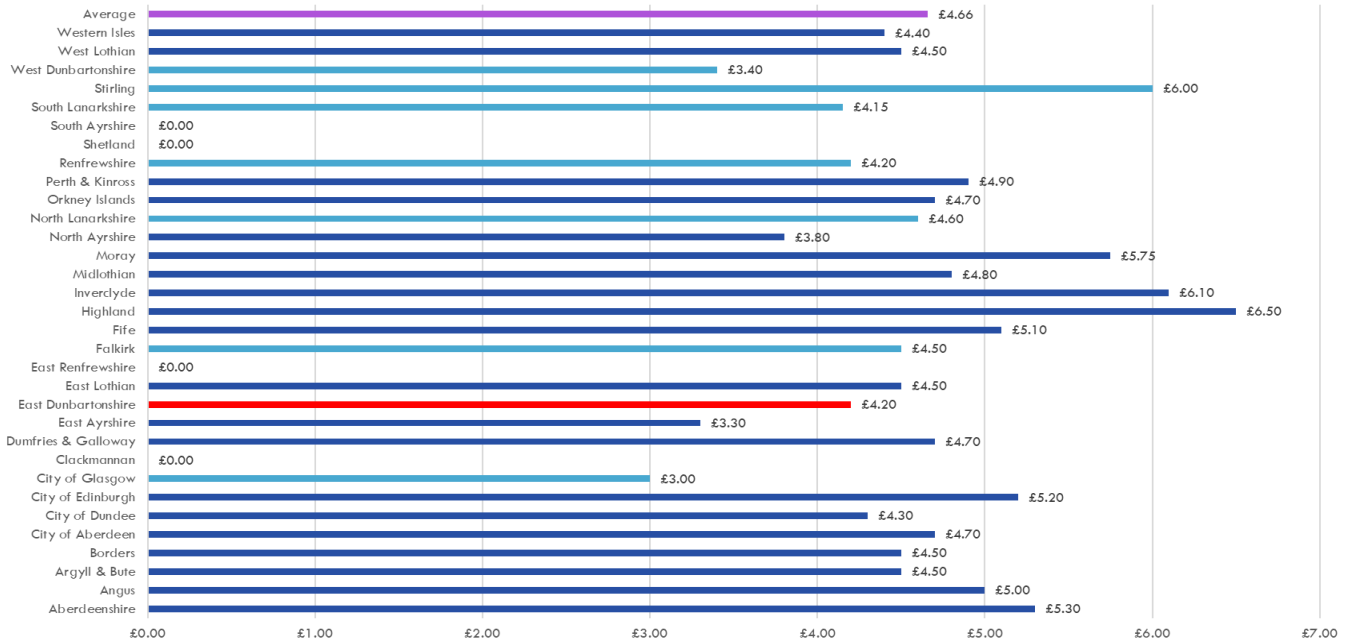
- Impact of Covid – 19.
- Financial Objectives.
- Forecast Income.
- Policy Objectives.
- Usage Patterns.
- Forecast of effects on use including the impact of competitors etc.
- Comparisons and Benchmarking with Competitors and Other Service Providers.
- User Views.
- Increased cost of provision including energy costs.

## 2. BACKGROUND

- 2.1 EDLCT has a number of product categories each with their own pricing level. The core pricing categories are adult, juvenile and concession. The pricing level should relate to strategic outcomes and detailed competitor analysis.
- 2.2 **Current Charges:**

