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| HIGH LIFE HIGHLAND REPORT TO HIGH LIFE HIGHLAND BOARD27 August 2020 | AGENDA ITEM REPORT No HLH/ /20 |

## *high****life* Subscriptions** *bounce****back* - Report by Chief Executive**

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| **Summary**This report asks Directors to consider the action plan for the recovery of *high****life***subscriptions as the country moves through the COVID-19 pandemic. It is recommended that Directors:1. consider the action plan in A**ppendix A** and any necessary amendments;
2. note that some of the actions in the plan are underway;
3. approve the action plan for implementation; and
4. agree to consider as part of the business planning work which will take place over the coming months to consider investment in developing bespoke and integrated ICT systems which improve the on-line customer journey.
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| **1.** | **Business Plan Contribution** |
| 1.1 | This report supports the highlighted Business Outcomes from the High Life Highland (HLH) Business Plan:1. Sustain a high standard of health and safety, and environmental performance
2. **Implement the Service Delivery Contract with THC**
3. **Improving customer engagement and satisfaction**
4. Improving staff engagement and satisfaction
5. **Enhance the positive charity image**
6. Be a trusted and effective partner
7. **Achieve sustainable growth across the organisation**
8. Develop health and wellbeing across Highland communities
9. **Develop and promote the** *high****life* brand**
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| **2.** | **Background** |
| 2.1 | At the Finance and Audit Committee meeting held on 10 August 2020 the committee considered a presentation on the recovery of *high****life*** subscriptions and were invited to make suggestions as to what should be included in the plan.  |
| **3.** | **Aim** |
| 3.1 | In order to return the organisation to financial stability it is recommended that the aim of the action plan be to achieve a situation where the *high****life*** leisure card achieves £7M p.a. income (the level which it was at prior to the pandemic).  |
| **4.** | **Situation** |
| 4.1 | In March 2020, prior to lockdown, there were 21K subscriptions. As has been reported in performance reports, subscriptions have reduced and there are currently:* 8K active subscriptions
* 8K frozen subscriptions
* 5K cancelled subscriptions.
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| 4.2 | The active subscriptions have brought in £1M since April and have therefore made a significant positive contribution to HLH’s financial position in 2020/21. |
| 4.3 | Of the subscriptions in March 5.1K had not been used in the past six months. Of those there are only 1.3K (26%) of the March membership which have cancelled. 2.2K (44%) remain active and 1.5K (31%) have been frozen. The number of frozen subscriptions gives a good indication that people intend to come back. The number which has remained active is a good indication of support for HLH as a charity as well as being an indication that they would like to come back.  |
| 4.4 | As of 11 August 2020, almost 5K customers who cancelled their subscriptions were contacted by email with 4.5K of these reaching the recipient, and of those 216 have re-subscribed and frozen their subscriptions in preparation for re-opening. As the call centre staff are established, contact with customers will be by telephone as well as email as personal calls are likely to be more effective.  |
| 4.5 | Leisure facility capacity will be restricted when they re-open and this will last for as long as 2m physical distancing rules are in place. *high****life*** income is £7M p.a. and all other income in leisure facilities such as from sports club lets, pay as you go charges, retail, vending, etc is half of that at around £3.5M p.a. For that reason the focus of staff has been on restarting the activities which generate *high****life*** income (swimming lessons, exercise classes and fitness suites). A consequence of this is that there will be some regular bookings which will not be able to be accommodated and an associated work stream that is contained in the plan where facilities staff are in the process of contacting sports clubs to discuss their plans for returning. Some will be able to be accommodated but no matter how proactively this is managed by staff it is likely to be a pressure point and potential source of complaints, so it has been included in this plan. |
| **5.** | **Retain, reward, recruit** |
| 5.1 | In order to provide a focus for the action plan the retain, reward, and recruit headings were suggested at the Finance and Audit Committee meeting and they have been used as can be seen in **Appendix A.** |
| 5.2 | The focus in terms of maximising income will be on retention and the recruitment of new members whilst recognising the support from those customers who have chosen to support the charity throughout the closure period. |
| 5.3 | As described above, some associated actions which are linked, but do not form part of the reward, recruit and retain actions been included, two other actions in addition to contacting clubs which have regular bookings are a continuous review of programmes and opening hours following re-opening. This will allow staff costs to be managed as well as income recovery.  |
| **6.**  | **Pricing** |
| 6.1 | Considerable work was carried out on pricing in preparation for the current year’s budget. It is proposed that prices continue at the current price for this year and be reviewed as part of the budget setting process for 2021/22. |
| 6.2 | In order to inform decision-making it is proposed that value for money of the card be considered in addition to the previous work on pricing. It has previously been assumed that the price point is sensitive and this has led to the conclusion that if prices are increased too much that large numbers of cancellations are likely. In order to further support an assessment the average number of times a card is used has also been assessed and the result is that over the past year prior to lockdown. * 50% of customers use their subscription up to once per month
* 12% up to twice per month
* 8% up to three times per month
* 6% up to four times per month
* 4% up to five times per month
* 21% use their card five or more times per month
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| **7.** | **Customer Focus Groups**  |
| 7.1 | In order to further develop ideas to support the *high****life*** subscriptions*bounce****back*** a series of customer focus groups will be established at each *high****life*** facility.  |
| **8.** | **ICT**  |
| 8.1 | The development of a bespoke High Life Highland membership and customer management system in the medium term to fit the specific needs of High Life Highland will be key to the continued growth and retention of High Life members incorporating a Leisure app which will greatly enhance the relationship we have with our customers. |
| 8.2 | It is recommended that as part of the business planning process, which will take place over the coming months, Directors consider the development of an HLH a bespoke on-line management information system which links with HLH’s other corporate and operations systems across the nine services thus creating an integrated system which will primarily focus on the customer on-line journey as well as supporting actions which will become important over the coming months and years, such as member account management, financial accounting systems, workforce planning through linking it with rota planning and HR systems. Such a development allows HLH to manage and develop systems and process that suit the very specific needs of a multi-faceted charity at the current moment as well as creating a future-proofing opportunity as a result of being able to expand and grow the system as the needs of the charity change over time.  |
| **9.** | **Marketing** |
| 9.1 | The HLH *bounce****back*** campaign will continue beyond the recovery period and will form the basis of recognisable collateral and promotions to retain, reward and recruit *high****life*** members. Marketing, promotion and customer communication will be key to the success of the *high****life* Subscriptions** *bounce****back*** so the majority of resources available through the Marketing & Communications Manager will be targeted in supporting the *high****life*** subscriptions*bounce****back*** whilst we move through the recovery period. |
| 9.2 | Initial messaging will centre around safety, social distancing, enhanced cleaning, class sizes, online booking and new online resources. The messaging will be further developed to encourage customers to return to facilities and restart their membership featuring new services where applicable and reiterating health and member benefits. Recruitment of new / lapsed members will complete the messaging suite with targeted promotion of new online joining capacity through social media, e-newsletters and highlifehighland.com.  |
| **10.** | **Risk Implications** |
| 10.1 | Resource Implications – There are no new resource implications arising from this report. Staff who have either been retained or are on furlough will be used to implement the action plan, however, it is required to open facilities and start to recover income.  |
| 10.2 | Legal Implications – There are no new legal implications arising from the recommendations in this report. |
| 10.3 | Risk Implications – There are no new risks to be added to the risk register as a result of agreeing the recommendations in this report.  |
| 10.4 | Equality Implications – There are no new legal implications arising from the recommendations in this report. |
| **Recommendation**It is recommended that Directors:1. consider the action plan in **Appendix A** and any necessary amendments;
2. note that some of the actions in the plan are underway;
3. approve the action plan for implementation; and
4. agree to consider as part of the business planning work which will take place over the coming months to consider investment in developing bespoke and integrated ICT systems which improve the on-line customer journey.
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Designation: Chief Executive

