

RECOMMENDED that: two new membership prices to be included in the Broxbourne Sport fees and charges for 2021/22 be approved

Purpose

To seek approval to introduce two new membership fees and charge for Broxbourne Sport.

The Proposal

Currently the membership options at the leisure centres are based on individual-memberships and prices are benchmarked against similar operators. In order for the Laura Trott Leisure Centre (LTLC) and John Warner Sports Centre (JWSC) to continue to compete with other operators it is necessary to expand the membership options available.

This will be done with the introduction of two person and four person group memberships. This will offer an attractive price point for customers, without devaluing the current membership contracts or the overall leisure service provided. The four person membership will be priced at £99 a month and the two person option will be £69 a month.

The Council recently researched the success of group memberships at a similar (local) leisure operator to ascertain the effectiveness and viability for use in the Council's leisure centres. Since it introduced group memberships, revenue from single member contracts was found to be unaffected, but over four months the overall direct debit revenue increased by 12% due to the group memberships. Benefits were also seen in the corporate customer demographic where being part of the group membership meant a lot of members who worked in the area but lived elsewhere found it cost effective to have a leisure membership at their place of work and at home due to the price point per person.

In addition to mitigating the risk from a local competitor and impact of the pandemic on revenue, expanding membership options available should help target potential members who previously may not have perceived the membership provided value for money, such as students, house shares, families and couples.

Financial, Legal and Risk Management Implications

The main risk of offering these group options is a potential strain on current service and facilities. The current spare capacity at both centres due to members leaving over the course of the pandemic means providing these additional membership options is risk free. If the centres were at capacity there could be minor considerations around space in classes and over-crowding at busier times. However, this is not currently the case.

Another potential concern is existing members moving onto this cheaper option by forming groups. However in a recent discussion with the previously mentioned leisure operator, once the group memberships were introduced only 10% of existing members took up group offer initially and when most brought in external customers to form groups of two and four, this then resulted in a net gain overall.

Equalities Implications

There are no equalities implications.

Alternative Options Considered

Other options have been considered and are detailed below:

Reducing the membership prices as a whole in order to attract new members and compete with budget competitors: This approach is not advised as it will eventually lead to a capacity issue and considerable decrease in net yield per member and higher attrition.

No change to membership contracts or pricing. This is not recommended as it is recognised this option is being offered by other local gyms.

Contribution to the Council's Objectives and Environmental Sustainability

11 Help residents to lead a healthy lifestyle.

15 Maintain a stable financial position.

Conclusion

Group membership options offer customers more flexibility and more choice. The introductions of these at the Council's sports and leisure centres would therefore enhance the services provided at these sites.

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Date

Action reported to the Cabinet on:
