



## Appendix B.

### 1610 Limited – Dorchester Sports Centre – 2017 Pricing Proposal

This document outlines the proposed changes and rationale for price increases for Dorchester Sports Centre. This proposal highlights core and non core activity prices that relate to casual 'non member' use of the Centre facilities as well as the 'membership' rates applicable for those who choose to join as either pay monthly or annual members. Prices are generally increased annually from the 1<sup>st</sup> of January and are subject to approval from the District Council with input from key stakeholders and users.

#### 1. Summary of Proposed Price Increases & Competitor Analysis

A range of Centres across the region were reviewed to attain the current pricing levels and offer for leisure activities at facilities that are comparable to those available at Dorchester Sports Centre. The sites compared were:

- Bridport Leisure Centre (operated by Bridport Sports and Leisure Trust Ltd)
- Weymouth Leisure Centre (operated by SLM)
- Poole Leisure Centre (operated by SLM)
- LED South Somerset Centres (operated by LED Leisure)
- LED East Devon Centres (operated by LED Leisure)

The below tables demonstrate a number of pricing gap across the activities offered. Within each table are the proposed new prices 1610 would like to introduce from January 2017. A number of these proposed changes may seem to be relatively high however where many of these increases are proposed this is in reflection of the significant variance compared with competitors or to provide stronger rationale for a regular user to benefit from a monthly membership (note that the monthly memberships have not been proposed to increase).

**Fig. 1 Current 1610 prices with public sector competitor pricing**

Core Activity	Competitor Comparisons (Correct as of Sept 2016)							1610 Proposed Rates from 1st Jan 2017	Percentage Change from 2016 Rates
	Current 1610	Bridport	Weymouth	Poole	LED South Somerset	LED East Devon	Competitor Averages		
Adult Swim (casual user rate)	£3.90	£4.10	£4.20	£4.55	£4.20	£4.50	£4.31	<b>£4.10</b>	5%
Concession / Junior Swim (casual user rate)	£2.75	£3.10	£2.65	£2.40	£3.10	£3.30	£2.91	<b>£2.80</b>	2%
Parent and Toddler Swim	U5 free	U4 free	U4 free	n/a	U5 free	U5 free	U4/5 free	<b>U4 free</b>	n/a



Swim Lessons - Junior (rate per month)	£17.00	£18.00	£22.00	£23.80	£23.40	£24.20	£22.28	<b>£18.50</b>	9%
Fitness Suite – Adult (casual user rate)	£5.60	£5.90	£6.05	£6.30	£5.40	£6.00	£5.93	<b>£6.00</b>	7%
Fitness Suite – Concession (casual user rate)	£4.00	£4.45	£4.40	£4.10	£4.00	£4.50	£4.29	<b>£4.30</b>	8%

\*Denotes Core Fees and Charges according to WDDC specification

The proposals for 'Core Fees' are in proportion with competitor analysis and maintain suitable variance between standard and concession rates. Particular note should also be paid to the variance between 1610 and competitors for Junior Swimming Lessons. While we are proposing a £1.50 / 9% increase this is still nearly £4 per month less than the competitor average.

**Fig. 2 Current 1610 prices with ATP competitor pricing**

ATP Use Type	Competitor Comparisons (Correct as of Sept 2016)						Competitor Averages
	Current 1610	Redlands Community Sports Hub (Weymouth)	Axminster Leisure Centre	Goals Soccer Centre (Bristol)	Beaminster Sports Centre (1610)	Castle Sports Centre (1610)	
1/3 Pitch (Weekday 7am-6pm)	£23.00	£20.00	£24.00	£45.00	n/a	£22.00	£27.75
2/3 Pitch (Weekday 7am-6pm)	£40.00	n/a	£36.00	£55.00	£35.00	£44.00	£42.50
Full Pitch (Weekday 7am-6pm)	£55.00	£75.00	£48.00	n/a	n/a	£55.00	£59.33
1/3 Pitch (Weekday 6pm-9pm)	£18.00	£26.00	£24.00	£45.00	n/a	£22.00	£29.25
2/3 Pitch (Weekday 6pm-9pm)	£34.00	n/a	£36.00	£55.00	£35.00	£44.00	£42.50
Full Pitch (Weekday 6pm-9pm)	£50.00	£120.00	£48.00	n/a	n/a	£55.00	£74.33
1/3 Pitch (Weekend)	£14.00	£20.00	£24.00	£45.00	n/a	£22.00	£27.75
2/3 Pitch (Weekend)	£26.00	n/a	£36.00	£55.00	£35.00	£44.00	£42.50
Full Pitch (Weekend)	£38.00	£75.00	£43.00	n/a	n/a	£55.00	£57.67

