

Public
Key Decision – Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: One Leisure Membership Architecture Proposal

Meeting/Date: Overview and Scrutiny Panel (Environment, Communities and Partnerships) – 7th March 2024
Cabinet – 19th March 2024

Executive Portfolio: Councillor Simone Taylor, Executive Councillor for Leisure, Waste and Street Scene (ST)

Report by: Interim Head of Leisure Services (GH)

Ward(s) affected: All

Executive Summary:

This report sets out the One Leisure proposal to re-brand, re-align and modernise the membership architecture and pricing across all its sites. This will carry the One Leisure brand through and into the existing membership suite of options available to residents. The associated benefits attached to this proposal are set out within the wider body of this report.

This change is important because it will allow One Leisure to be more competitive in the local health and wellbeing marketplace. It will support the recent change to an improved online joining platform which is aimed at increasing the membership base but most importantly improving the customer journey and experience versus our competitors.

The introduction of new membership architecture will also provide One Leisure an opportunity to re-align its brand identity and extend its existing membership offer providing greater value for money aimed at increasing annual admissions, improving membership yield, and increasing overall revenue for One Leisure. Part of this is aimed at simplifying the customer journey and ensuring the compatibility of the products sold online are easier to administer and navigate.

The final ambition of proposing these changes is to support the long-term commercial sustainability of One Leisure. By re-defining the brand and introducing new membership packages and additional price points with added value, responding to customer feedback, which will allow One Leisure to respond to commercial and market trends and thus support the wider long term operating model of the leisure services and its move away from a financial subsidy.

Recommendations:

The Cabinet is asked to approve and endorse the following recommendations:

1. the re-brand of One Leisure's existing membership architecture to support compatibility with its new online joining platform and to support wider improvements to customer service delivery;
2. that One Leisure can re-align and modernise the membership architecture and pricing across all One Leisure sites;
3. that One Leisure can implement three new membership options to support the sustainable operation of facilities, maximising access and supporting the wider commercial sustainability of One Leisure;
4. that this proposal forms a significant part of the process and journey of returning One Leisure back to its pre-pandemic membership base and thus strengthening its financial resilience as a non-statutory service, whilst contributing significantly to the council's corporate plan objectives around resident outcomes.

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to re-brand, re-align and modernise the membership architecture and pricing across all One Leisure sites.
- 1.2. The membership architecture proposal will carry the One Leisure brand through and into the existing membership suite of options available to residents.
- 1.3. To outline how One Leisure will redefine its existing memberships and introduce new packages with added value to support its long-term financial sustainability and to make One Leisure commercially competitive within the local area.
- 1.4. Allowing One Leisure to modify its membership options and pricing will support its compatibility with its new online joining process and thus improve the customer experience.
- 1.5. This proposal forms a significant part of the process of returning One Leisure back to its pre-pandemic membership base and thus strengthening its financial resilience.

2. BACKGROUND

The commercial health and fitness sales market is now more competitive than ever following the COVID-19 Pandemic.

- 2.1 To support this the number of gyms nationally has fallen from 7,239 (2019) pre-COVID to 6,998 (2023) post-COVID.
- 2.2 The total amount of health and fitness members across the country has also fallen with 10.4m in 2019 and 10.3m in 2022. This has increased by 3.9% from 2022 (9.9m).
- 2.3 There were 2,607 public gyms (2022) and this has dropped to 2,538 (2023) and compared to 2019 the number of public gyms was 2,729.
- 2.4 In context from a One Leisure perspective in February 2020 prior to COVID-19 there were 8,428 health and fitness members and of these 7,164 were on monthly direct debits and 1,265 were annual members.
- 2.5 In December 2023 the total health and fitness members for One Leisure were 7,355 and of these 6,147 were direct debit members and 1,208 were annual members.
- 2.6 Our ambition as a team is to recover our pre-pandemic status of health and fitness members to help support our commercial sustainability as a business and to continue to offer fantastic leisure facilities to our local communities.
- 2.7 The value of recovering these members to our business cannot be underestimated for several reasons which are:
 - A larger number of residents accessing One Leisure's facilities and improving their health and wellbeing.
 - The overall monetary value this will create for One Leisure.
 - The increase in yield (average price of membership for a direct debit); and to:
 - Assist with our journey towards financial sustainability as a non-statutory service.

