

Report to: EXECUTIVE BOARD - 12th September 2005

DUPLICATE SLICE CARDS – FINANCIAL IMPLICATIONS

Report of:	<i>Leisure & Parks Business Manager</i>	WARDS AFFECTED
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Lead Member Responsible:	<i>Councillor Mary Clarkson</i>	
Scrutiny Committee Responsibility:	<i>Environment</i>	
Key Decision:	<i>No</i>	

SUMMARY AND RECOMMENDATIONS

This report sets out the financial and non-financial implications in respect of various potential charges put forward for the Duplicate (replacement) Slice Card. This is in relation to the motion to Council of the 20th June titled “Curing Obesity” proposed by Councillor Cole.

Option 3 is recommended as it meets the Council’s objectives, whilst also having the smallest effect on budget, VAT and other service concerns in comparison to options 1 & 2.

Staffing Implications – The implementation of any of the options will have potential staffing implications for the Leisure & Parks Business Unit.

Financial Implications – The implementation of any of the options will result in reduced income and added cost to the Leisure & Parks Business Unit. The reduced income will also contribute to the Councils problem with it’s VAT Partial Exemption Limit.

All three options comply with the Council’s Vision and Priorities of:
Providing more and improved affordable leisure activities and making Oxford a safer city because they will:

- A. remove or reduce pricing barriers to those who wish to continue to participate in leisure activities;

- B. help provide worthwhile leisure opportunities for a range of key groups and contribute to community safety in the immediate area through the provision of affordable leisure activities;
- C. help in combating obesity.

The Executive Board is ASKED to:

1. Approve one of the following three options,
 - A. Remove the £5.00 fee for Duplicate Cards
 - B. Reduce the £5 fee to 50p for Duplicate cards
 - C. Reduce the £5.00 charge for Duplicate Slice Cards to £2.10 (Adult) & 60p (Dependent) for Bonus Slice Card holders (Low income groups) only

1. Introduction and Background

- 1.1 A motion was put proposed to Council on the 20th June 2005 by Councillor Cole titled "Curing Obesity"

Motion

"In light of the recent publicity about obesity in our society, and the current levels of poverty in the City, the IWCA request that this Council invites the Executive Board to agree to remove the £5.00 charge that is currently made for lost or stolen Slice Cards.

If the Executive Board is not minded to abolish the charge outright Council is invited to suggest that a smaller charge of £0.50 be made. This would be the same charge that is currently in place for an initial purchase."

- 1.2 The motion was referred to Executive Board on the 8th August 2005 and at that meeting it was requested that a report be drafted on "the financial implications of abolishing or reducing the £5 charge made for the replacement of lost or stolen Slice Cards".
- 1.3 The Slice Card scheme has been in operation since 1998. The main categories are shown below.

Type	Activities (Free)	Cost £
Cool Slice	Ice Skating, Fitness Room & Induction, Sauna / Steam, Fitness Classes, Racket Sports, Swimming	Adult from £40.50 Concession from £31.50 Family from £81.00
Active Slice	As above except Ice Skating	Adult from £33.10 Concession from £16.90 Family from £66.20
Aqua Slice	Swimming, Squash, Badminton & Sauna/Steam	Adult from £23.60 Concession from £12.10 Family from £47.30

Student Slice	None free (all at concessionary prices)	£7
Bonus Slice	Concessionary card for low income groups	Adult £2.10 Dependent 60p
Duplicate Slice	Replacement card for those that are lost	£5

- 1.4 We currently have in the region of 8,000 Slice Card holders with 2,700 of this total being Bonus Slice Card holders.
- 1.5 Although the cost of a Duplicate Card is currently £5, the management at Sport Centres reserve the right to waive that fee in special circumstances. The fee can be waived in circumstances where it has been stolen, worn, old or if there are several cards from a family that are lost at the same time. On average, a third of Duplicate Card fees are waived due to these circumstances.
- 1.6 Appendix 1 shows the number of cards sold and the income received at each sport centre for duplicate slice cards in 2003/4, 2004/5 and for April – July 2005/6.
- 1.7 The actual cost of producing & administering a Duplicate Card is £2.92 each. This includes staffing costs (15 minutes per card) and also cost of stationary / card.
- 1.8 Three charging options and their implications have been put forward for members to consider. For clarity lost or stolen cards will be termed as Duplicate Slice Cards within the report as this is how they are termed within promotional literature.

