|  |  |
| --- | --- |
| **HIGH LIFE HIGHLAND****REPORT TO BOARD OF DIRECTORS****11 December 2024** | AGENDA ITEM 9 REPORT No HLH/28/24 |

###### FINANCIAL PLANNING 2025/26 - Proposed Price Increase - Report by Chief Executive

**Summary**

This report provides the Board with details of proposals for increasing the prices for the *high****life*** membership packages and leisure pay as you go prices as part of the 2025/26 budget setting process.

It is recommended that Directors:

1. approve the pricing proposal for *high****life*** subscriptions; and
2. approve the pricing proposal for pay-as-you-go and letting activities, including a level of management discretionary pricing around key products/activities.

|  |  |
| --- | --- |
| **1.** | **Business Plan Contribution** |
| 1.1 | High Life Highland’s (HLH) purpose is Making Life Better. The HLH Business Plan contains eleven Business Outcomes which support the delivery of this purpose, and this report supports all the outcomes from the Business Plan:1. Seek to continuously improve standards of health and safety.
2. Commit to the Scottish Government’s zero carbon targets and maintain the highest standards in environmental compliance.
3. **Use research and market analysis to develop and improve services to meet customer needs.**
4. Increase employee satisfaction, engagement and development to improve staff recruitment and retention.
5. **Improve the financial sustainability of the company.**
6. Value and strengthen the relationship with THC.
7. Develop and deliver the HLH Corporate Programme and seek to attract capital investment.
8. Use research and market analysis to develop and deliver proactive marketing and promotion of HLH and its services.
9. Initiate and implement an ICT digital transformation strategy across the charity.
10. Develop and strengthen relationships with customers, key stakeholders and partners.
11. Deliver targeted programmes which support and enhance the physical and mental health and wellbeing of the population and which contribute to the prevention agenda.
 |
| **2.** | **Background** |
| 2.1 | This report provides the detail of the proposed price increases to be introduced for financial year 2025/26 as part of the budget setting process. |

* 1. This report outlines the proposed increases and the rationale for:
		+ *high****life*** membership packages.
		+ Pay-As-You-Go (PAYG) activities.
1. **Price increase –** *high****life* subscriptions**
	1. It is proposed to present the same price increase as last year and increase *high****life*** subscriptions by 6.95% rounded-up to the nearest 99p. The table below shows the proposed increases for 2025/26 and includes increases over five years for reference.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 |
| *high****life*** | 6.95%(rounded-up to 99p) | 6.95% | 9.00% | 5.00% | Price Freeze |

###### Price Increase

* + 1. Monthly *high****life*** prices in the current financial year are: £26.60 for an individual subscription and £39.99 for a family subscription.
		2. Taking into account the *high****life*** membership is the charity’s highest proportionate income generator, a substantial amount of consideration has been given to setting the monthly fee at a rate which supports the charity and its ongoing investment in delivering its charitable objectives.
		3. As of 1 April 2025, the following monthly subscriptions are recommended:

###### Individual = £28.99 Family = £42.99

* + 1. The *high****life*** administration team will commence the process of communicating with members early in the New Year and will undertake the necessary systems admin to ensure that the Direct Debit run in April 2025 reflects the new prices.
		2. Ahead of last year’s proposed increase, a benchmarking review was undertaken across other Scottish trusts (**Appendix A**), alongside a customer consultation which took place to establish any pricing “tipping points” that may prompt existing members to cancel their subscription.
		3. HLH members were asked to respond to the question in column one, with their responses (averaged) in the second column.

|  |  |
| --- | --- |
| **Question** | **Answer** |
| At what price would you consider the product/service to be a bargain – a great buy for money (cheap/good value)? | £22.26 (ind)£30.35 (fam) |

|  |  |
| --- | --- |
| At what price would you say the product/service is starting to get expensive – it’s not out the question, but you’d have to give some thought to buying it (expensive/high side)? | £32.51 (ind)£44.23 (fam) |
| At what price would you consider the product/service to be so expensive that you would not consider buying it (too expensive)? | £42.20 (ind)£57.44 (fam) |