Date: 18 August 2020

**Appendix A**

**Action Plan**

| **Section** | **Work Stream** | **Actions** | **Timescale** | **Status** |
| --- | --- | --- | --- | --- |
| Retain | Establish a staff “call centre” team | Set up a dedicated call centre team as a central point of contact to support the recruitment of new, cancelled and frozen High Life members and manage existing. | Underway |  |
| Retain | Engage with cancelled members | Contact customers that have cancelled their subscription and invite them to change their status from “cancelled” to “frozen” allowing their subscription to be quickly activated when centres re-open. | Underway |  |
| Retain | Engage with frozen members | Contact customers that have “frozen” their subscription and invite them to reactivate their subscription as soon as an opening date is confirmed, highlighting the benefits of member status and revisit as necessary.  | 2 weeks prior to opening |  |
| Retain | Launch on-line HLH branded fitness classes  | Develop an online resource of live and pre-recorded fitness classes across a range of sites. Classes will be free to all inclusive subscribers as a member benefit with a pay per view option for non-members. | Underway |  |
| Retain | Launch on-line HLH branded fitness classes for members on the national day of fitness | National day of fitness is the 23rd September. Launch online HLH branded fitness classes, limited to all-inclusive subscribers as a member benefit with a pay per view option introduced 6 weeks later. | Promote from 14 September |  |
| Retain | Create a promotional video walk-through highlighting the new COVID customer journey | Build customer confidence by creating a promotional video using footage from a range of centres highlighting the new COVID management measures and explaining the new customer journey and procedures.  | 2 weeks prior to opening |  |