2. Financial & Non-Financial Implications of Option 1 (Removal of £5 charge)

- 2.1 With the removal of the £5 charge there is likely to be a marked increase in applications for Duplicate Slice Cards as the perceived value of the card is removed. The increase in applications is thought to be in the region of 40%. The financial implications of this are shown below.

2.2 Financial implications

Description Option 1	£ Per annum
Stationary, Slice Card, Postage Costs etc (40% increase)	£450
Staffing Costs (40% increase)	£772
Income Lost (700 cards)	£3,500
Total pressure on Leisure Budget	£4,722

2.3 Advantages & Disadvantages of Option 1

Advantages	Disadvantages
Removal of pricing barrier to those who wish to continue to participate in Leisure activities.	40% Increase in applications, leading to increased staffing hours.
Meets Councils vision and goals in respect of obesity and affordability.	No perceived value of card.
	Customers asking for a new card each time they forget their card.
	Potential for increased queuing times at reception.
	Reduced income and increased costs. (Highest levels out of all options)
	Loss of VAT income affecting Councils Partial Exemption Limit.

3. Financial & Non-Financial Implications of Option 2 (Reduce £5 charge to 50p)

3.1 With the reduction of the £5 charge for Duplicate Slice Cards to 50p there is likely to be an increase in applications for Duplicate Slice Cards as the perceived value of the card is removed. The increase in applications is thought to be in the region of 20%. The financial implications of this are shown below.

3.2 Financial Implications

Description Option 2	£ Per annum
Stationary, Slice Card, Postage Costs etc (20% increase)	£225
Staffing Costs (20% increase)	£386
Income Lost	£3,150
Total pressure on Leisure Budget	£3,761

3.3 Advantages & Disadvantages of Option 2

Advantages	Disadvantages
Reduction of the pricing barrier to those who wish to continue to participate in Leisure activities.	20% Increase in applications, leading to increased staffing hours.
Meets Councils vision and goals in respect of obesity and affordability.	Low perceived value of card.
	Potential for increased queuing times at reception.
	Reduced income and increased costs.
	Loss of VAT income, affecting Councils Partial Exemption Limit.

4. Financial & Non-Financial Implications of Option 3 (Reduce the £5.00 charge for Duplicate Slice Cards to £2.10 (Adult) & 60p (Dependent) only for Bonus Slice Card holders (Low income groups))

4.1 With the reduction of the £5 charge for Bonus Slice Card holders to £2.10 (adults) and 60 p (dependents) there is likely to be a small increase in applications for Duplicate Slice Cards as the perceived value of the card is slightly removed. The increase in applications is thought to be in the region of 10%. The financial implications of this are shown below.

4.2 Financial Implications

Description Option 3	£ Per annum
Stationary, Slice Card, Postage Costs etc (10% increase)	£112
Staffing Costs (10% increase)	£193
Income Lost	£2,030
Total pressure on Leisure Budget	£2,335

4.3 Advantages & Disadvantages of option 3

Advantages	Disadvantages
Reduction of the pricing barrier to low income groups (Bonus Slice) who wish to continue to participate in Leisure activities.	10% Increase in applications, leading to a small increase in staffing hours.
Meets Councils vision and goals in respect of obesity and affordability.	Reduced income and increased costs.
Smallest increase in costs out of the three options	Loss of VAT income, affecting Councils Partial Exemption Limit.
Smallest increase in income out of the three options	
The relevant charge gives the card value and will prevent a marked increase in applications.	
The charge for Bonus Slice Card holders fits in with the existing pricing policy.	
Smallest affect of the three options in relation to Council's VAT Partial Exemption Limit.	

5. Conclusion & recommendation

- 5.1 The Leisure & Parks business unit would recommend option three. This option meets the Council's goals in respect of obesity and affordability whilst minimising costs.
- 5.2 There has been a strong push for the Leisure & Parks business unit to increase income and decrease costs and this option has the smallest budgetary effect in respect of this.
- 5.3 This option also has the smallest affect in respect of the Councils partial exemption limit.

<p>THIS REPORT HAS BEEN SEEN AND APPROVED BY: Councillor Mary Clarkson – Leisure Portfolio Holder Councillor Dan Paskins- Social Inclusion Portfolio Holder Emma Burson – Financial Management Jeremy Thomas – Head of Legal and Democratic Services</p>
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Background Papers:
None