Note - these are commercial rates and not applicable to clubs

Note - majority of operators charge additional fee for lights of between £10 - £24 per hour



**Fig. 3 New ATP pricing structure with split for adult and junior rates**

ATP Use Type	Junior Rate (Under 16)	Adult Rate
1/3 Pitch (Weekday)	£20.00	£25.00
2/3 Pitch (Weekday)	£32.00	£40.00
Full Pitch (Weekday)	£44.00	£55.00
1/3 Pitch (Weekend)	£16.00	£20.00
2/3 Pitch (Weekend)	£26.00	£32.00
Full Pitch (Weekend)	£35.00	£44.00
Surcharge for use of ATP lights	£8.00	£8.00

On analysis of the rates charged per hour for ATP pitch hire, it is clear that the structure is neither appropriate nor competitive. 1610 propose that the daytime / evening rates for weekdays are combined to one weekday rate along with the introduction of an adult and junior rate for casual bookings to help promote greater use for junior participants. 1610 also propose that a surcharge is introduced for any pitch bookings where floodlights are required. Again this is comparable with our competitors and appropriate to the additional service offered. An alternative proposal is to introduce seasonal rates to cover the expectation that during the winter floodlights will be required for majority of bookings during this period.

**Fig 4. 1610 Proposed pricing for 'non-core' Activities**

Non Core Activity	Competitor Comparisons (Correct as of Sept 2016)							1610 Proposed Rates from 1st Jan 2017	Percentage Change from 2016 Rates
	Current 1610	Bridport	Weymouth	Poole	LED South Somerset	LED East Devon	Competitor Averages		
Waterpolo Lessons - Junior (per month)	£12.00	n/a	£22.00	n/a	n/a	n/a	£22.00	<b>£14.00</b>	17%



Swim Lessons – Adult (per month)	£15.00	?	£23.20	£23.20	£22.00	£19.50	£21.98	<b>£17.00</b>	13%
Group Exercise – Adult (per month)	£5.60	£6.40	£4.85	£5.50	£5.60	£6.00	£5.67	<b>£6.00</b>	7%
Group Exercise - Concession (per month)	£4.00	£4.60	n/a	£3.60	£4.20	£4.50	£4.23	<b>£4.30</b>	8%
Family Swim (2 adults + 2 children)	£11.00	£10.00	£12.70	n/a	£9.80	£11.30	£10.95	<b>£11.20</b>	2%
Adult Membership (per month)	£42.00	£29.25	£33.25	£33.00	£39.50	£39.50	£34.90	<b>£42.00</b>	0%
Adult Concession Membership (per month)	£32.00	£26.00	£25.00	£30.00	£29.60	£29.60	£28.04	<b>£32.00</b>	0%
Adult Corporate (per month)	£37.00	?	£27.25	£30.00	?	?	£28.63	<b>£37.00</b>	0%
Junior / Student Membership (per month)	£20.00	£29.25	£17.00	£17.83	£24.50	£24.50	£22.62	<b>£21.00</b>	5%
Wellness Works Membership (per month)	£25.00	n/a	n/a	n/a	n/a	n/a	n/a	<b>£25.00</b>	0%
Induction / Joining Fee (one off fee)	£25.00	£43.50	£50.00	£50.00	£25.00	£25.00	£38.70	<b>£25.00</b>	0%
Studio Hire (casual use per hour)	£25.00	£25.00	?	?	?	?	£25.00	<b>£27.00</b>	8%
Main Pool Hire (casual use per hour)	£110.00	?	£115.00	?	?	?	£115.00	<b>£110.00</b>	0%
Learner Pool Hire (casual use per hour)	£55.00	?	£48.90	?	?	?	£48.90	<b>£55.00</b>	0%

The above proposed increases do not require approval by WDDC however these are shared for reference and comment. There are proposals to significantly increase the per month rates for Waterpolo and Adult Swimming however these increases are still lower than competitors.



It is important to highlight that there will be no increase to any of our Adult memberships as these are already comparably higher than competitors. The Adult Premier membership has remained at this same rate for two years now and continues to provide value to our customers.

It is important to note the following when considering these price increases:

- Pool hire rates only apply to 'one off' bookings, including weekend Swimming Galas.
- 'Club rate' hire for swimming pool and ATP have not been included in this proposal and any changes to these will be discussed separately in consultation with incumbent clubs and users during March 2017.