3. PROPOSAL

3.1 The table below illustrates the existing membership architecture available and the proposed re-branding across One Leisure sites:

Existing Branding	New 2024 Branding	Rationale for Change
Badminton/Squash/Table Tennis	One Raquets	Stronger branding Marketing uniformity
Roller Skating/ Soft Play / Kids	One Kids	
Fitness classes Pay-as-you-go	One Group Exercise	
Cyclone	To be removed , included in Platinum	Transparency of product offering with simple to understand titles
Solo	One Gym (Replace 'Impressions' branding)	Streamlining of offering. Removal of minimal use membership
Aqua	One Swim	
Platinum	One Platinum	Clear KPI areas
	One Diamond	Premium higher tier branding
	One Diamond Plus	

3.2 Essentially all products and services that One Leisure currently offer will remain the same albeit the name will change from “Impressions” and a singular activity like Badminton or Squash and be re-named under a category like “One Racquets” or “One Platinum”.

3.3 In addition, we are proposing to add three new memberships to the overarching membership package. These are “One Diamond”, “One Diamond Plus” and Junior Membership. These memberships will feature additional benefits, and be priced accordingly offering choice for customers, and reinforcing the long-term commercial sustainability of One Leisure. The pricing of these memberships will be subject to ongoing review.

3.4 The table below breaks down what is included within the existing packages and what is being proposed as part of the three new memberships’:

Diamond Plus £65 / couple £120 (Annual £650)	Diamond £55 / couple £100 (Annual £550)	Platinum £42 / couple £74 (Annual £420)	Junior (11-15yr) £20 (Annual £200)
<ul style="list-style-type: none"> Gym Swimming pool Fitness Class Multi site usage 14 day advanced class bookings 2 X 1 hour Anytime Racquets Vouchers Off Peak Racquets Pure Spa Free family child swim (up to four) Free Soft Play Free monthly guest pass Free monthly One Bowl (1 game) 10% discounted Creche bookings 10% discounted Swim lessons 10% discounted Kids Club Activities 10% kids party discount 10% discount at Zest (St Ives) 10% off pitch hire 	<ul style="list-style-type: none"> Gym Swimming pool Fitness Class Multi site usage 8 day advanced class bookings Off Peak Racquets Pure Spa Free family child swim (up to four) <p>Not Included</p> <ul style="list-style-type: none"> 2 X 1 hour Anytime Racquets Vouchers Free Soft Play Free monthly guest pass Free monthly One Bowl (1 game) 10% discounted Creche bookings 10% discounted Swim lessons 10% discounted Kids Club Activities 10% kids party discount 10% discount at Zest (St Ives) 10% off pitch hire 	<ul style="list-style-type: none"> Gym Swimming pool Fitness Class Multi site usage 7 day advanced class bookings Off Peak Racquets <p>Not Included</p> <ul style="list-style-type: none"> Pure Spa Free family child swim (up to four) 2 X 1 hour Anytime Racquets Vouchers Free Soft Play Free monthly guest pass Free monthly One Bowl (1 game) 10% discounted Creche bookings 10% discounted Swim lessons 10% discounted Kids Club Activities 10% kids party discount 10% discount at Zest (St Ives) 10% off pitch hire 	<ul style="list-style-type: none"> Swimming Off Peak Courts Jnr Gym Junior related group exercise sessions Multi site usage <p>Not Included</p> <p>As per Platinum</p>

3.5 The detail of introducing the three new membership packages is listed below:

3.6 **Diamond membership** (£55 per month) and this package will provide a new member:

- Inclusive access of the Pure Spa
- Pilot and if successful permanently implement 8-day advanced bookings rights (currently 7 days for Platinum members (group exercise))
- Free unlimited family swimming
- Access to all One Leisure sites
- Partner memberships are available for £100 per month and an annual is £550 (12 months for the price of 10 months)
- **This will be launched from April 2024**

3.7 **Diamond Plus membership** (£65 per month) package will provide a new member:

- Inclusive access of the Pure Spa
- Pilot and if successful permanently implement 14-day advanced bookings (currently 7 days for Platinum members (group exercise))
- 2-hour peak time racquets
- Free Soft Play
- 1 x Free Ten Pin Bowling (St Ives Indoor Leisure Centre)
- Free monthly guest pass for friends or family (limited to 4 per month)
- Multi discounts on product offerings across One Leisure
- Partner memberships are available for £120 per month and an annual is £650 (12 months for the price of 10 months)
- **We are seeking approval of this membership package in principle but reserve the right to implement it upon successful evaluation of the Diamond membership sales and take up post April 2024**

3.8 **Junior membership** is aimed at 11 – 15 years olds (£20 per month) package will provide a new member:

- Unlimited Swimming (at all One Leisure sites)
- Off peak court usage
- Junior Gym access
- Junior group exercise classes (to be launched from April 2024)
- Free access to Roller Skating (at all One Leisure sites)
- Full access to all One Leisure sites
- Annual memberships are available at £200 per annum (12 months for the price of 10 months)
- **This will be launched from April 2024**

- 3.9 In addition to the new memberships being proposed any existing pre- paid or annual members will have their terms and conditions protected and these will be ring fenced so they can continue to enjoy their existing benefits from 1st April 2024.
- 3.10 Any current pre-paid or annual member that wishes to cancel their membership with One Leisure post 1st April 2024 and then wants to re- join after this point will not re-join on their previous membership benefits.
- 3.11 A similar approach will be taken with all annual (12-month membership rolling renewals) whereby if they renew their membership at their allotted date they will continue to benefit of their existing privileges. This will only change if they delay or do not renew in its entirety their membership with One Leisure.
- 3.12 Existing Platinum members currently have “family swimming” included in their membership. It is One Leisure’s intention that from 1st April 2024 that this benefit be removed for any new member joining. (All existing Platinum members who do not cancel after 1st April 2024 will continue to benefit from this privilege).
- 3.13 The key reason we are proposing this change is part of the restructuring of the membership architecture but also to help support the increase in average yield of the new membership and showcase their added value.
- 3.14 Following the internal review and the wider competitive analysis we noticed that some of our direct competitors didn’t particularly cater for young people other than a standard gym membership. Therefore, we feel by launching a new Junior membership it will potentially allow more young people to use our facilities and partake in physical activity as we have tried to package several well used activities together to ensure this is value for money, it doesn’t act as a barrier to participation and helps support the corporate plan by creating a better Huntingdonshire for future generations.
- 3.15 As an example of service demand within the local community and to support the business operation One Leisure re-opened the Pure Spa facilities at St Ives Indoor Leisure Centre and St Neots Leisure Centre. The impact of doing this has generated:
- a. 135 new Platinum memberships and if these new members stayed for 12 months would equate to additional revenue of £50,000 per annum.
 - b. 29 membership upgrades to a Platinum membership.
 - c. New revenue of £3,000 in January 2024 for Pure Spa pay and play income.

4. OPTIONS CONSIDERED

- 4.1 The options and reasoning behind our proposals have been considered by One Leisure and are outlined within section 3 of this report.
- 4.2 The changes to the existing membership architecture and the proposal of three new membership packages were brought forward following an internal review and a wider competitor analysis of the health and fitness market. This can be seen in **Appendix 1**.
- 4.3 These schemes are being proposed to help support improvements in customer navigation and service delivery but also to enable us to remain competitive across the district.

5. COMMENTS OF OVERVIEW & SCRUTINY

- 5.1 The comments of the relevant Overview and Scrutiny Panel will be included in this section prior to its consideration by the Cabinet.