* + 1. Whilst the sample was relatively small, it came from a wide geographic area and cross-section of customer demographics. The feedback offers reassurances that the proposed price increase set out in 3.2.1 still seems to fall within the parameters of value for money, and below the point at which customers would considering cancelling or not purchasing to begin with.
		2. Board members should note that work is currently underway to consider a “Young Person’s *high****life*** Card”. This in response to increasing feedback about the access to leisure facilities (in particular, fitness activities) by students and young people.
		3. As any such model *may* have an impact on existing family memberships, further work and due diligence is required in order to financially protect the Charity. A further report will be presented to the Board in due course.
		4. Based on the above monthly subscription levels (which equates to a similar 6.95% price increase applied last year and rounded-up) and average monthly growth of 0.25% (also the same as last year) the following table details projected income for financial year 2025/26.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Month** | **Projected Subscriptions** | **Monthly Gain/Loss** | **%****Change** | **Projected Income (£)** |
| April | 21,031 | - | 0.12%-0.83%-0.50%0.17%0.80%-2.53%1.57%0.20%0.00%2.30%2.00%-0.30% | 753,548 |
| May | 20,857 | -175 | 747,294 |
| June | 20,752 | -104 | 743,557 |
| July | 20,788 | 35 | 744,821 |
| August | 20,954 | 166 | 750,780 |
| September | 20,424 | -530 | 731,785 |
| October | 20,744 | 321 | 743,274 |
| November | 20,786 | 41 | 744,761 |
| December | 20,786 | - | 744,761 |
| January | 21,264 | 478 | 761,890 |
| February | 21,689 | 425 | 777,128 |
| March | 21,624 | 65 | 774,797 |
| **Total** |  | **722** | **9,018,396** |

|  |  |
| --- | --- |
| 3.2.11 | The proposed increase would generate an increase of £1.03M in *high****life*** income for the financial year 2025/26 based on a net growth of 722 primary member subscriptions. |
| 3.2.12 | *Growth –* Directors will note that growth rates are very conservative (same as last |
|  | year) in the projected figures above. However, the *high****life*** team has recently |
|  | commissioned external consultants (Alliance/TA6) to undertake a full review into |
|  | the growth potential in key locations across the Highlands, in particular: Dingwall, |
|  | Invergordon, Inverness, Lochaber and Thurso as well as considering the smaller |
|  | rural locations. |
| 3.2.13 | The scope of work is to better understand the demographics of the various |
|  | Highland communities; identify whether there is/is not growth potential – and if so, |
|  | an indication as to what this may be; identify key audiences in those localities – |
|  | all of which will assist the *high****life*** and Marketing and Engagement teams to |
|  | generate more bespoke and targeted sales campaigns. |
| 3.2.14 | For this reason, the service will review growth targets based on the TA6 Report, |
|  | update any improved positions and report back to a future Board meeting. |
| 3.2.15 | *Attrition* – the charity’s performance figures indicate an average 400 memberships per month are cancelled (albeit *high****life*** in the main shows a NET gain on monthly subs). However, it should be noted that where monthly fees have increased in the previous two years, there has been a slight increase in cancellations (~150) immediately following the notification of price-uplift to members. |
| 3.2.16 | The charity also witnesses a further reduction in Q1 (summer period) of each year, which is not believed to be attributed directly to price increase and more likely to families “doing other things”. However, the position is closely monitored by the *high****life*** team and recovered over the year. The service is also looking at allocating resource specifically to target members cancelling their subscriptions. |
| 3.3 | **Price Increase Pay-as-you-go (PAYG)** |
| 3.3.1 | At its June meeting, the HLH Board Directors asked whether the balance between *high****life*** leisure subscription and admission prices was right, and whether it may be affecting income opportunities. The Board was informed that admission charges had decreased by £167K over the period 2017/18 – 2023/24 (omitted the pandemic period). It should be noted that during the same period, *high****life*** income had increased by £835K, as had Lettings (£152K) and Coached Activities (£82K). |
| 3.3.2 | The Board was also informed that High Life Highland’s pay-as-you-go (PAYG) admissions charges were at the top-end of Scottish benchmarked figures. |
| 3.3.3 | Taking the above into account, and as highlighted to the Board in August 2024, the service has undertaken a review of PAYG pricing and is making the following recommendations: |
| 3.3.3.1 | That to establish the link between pricing (at the top of the Scottish benchmarking table) and participation, a general price freeze position should be adopted. This is effectively a control to better understanding if more customers PAYG becausepricing hasn’t increased. |

3.3.3.2 That a full (line-by-line) PAYG review is undertaken ahead of next financial year to establish any individual activities/lets etc. to identify where a price increase may be justified (e.g. where HLH’s current PAYG price level is not competitive within local communities). Directors are asked to authorise management discretion to increase prices by up to 6.95% (same level as last year) where such an increase is deemed necessary.