## **2. Workforce Costs**

### **2.1 National Minimum Wage Increases**

From the 1<sup>st</sup> October 2016, the National Minimum Wage (NMW) for all employees over 21 increased by 3%, with the rates for Apprentices seeing increases as well. This will have less of an impact than in previous years however there will be a number of our casual workers who will receive this increase.

### **2.2 National Living Wage**

From 1<sup>st</sup> April 2016, the government introduced a new mandatory National Living Wage (NLW) for workers aged 25 and above, initially set at £7.20. 1610 have responded positively to this introduction and now all our contracted employees, regardless of age, are paid at least £7.24 per hour.

### **2.3 Restructure**

1610 have absorbed these additional costs to both casual and contracted workers as part of an organisation wide restructure which came into effect on 1<sup>st</sup> August 2016. As part of this restructure we have removed the 'Duty Manager' role and increased the number of managers based at the centre. We have also recruited new Reception staff and Lifeguards which is still ongoing.

## **3. Impact on Investment**

Since taking on the contract in October 2012, 1610 has continued to make investments in the site, in addition to the funds invested by WDDC. 1610 has worked in partnership with WDDC to enhance and improve the facilities, service and programmes in order to further engage with our customers and improve member retention.

1610's investment in the Centre and the service has been extensive, including the following:

- Introduction of the new 'Communicate' product which provides automated communications mailing along with the 'Net Promoter Score' interaction which provides us with invaluable daily feedback from new and existing members rated on a score of 1-10.
- Launch of our new 'Wellness Works' membership scheme specifically focussed on those either referred by their GP or 'self-referred'. This membership includes enhanced consultation with our referral specialist and designed to appeal to those with a specific medical need or disability. In addition to this we have now introduced a 'buddy scheme' whereby those on a 'Wellness Works' membership can sign up a 'buddy' under the same terms to help support them when using the facilities.
- Launch of 'Bounts' loyalty scheme whereby points are collected when exercising that can then be spent on the high street.
- IT equipment, management systems and infrastructure, including a new IT service contractor.



- ATP tractor to undertake regular weekly sweeping of the pitch carpet to help prolong the life of the pitch.
- Investment and development of the group exercise programme to continually innovate, including new classes such as 'Clubbercise'.

1610 is committed to continued investment based on the ability to build on the current net surplus from the facilities. Price increases would significantly enhance the capability of 1610 to reinvest funds to further improve facilities and services.

In addition 1610 are in the process of developing further projects to improve the service and value offered to include:

- Review of current Fitness Suite infrastructure and layout for prospective investment
- Improvements to front of house environment including call handling and customer contact centre, automated kiosks and terminals and improved front of house furniture.
- Investment in further energy efficient technology to reduce utility costs including LED lighting to poolside.

#### **4. Limitations to business growth**

The proposed price increases will enable 1610 to recover additional costs based on current levels of use. In the previous 3 years of the Leisure Contract there has been a gradual increase in the overall usage at the Centre, but continued growth has begun to slow over the last 12 months due to a number of potentially limiting factors:

- Current fitness class occupancy is high and the ability to grow the programme, and therefore increase participation, is becoming more challenging. In particular the studio saw huge growth in 2014 which has begun to slow due to maximum class numbers being set at around 20 due to space limitations. In addition all evening time slots are now occupied and the Centre now has the highest number of scheduled Group Exercise sessions across 1610 sites.
- Nationwide swimming participation has seen some drops over the past couple of years; however Dorchester Sports Centre has again seen an increase in casual swimming participation year on year which is very positive. This is putting further pressure on the pools in terms of capacity and programming coupled with increasing demand for swimming lessons and club use.
- The current fitness suite at Dorchester Sports Centre is full at times, with queues for equipment. The size of the fitness facility is limited and current membership levels of 1,700 have remained relatively consistent over the last 2 years. This can grow further if 1610 were to undertake investment in the fitness suite to increase the quantity of fitness equipment and overall service provided.

#### **5. Future Pricing Reviews**

- 5.1 At present 1610 conducts competitor analysis on at least an annual basis before submitting any pricing proposals. Next year 1610 will continue to monitor competitor pricing followed by a full review of competitors again in November 2017.
- 5.2 1610 would like to review the current prices with WDDC during the July quarterly meeting to assess the impact of the January 2017 price increases on overall usage and the net surplus across the contract.