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| **HIGH LIFE HIGHLAND**  **REPORT TO BOARD OF DIRECTORS**  **11 December 2024** | AGENDA ITEM 10 REPORT No HLH/29/24 |

###### Introducing the *highlife* Active Card - Report by Chief Executive

**Summary**

This report provides Directors with details of the new *high****life*** “Active Card” which is proposed to replace the existing Budget Card scheme by March 2026.

It is recommended that Directors approve:

1. the implementation of the new *high****life*** Active Card from 1 April 2025; and
2. the wind-down of the existing budget card scheme by 31 March 2026.

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| **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 | The Budget Card scheme was introduced when the *high****life*** card was launched to Highland communities. It was designed to offer a safety-net to those unable to pay the monthly subscription by offering access to the key *high****life*** products at a charge of 50p per person, per activity. In 2022, High Life Highland introduced a |

Budget Monthly scheme for individuals and families, priced at £3 and £5 respectively.

* 1. In order to qualify for the Budget Card, individuals of families currently require to be in receipt of:
     + Any income related element of Employment and Support Allowance
     + Attendance Allowance
     + Carers Allowance
     + Disability Living Allowance
     + Income Support
     + Income-based Job Seekers Allowance
     + Pension Credit Guarantee
     + Personal Independent Payment
     + Universal Credit (having no earning or net-earnings during the most recent assessment period)
     + War Disability Pension
  2. High Life Highland believes there is no other reduced/concession scheme across Scotland, or indeed the UK, offering such a comprehensive level of access at the price-point offered by the Budget Card.
  3. The Budget Card scheme:
     + offers 50p access to public swim, gym, adult fitness classes, court hire and swimming lessons/afterschool activities.
     + has around 17,400 registered users
     + has had around 6,900 users accessing the scheme in the last 12 months
     + has 169 individuals and 96 families making monthly direct debit payments
     + has an increasing number of people accessing the scheme where they do not meet the above criteria.
  4. Due to changes in the way that the Department of Work and Pension is implementing benefits, and in particular Universal Credit (moving to integrated online approval system), it is creating challenges for the *high****life*** team and leisure centre receptionists to assess qualifying criteria and, in addition, increased the opportunity and number of people able to apply for the scheme where they don’t qualify.

1. **Introducing the new** *high****life* Active Card**
   1. Considering the information laid out in Section 2 of this report, it has become clear that High Life Highland needs to look at establishing a new access card that can be easily applied and support those who need it.
   2. High Life Highland will be **Making Life Better** by the establishment of the *high****life***

Active Card as the most effective ‘low cost’ access/subscription model that:

* continues to support people who need it most
* is price-sensitive and removes barriers from those leading active lives
* allows all to have the same life-experiences as those more able to pay for services
* give access to discounted activities not currently included in the budget card scheme.

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| 3.3 | **Fair application** |
| 3.3.1  3.3.2  3.3.3  3.3.4 | Part of the review process has involved considering the complexities and complications associated with the multiple qualifying criteria, and how to simplify the application process.  In consultation and discussion with colleagues in The Highland Council’s Revenues and Customer Service section, it has become apparent that the easiest and fairest way to apply the *high****life*** Active Card would be to offer it to those in receipt of Council Tax Reduction\* (CTR).  Directors should note that the Single Occupancy Reduction is **different** to CTR and those in receipt of a Council Tax Single Occupancy Reduction would not qualify for the *high****life*** Active Card.  Applying a CTR reduction as the primary qualifying criteria for the *high****life*** Active Card, removes the multiple qualifications currently in existence – and furthermore ensures that only **Highland residents** are able to access the *high****life*** Active Card scheme. (Currently tourists could access the Budget Card if they have all the qualifying paperwork – despite not residing in Highland.)  *\*An individual can claim Council Tax Reduction (CTR) if they, or their partner:*   * *Are on low income – which can be DWP benefits or low-paid work* * *Do not have a combined savings or capital of £16,000, unless they are receiving Pension Guarantee (Guaranteed Credit)* |
| 3.3.5 | By coincidence, the number of those in receipt of CTR across the Highlands is around 17,000 – which is around the total number of those registered for the existing Budget Card scheme. |
| 3.3.6  3.3.7 | Working with colleagues in THC, a ‘dip-test’ of 30 random existing Budget Card holders was assessed against the Council’s CTR database. The result that came back indicated that just under 50% of *existing* Budget members do not quality for CTR.  Applying these test results, it can be reasonably presumed that of the 6,900 users of the Budget Card in the last 12-months, and the 100 signed up for monthly Budget payments – that around half of these would no longer qualify for the Active Card. |
| 3.4 | **Implementation of new** *high****life* Active Card and wind-down on existing Budget Card scheme** |
| 3.4.1  3.4.2 | This paper recommends that the new *high****life*** Active Card is implemented on 1 April 2025, replacing the existing Budget Card and that if a household qualifies for CTR, then all individuals in that household will qualify for the *high****life*** Active Card.  Directors should note, at time of writing this report, the *high****life*** team was identifying key groups who would still require financial support but may not live in a household where Council Tax would apply. An example of this would be young people living in houses-of-multiple occupancy (where corporate parents may be |

involved). It is envisaged that this small number of these groups would move onto the new *high****life*** Active Card but accounts would be managed manually.

3.4.3

The proposed pricing structure for the *high****life*** Active Card is outlined in Section 4 of this report.

* + 1. Existing Budget Card holders that have used their card within the last 12 months (approx. 6,500) will be contacted and advised of the new *high****life*** Active Card, detailing the qualifying criteria (CRT) and advising that checks will be undertaken between the point of contact and the ensuing **12 months**.
    2. If, following the checks, an existing member qualifies, they will be automatically transferred to the new Active Card. If the check highlights that the member no longer qualifies, they will be contacted by the *high****life*** team and given the opportunity to transfer to a PAYG cardholder or become a *high****life*** member.
    3. All other Budget Card holders who have not used their cards in the preceding 12 months will be automatically purged.
    4. Checks on existing Budget Card holders will be done in conjunction with colleagues in The Highland Council (predominantly by the latter). Depending on the availability of staff to trawl the above 6,500 Budget Card holders will dictate how quickly members will be transferred to the new *high****life*** Active Card, and how quickly the existing Budget Scheme will be wound down.

###### Messaging and comms

* + 1. Any messaging and comms should be very positive and focus on the extended benefits of the new *high****life*** Active Card. Information will highlight that the low number of previous activities is now being expanded, with the *high****life*** Active Card discount being applied to a greater number of products across HLH’s leisure offering.
    2. It will be important that any member communications are undertaken quickly and efficiently before, during and throughout the changeover process.
    3. Any comms would highlight that the new system offers greater access to those most in need in communities and creates a pre-qualification for individuals and families to easily access the scheme.
    4. HLH will support a proactive campaign in conjunction with colleagues in THC Revenue and Customer Service whereby communications will be made with CTR recipients across the Highlands to ensure they are aware that their household now qualifies for access to the *high****life*** Active Card.

1. *high****life* Active Card Pricing Structure**
   1. It is proposed that the pricing structure for the new *high****life*** Active Card will be index-linked to the respective activity full-price. This means the price will no longer be fixed and will rise on a pro-rata basis year-on-year.
   2. The pricing proposal for the *high****life*** Active Card follows similar modelling across other Scottish Leisure Trusts which can range from a 15%  30% discount on full price.
   3. It is therefore recommended that the new *high****life*** Active Card discount is set at 70% reduction decreasing incrementally to 50% over the ensuing five years. (Yr1 = 70%, Yr2 = 65%, Yr3 = 60%, Yr4 = 55% and Yr5 = 50%)
   4. Directors should note that (based on 2024/25 prices) a qualifying *high****life*** Active Card will pay:

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| **Activity** | **Current Price** | ***high****life* **Active Card Price 2025/26\*** |
| Swim | 50p | £2.40 |
| Gym | 50p | £2.80 |
| Adult Fitness Class | 50p | £2.40 |
| Court Hire | 50p | £2.20 |
| Swimming Lesson | 50p | £3.80 |
| *High****life*** individual | £3pcm | £8pcm |
| *High****life*** family | £5pcm | £12pcm |

\*Pending 2025/26 pricing review

###### Budget implications

* + 1. In considering the budgetary impact of the change to the *high****life*** Active Card, the following assumptions have been made:
       - attendances for the previous 12 months have been used as the baseline.
       - based on ‘dip test’ results that 50% of existing users will no longer qualify for the *high****life*** active card.
       - assumes an additional reduction in use due to the increase in PAYG pricing.
    2. The following table presents the potential income generated from PAYG activities where the new *high****life*** Active Card replaces the existing Budget card scheme which currently generates around £40K per annum.

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| **Activity** | **Participation levels** | ***high****life* **Active Card Income**  **(assumes a 30% participation reduction)** |
| Swim | 36,033 | £30,268 |
| Gym | 27,672 | £27,119 |
| Adult Fitness Class | 8,284 | £6,967 |
| Court Hire | 1,726 | £16,117 |
| Swimming Lesson | 12,118 | £1,329 |
|  | | **£81,799** |

* + 1. The following table presents the potential income generated from monthly subscriptions where the new *high****life*** Active Card replaces the existing Budget card monthly which currently generates around £987 per calendar month (pcm).

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| **Activity** | **Participation levels** | ***high****life* **Active Card Income pcm** |

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|  | *High****life*** individual 169 £1,352  *High****life*** family 96 £1,152  **£2,504** |
| 4.5.4 | Directors should note that an additional £40K has been added to the service income budget for financial year 2025/26 to reflect the expected increase in income from the implementation of the new *high****life*** Active Card. |
| **5.** | **Integrated Impact Assessment** |
| 5.1 | Directors should be aware that as part of this process an Integrated Impact Assessment will be undertaken. (See Section 6.3) |
| 5.2 | The Integrated Impact Assessment sets out to consider the equalities, socio- economic and rurality impacts on communities, particularly focussed on:   * Highland Council residents living remotely/rurally * Older adults * Younger children * Those with disabilities * Looked after children * Lone Parent Families * Unemployed * Low-income households * Home schooled children |
| 5.3 | Should the Integrated Impact Assessment highlight any equalities issues beyond those covered by normal operational management, then a further update will be presented to the Board. |
| **6.** | **Implications** |
| 6.1 | Resource Implications – there are no new resource implications associated with the recommendations of this report. |
| 6.2 | Legal Implications – there are no new legal implications associated with the recommendations of this report. |
| 6.3 | Equality Implications – there may be equality implications associated with the recommendations of this report therefore an Integrated Impact Assessment will be undertaken. |
| 6.4 | Risk Implications – there are no new risk implications associated with the recommendations of this report. |

**Recommendation**

It is recommended that Directors approve:

1. the implementation of the new *high****life*** Active Card from 1 April 2025; and
2. the wind-down of the existing budget card scheme by 31 March 2026.