6. KEY IMPACTS / RISKS

- 6.1 The table below illustrates the key risks and impacts if the proposed changes to the One Leisure membership architecture are not facilitated:

Risk	Impact	Likelihood	Mitigation
Uncompetitive within local health & fitness market	High	Medium	Continuation of One Leisure performance reviews inclusive of pre-paid memberships, admissions & revenue with targeted interventions.
Digital journey	High	Medium	Explore wider use of existing platforms & potential to improve current website.
Commercial sustainability	High	High	Ensure existing products remain as competitive as possible and develop and submit capital investment proposals for gym refurbishments to protect existing membership base and revenues.

7. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

- 7.1 It is One Leisure's plan that subject to full approval that all proposed changes to its existing membership packages and the implementation of its new offerings will be fully implemented and embedded into its operation by April 2024.
- 7.2 The following high-level timeline has been used as an indicative measure towards the approval and implementation of the proposed recommendations:
- December 2023/January 2024
 - a. Develop proposals and complete overarching report.
 - February 2024
 - a. Seek internal approvals.
 - b. Commence back of house configuration.
 - c. Develop and finalise marketing and communications collateral.
 - d. Submit draft report for internal approval.
 - March 2024
 - a. Present report for approvals.
 - b. Finalise configuration and implement changes.
 - c. Final marketing and communication messages to existing/new members.
 - April 2024
 - a. Implement all proposed changes from 1st April 2024.

8. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES

8.1 The work undertaken on the One Leisure Membership Architecture Proposal strongly supports the council's new corporate plan and its key priorities which are:

1. Improving quality of life for local people
2. Creating a better Huntingdonshire for future generations
3. Delivering good quality, high value-for money services with good control and compliance with statutory obligations

8.2 As part of this report, we are proposing to implement three new membership packages. These are the Diamond, Diamond Plus and Junior memberships.

8.3 The implementation of these new membership options gives One Leisure greater flexibility and allows the council to offer its residents greater access to its facilities with new modern and innovative options supporting the wider commercial sustainability of One Leisure and achieving the corporate aim of delivering good quality, high value for money services.

8.4 Through this approach we expect to be able to increase annual attendances across One Leisure which in turn will optimise our ability to improve quality of life for local people by opening more opportunities to join our facilities, but it will also generate more revenue through increased membership sales and indirect revenue through secondary spend i.e., cafes, events and good for resale (goggles, swimming costumes etc).

9. LEGAL IMPLICATIONS

9.1 We would like to be explicit in terms of enforcing the existing terms and condition of cancellation, that is currently not requested of customers wishing to cancel at present. Section 15 of the terms and conditions states:

15. Termination of Direct Debit membership

1. We require one calendar month notice in writing for termination of membership.
2. A cancellation reason will be requested to monitor our performance.

9.2 We have no authority to chase debt or customers that chose to cancel directly at the bank. What this will do, for those members who adhere to the T&C's, is ensure One Leisure retains 1 month's payment which will reduce the level of returns following direct debit collection and enable us to keep better data of our attrition pipeline that in turn will better inform monthly financial forecasting.

10. RESOURCE IMPLICATIONS

- 10.1 Whilst One Leisure have the internal resource to deliver this project, we would expect to require additional resource in the sense of:
- Physical centre internal/external branding.
 - Centre re-decoration to key areas to align the online offering and identity to in-centre conceptual delivery.
 - We believe that collectively this will cost One Leisure approximately £50,000.
 - This is a cost that will be able to be supported and facilitated from existing funds within the 2024-2025 revenue budget.

11. HEALTH IMPLICATIONS

- 11.1 Following the approval of the new proposals it will allow One Leisure to provide greater access to its facilities and thus look at increasing year on year attendances across its centres.
- 11.2 As can be seen earlier within this report it has also allowed the re-opening of the Pure Spa's at St Ives Indoor and St Neots Leisure Centre. This is an example of the wider benefits that we feel can be made by undertaking the changes and recommendations set out in this report.
- 11.3 As part of the process, we feel we are providing a great opportunity for local people to access our facilities and as part of this provide the wider residents value for money services which will increase the benefits to their health by being able to use a service that has not been open since pre-COVID.