* + - 1. Taking the above into account there will be no projected income increase on PAYG activities for the forthcoming financial year.
			2. An update report will be presented to a future Finance and Audit Committee as to the in-year position with PAYG activities/lets, which will consider whether a price freeze strategy has increased participation, and if it has impacted on overall income across the service.

###### Implications

* 1. Resource Implications – setting of a balanced budget for 2025/26 will be dependent on approval of this level of price increase.
	2. Legal Implications – there are no new legal implications associated with the recommendations of this report, however, as per the contract with THC, permission will have to be sought for an above-inflation price increase as part of the budget setting process.
	3. Equality Implications – there are no new equality implications associated with the recommendations of this report.
	4. Risk Implications – there are no new risk implications associated with the recommendations of this report.

**Recommendation**

It is recommended that Directors:

1. approve the pricing proposal for *high****life*** subscriptions; and
2. approve the pricing proposals for pay-as-you-go and letting activities, including a level of management discretionary pricing around key products/activities.

Designation: Chief Executive Date: 27 November 2024

Author: James Martin, Director of Sport, Leisure and Safeguarding

###### APPENDIX A

**LOCAL AUTHORITY/PRIVATE MEMBERSHIP CHARGING – JANUARY 2024**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Authority | Membership | Cost | Comment | Highlife Comparison |
| Edinburgh Leisure | Joint membership Junior membership x 2Total Family membership | £115.99£ 25.00£140.99 | Does not include swimming lessons | Edinburgh L - £140.99 Highlife £ 37.40+ £103.59 per monthEdinburgh L - £10 per month payment for low income/benefitsHighlife – reg free 50p per activity |
| Live Borders | Membership x 2 Junior membership x 2Total Family membership | £86.00£73.30£159.30 | Junior membership price is for swimming and gym only, class option not available. Does not include swimming lessons. | Live Borders - £159.30 Highlife £37.40+£121.90 per monthActive Borders -15% reduction for low income/benefitsHighlife – reg free 50p per activity |
| Active Stirling | Joint membership Junior membership x 2Total Family membership | £60.00£54.00£114.00 | Junior membership is for swim only, gym/class option not available.Does not include swimming lessons. | Active Stirling - £114.00 Highlife £37.40+ £76.60 per monthActive Stirling - £23 for low income/benefitsHighlife – reg free 50p per activity |
| Fife Sports & Leisure Trust | Adult membership x 2 Junior membership x 2 Total Family membership | £60.00£15.00£75.00 | Does not include swimming lessons. | Fife Sports - £75.00 Highlife £37.40+ £37.60 per monthFife Sports & Leisure Trust – 30% discount for low income/benefitsHighlife – reg free 50p per activity |
| Live Life Aberdeenshire | Adult membership x 2 Junior membership x 2 Total Family Membership | £62.50£29.60£92.10 | Does not include swimming lessons | Active A/shire - £92.10 Highlife £37.40+£54.70 per monthActive A/shire - £14 low income/ benefits Highlife – reg free 50p per activity |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| AngusAlive | Adult membership x 2 Junior membership x 2 Total Family Membership | £50.00£28.00£78.00 | Discount on swimming lessons | BActive Angus - £78.00 Highlife £37.40+£40.60 per monthBActive Angus - £25 low income/ benefits Highlife – reg free 50p per activity |
| Glasgow Club | Adult membership x2 Junior membership x 2 Total Family Membership | £58.00£36.00£94.00 | Does not include swimming lessons | Glasgow Sport - £94.00 Highlife £37.40+£56.60 per monthGlasgow Sport - £22 low income/ benefits Highlife – reg free 50p per activity |
| **PRIVATE GYMS** |  |  |  |  |
| PUREGYM |  |  |  |  |
| Plus (access to 244 other gyms) | Adult membership x 2 No junior memberships | £59.98 | Only includes gym & fitness classes | Puregym - £59.98 (2 adults)Highlife - £37.40 (family incl 2 adults)+ £22.58 per month |
| ANYTIME FITNESS |  |  |  |  |
| Anytime Fitness | Adult membership x 2 No junior memberships | £99.98 | Only includes gym & fitness classes | Anytime Fitness – £99.98 (2 adults) Highlife - £37.40 (family)+£62.58 per monthPUREGYM |
| BANNATYNE HEALTH CLUB & SPA |  |  |  |  |
| Full Access | Adult membership x 2 No junior memberships | £87.98 | Includes gym, swimming & fitness classes | Bannatyne - £87.98 (2 adults) Highlife - £37.40 (Family)+£50.58 per month |