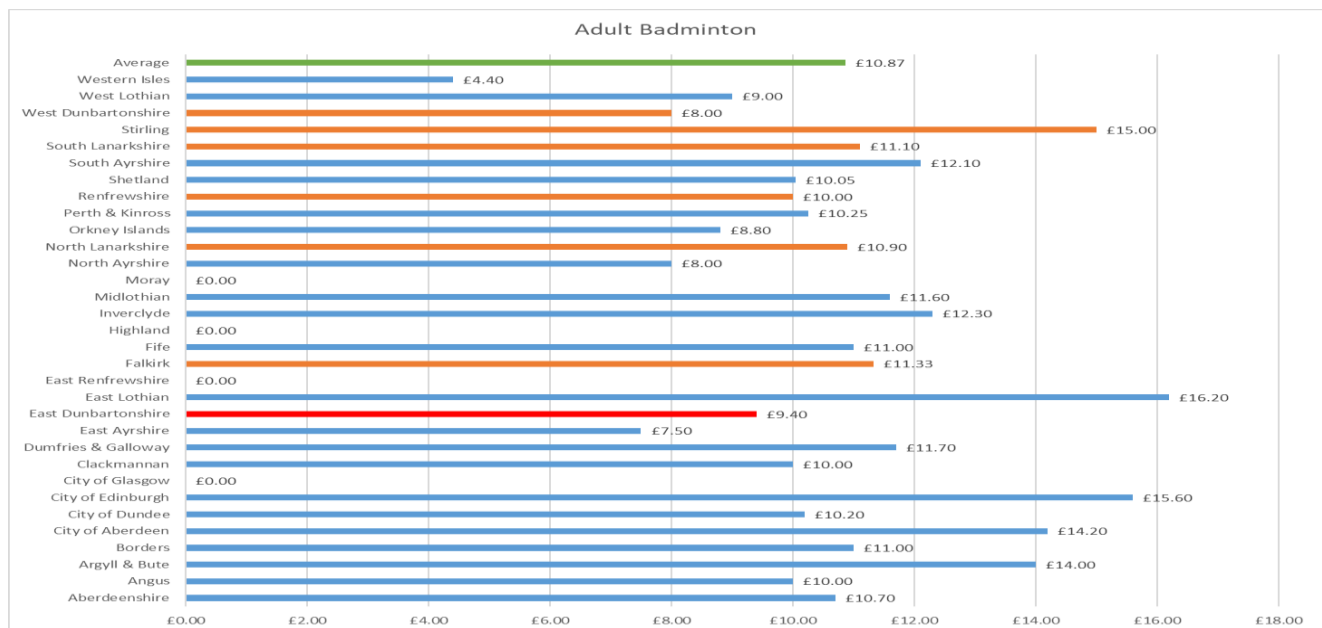
The existing charges for EDLC activities have generally increased by inflation or in some cases above inflation to reflect the charge for the activity in comparison to other providers. The tables below outline current activity charges for some key activities in EDLC facilities with a comparison for a selection of competitors.

### Adult Swimming



The current EDLC adult swimming charge is £4.20 with the average charge across Scotland of £4.66. The proposed price of £4.40 would mean an increase of 5%.

### Adult Badminton



The current EDLC Adult Badminton Price is £9.40 with the average charge across Scotland of £10.87. The proposed price of £9.90 would mean a 5% increase.

### 3. PROPOSED INCREASE IN CHARGES

3.1 Raising income from charges and being commercial in our outlook has become increasingly important however raising some charges may also have a negative impact on our performance both financial and reputational.

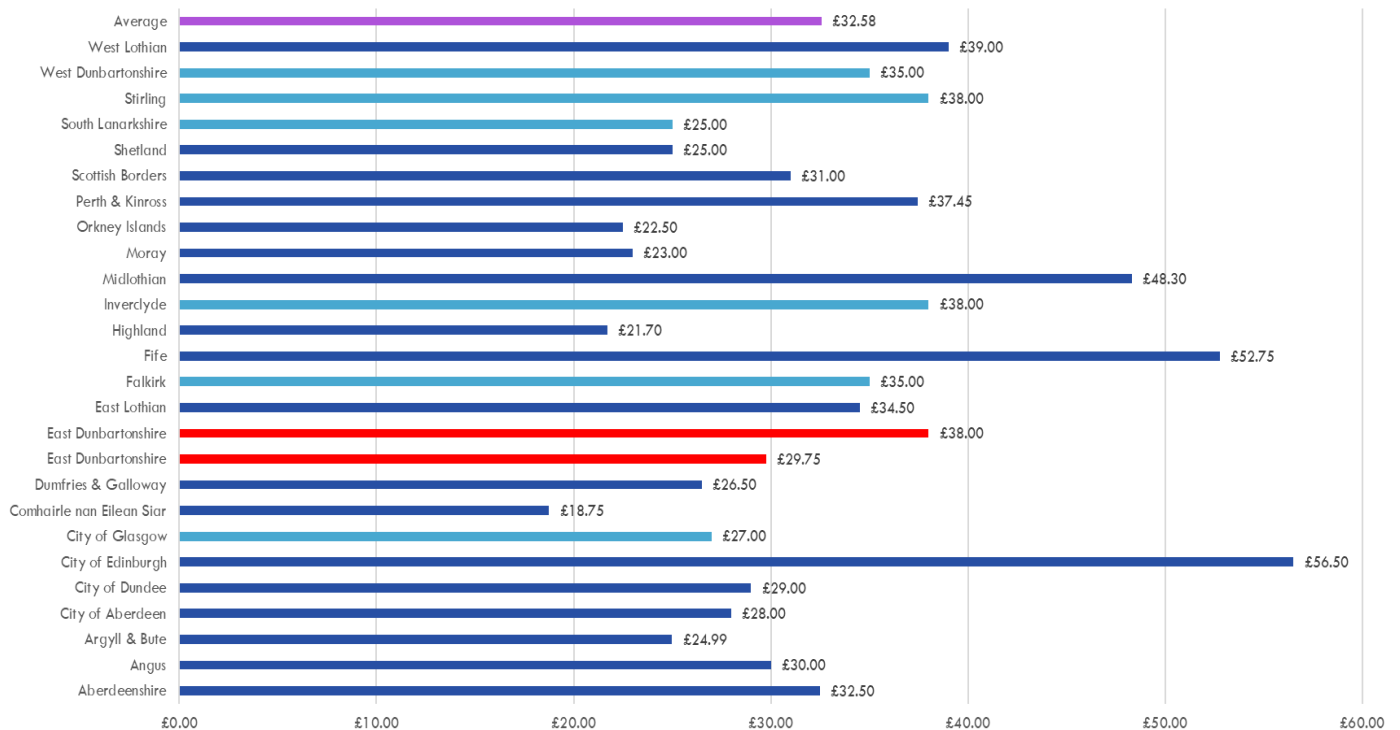
EDLCT look to increase revenue and an annual standard percentage increase across all price levels to meet increased income targets.

3.2 EDLCT must also be aware it competes in a challenging business environment and should take account of the charges of competitors. If our customers can go elsewhere and receive the same or similar service levels at a lower price then price increase exemption must be considered for specific products.

3.3 The proposed increase in charges will cover all activities across EDLC with the exception of the Gym membership scheme which was reviewed in October 2019 with the price changes implemented in financial year 2020 / 21 at the beginning of the first Covid – 19 lockdown. The gym membership is currently at 75% of pre-covid levels and we are looking to get it back to 100% or greater during the next financial year.

All three gym facilities including the Allander will be upgraded with new equipment in the next financial year which will help with membership sales and retention of members.

#### GYM DD Adult



- 3.4 The current gym Direct Debit adult price is in line with most of our neighbouring authorities although Glasgow is £11.00 lower. This is mitigated by our 12 month contract price of £29.75.
- 3.5 Sports Development Direct Debit prices have not increased for 2022/23 as the new Direct Debit payment system only began in October 2021. Not all customers have yet returned as a phased return to classes is still being rolled out. These prices were set in October when moving from block payments to Direct Debit in order to rationalise the pricing structure and included an increase of 5% at that time. A further increase at this time could result in negative feedback and potential loss of customers.
- 3.6 Taking account of all of the activities out with the gym and sports development charges the table below outlines the potential impact on income if an uplift of 2.5% - 5% is applied and forecasted usage levels are achieved.

Percentage Increase	Additional Income
2.5%	26,626
3%	31,951
4%	42,602
5%	53,252

#### 4. IMPLICATIONS

- 4.1 There is potential for negative feedback from customers around the increase in price for activities.
- 4.2 The change in pricing level if the current level of usage is maintained will mean an increase in income between £26,626 and £53,252
- 4.3 Potential reduced demand for EDLCT services due to the extent to which demand is influenced by price.
- 4.4 EDLCT will produce an annual service charges document detailing all product pricing levels in February each year. Any price increases will be advised to customers in advance from early March of each year by poster, leaflet notification and other communication methods as deemed appropriate.

#### 5. RECOMMENDATIONS

- 5.1 It is recommended that the Board:-
- a) Notes the details provided on proposed changes to EDLC charges for 2020/2021 and Membership Scheme.

- b) Agree an uplift in charges of 5% and approve the implementation of these charges from 1<sup>st</sup> April 2022.
- c) Agree that Sports Development and Gym Direct Debit charges remain at the current level subject to review in February 2023.