| **Section** | **Work Stream** | **Actions** | **Timescale** | **Status** |
| --- | --- | --- | --- | --- |
| Reward | Advanced activity booking | Allow all inclusive and budget members 7-day advanced online booking of gyms, swims and fitness classes. | 7 September |  |
| Reward | VIP tour of facilities | Invite customers who have kept their membership throughout closure to a VIP tour of their local facility prior to opening as a thank you for their support. (including customer testimonials on-line).  | 2 weeks prior to opening |  |
| Reward | Discount on retail | Offer a 10% discount on retail to those members who have stayed with us and any new members that join in the first month of centres re-opening. | 2 weeks prior to opening |  |
| Reward | Thank you letter | A personalised letter from the Chief Executive thanking those members who have supported the charity by retaining their subscriptions throughout. | September |  |
| Reward | Price Freeze | Consideration as part of the review of charges will be given to customers who have continued to pay throughout the closure period will have any price increase due in April 2021 deferred for a period (length tbc). | April 2021 |  |
| Reward | Early Bird Access | Customers who have continued to pay subscriptions throughout the closure period will be given ‘early bird’ access to new product launches and facility upgrades / openings. | Ongoing |  |

| **Section** | **Work Stream** | **Actions** | **Timescale** | **Status** |
| --- | --- | --- | --- | --- |
| Recruit | Promote the products included within the all inclusive subscription in systematic way.  | * Swimming
* Swimming Lessons
* Group Fitness
* Gym
* Health suite
 | Ongoing |  |
| Recruit | Promote premium products that are available at reduced cost to all inclusive members | * Love to swim
* Love to train
* Personal training
* Small group fitness
 | Ongoing |  |
| Recruit | Develop new premium product  | Develop a premium product based around Weight Loss and Wellbeing (a development of Move It to Lose It) | TBC |  |
| Recruit | Promote the membership benefits of the High Life Card | Discounts on various retail outlets etc | ongoing |  |
| Recruit | Develop membership campaigns for each new facility development | Inverness Leisure – Phase 1 & 2 development Lochaber Leisure – Strength & Conditioning areaInvergordon Leisure - Strength & Conditioning areaAlness Pool – New 6 lane pool with floating floorFingal centre – Fitness equipment refurbishmentECCF – Develop strength & conditioning offering | Underway20/2120/2120/2120/2120/21 |  |
| Recruit | Develop membership campaigns for each new facility development | Inverness Leisure – Phase 3,4 & 5 developmentBadenoch Centre – relocation of gym to library space | 21/22/2321/22/23 |  |
| Recruit | Develop forward plan for fitness suite refurbishments including developing the strength & conditioning offering | Dingwall Leisure Centre TRACCSutherland Swimming PoolAveronBlack IsleGairloch | 21/22 onwards |  |
| Recruit | Each facility to set targets for re-engaging HLH subscriptions | Monthly site by site targets will be set for each facility once centres have reopened and we have data on which to set realistic targets.  | November |  |
| Recruit | Develop overall marketing programme for customers of sites which do not re-open summarising all of the benefits of the HLH card.  | Current guidelines suggest that High Life Leisure facilities within schools will reopen later than stand-alone sites, in order to protect High Life subscriptions we plan to promote neighbouring provision to customers of High Life school sites as an alternative option. |  |  |
| Recruit | Develop the facility for customers to join on-line | Develop join on-line capabilityAssess best payment collection method in the absence of being able to set up a bank account or use THC’s bank.  | CompleteAugust 2020 |  |
| Recruit | Remove the current charge for gym inductions | Remove the current charge of £15.00 and promote free inductions for non-members as an incentive to use the facilities. | September |  |
| Recruit | Introductory classes | Develop a programme of introductory on-line fitness classes aimed at beginners. (as part of the on-line HLH branded fitness classes in retain above) | September |  |
| Recruit | Black Friday or similar promotion | Review the previous Black Friday promotion and develop new/revised promotion. | October |  |

| **Section** | **Work Stream** | **Actions** | **Timescale** | **Status** |
| --- | --- | --- | --- | --- |
| Associated Actions | Regular lets communication | On a site by site basic contact all regular facility lets to assess whether they can be accommodated. | 24 August onwards |  |
| Associated Actions | Review each centre’s timetables | Review opening timetables for each centre | 24 August onwards |  |
| Associated Actions | Review opening hours as customers return | Review new customer patterns and take-up and to assess whether additional capacity is required.  | 14 September onwards |  |