12. REASONS FOR THE RECOMMENDED DECISIONS

- 12.1 Implementing the re-brand of existing One Leisure membership packages will allow for greater identity of the activities it offers, improve compatibility on the new online joining platform but most importantly will allow customers to navigate our membership options more easily leading to improved feedback and membership sales.
- 12.2 As part of the wider re-brand, it ensures One Leisure remains competitive within the local leisure market and supports the commercial sustainability journey by working towards a net cost service for the council as a non-statutory service.
- 12.3 This proposal will provide One Leisure brand new membership options as part of the introduction of the new Diamond, Diamond Plus and Junior membership option of which One Leisure have never had and provides greater access to its facilities to existing and new members of the local communities it serves.
- 12.4 The introduction of new membership options will allow One Leisure greater commercial flexibility and will contribute to the longer-term financial sustainability of One Leisure and work towards achieving pre-pandemic levels.

- 12.5 By increasing the financial sustainability, it achieves two things, and these are:
1. It offsets the gap in membership heads/numbers lost through COVID-19 and the increase of low-cost operators.
 2. It protects One Leisure financially against any future low-cost operators entering the market as any loss of members would be offset by the increase in yield.
- 12.6 Allows One Leisure to re-open important health and wellbeing facilities to the wider local communities which haven't been open since COVID-19.
- 12.7 Provides an opportunity for One Leisure to review how it can collaborate with wider health partners to identify ways to re-purpose existing facilities or even activity offering to better suit the needs of its residents.

13. LIST OF APPENDICES INCLUDED

Appendix 1 - Appendix 1 – Competitor Analysis

14. BACKGROUND PAPERS

N/A

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Appendix 1 – Competitor Analysis:

A summary of the local competition by leisure centre is outlined below.

Huntingdon Leisure Centre:

- Overall, there are 9 other fitness gyms within a 12-minute drive time of One Leisure Huntingdon. Of these 6 gyms are within a mile and the most significant of these is the newest entrant to the Huntingdon market
- The Gym Group, which opened in May 2022. Open 24/7 and has standard monthly membership costs of £21.99.
- Anytime Fitness offers a small (30-station) gym and studio. The club is open 24/7 and monthly membership cost of £33.

Ramsey Leisure Centre:

- There are no other fitness gyms within the 15-minute drive time of One Leisure Ramsey.
- The closest fitness gym is Quo Vadis, just over 6-miles to the south-west of Ramsey. This is an independent club which offers a c. 30-station gym.
- Just over 6-miles to the east is Chatteris Leisure Centre, a Fenland District Council facility managed by Freedom Leisure. It offers a c. 40-station gym and studio for £43 per month.
- Academy Leisure Sawtry is almost 8-miles away and is managed by the Cambridge Meridian Academies Trust, it offers a c. 35 station gym, sports hall, and studio. Monthly membership costs £36.

St Ives Indoor Leisure Centre:

- There are 4 other fitness gyms within the adjusted 12-minute drive time of One Leisure St Ives.
- There is also Unit Fitness, part of the same chain as the club in Alconbury Weald. It offers small group training but there is also an open gym membership for £36 per month.
- Close to The Unit Fitness is Old School Strength & Conditioning, a small club which opened in 2019. It markets itself as a 'specialist strength and mobility gym' and has a second site in St Neots. They run small group training sessions but also an open gym.

St Neots Leisure Centre:

- There are 5 other fitness gyms within the 10-minute drive time of One Leisure St Neots.
- The closest is Old School Strength and Conditioning, part of the same chain that has a club in St Ives. This is the 'specialist strength & mobility gym' where monthly membership costs £29.
- Less than a mile to the north is Snap Fitness which opened in 2016. Facilities include a c. 35-station gym and studio for £34.99 per month. The club is open 24/7.
- Close to Snap Fitness is Gainz Fitness and Strength which has a c. 50-station gym. It is also open 24/7 and monthly membership costs £37.50. The small chain has a second club in Bedford, to the southwest.
- Just over a mile to the southwest is Wyboston Lakes Health & Fitness Club, the only other site in the area to offer a swimming pool. Managed by 1Life, the club offers a c. 60-station gym, 12m pool, studio, sauna, and steam room. Monthly membership costs £39.99.