

**Report of Sport Operations Manager**

**Report to Chief Officer Culture and Sport**

**Date: August 22nd 2016**

**Subject: Design & Cost Report for the replacement of gym fitness equipment at Rothwell Leisure Centre, Sport and Active Lifestyles 2016/17.**

**Capital Scheme Number: 32601/ROT/000**

|  |   |  |
|--|---|--|
| Are specific electoral Wards affected?<br>If relevant, name(s) of Ward(s): Rothwell  | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| Are there implications for equality and diversity and cohesion and integration?  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| Is the decision eligible for Call-In?  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| Does the report contain confidential or exempt information?<br>If relevant, Access to Information Procedure Rule number:<br>Appendix number: | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |

**Summary of main issues**

1. The Best Council Plan 2015 – 2020 sets Council outcomes of:

We want everyone in Leeds to;

- Enjoy happy, healthy, active lives
- Live with dignity and stay independent for as long as possible
- Enjoy greater access to green spaces, leisure and the arts.

These outcomes are directly supported through our ambition as an organisation being efficient and enterprising.

2016 / 17 priorities for the council are, amongst others; promoting physical activity, building capacity for individuals to withstand or recover from illness and supporting healthy ageing.

Progress against these outcomes will be measured through a series of key indicators including; percentage of the adult population active for 30 minutes once per week, obesity levels at age 11, overall satisfaction with cultural provision in Leeds.

2. Within the Sport and Active Lifestyle Service and across the leisure industry it is recognised that customers look for and expect a good standard of facility and equipment to support their engagement in physical activity. If their expectations are not met then the number of users attending a facility reduces which has a direct impact on the associated health outcomes for those engaged in regular physical activity. In

addition and importantly for the council any reduction in numbers attending the cities leisure centre portfolio reduces the income generating potential of that facility.

3. The Sport and Active Lifestyle service in order to protect and grow its income base at Rothwell Leisure Centre is seeking to purchase gym equipment against prudential borrowing which is funded through the sport programme revenue budget. The forecast spend on the scheme is £199,000.00 2016/17, this DCR commits to spend £31,000 per annum over 7 years.
4. The Service has an annual income budget from activities of over £18m, of which Rothwell Leisure Centre directly supports circa £1m of this total figure. The viability of achieving this income target is predicated on providing gym equipment that is fit for purpose and meets customer expectations. In addition this investment is essential to support the 2016 / 17 additional income target of £285,000 from the services partnership with Alliance Leisure in addition to future income targets from 2017 to 2020.
5. The £31,000 annual repayment figure has been identified from within the service and therefore the unsupported borrowing request for this equipment does not represent any additional budget pressure upon the service.

### **Recommendations**

6. That the Chief Officer Culture and Sport give authority to spend £199,000.00 2016/17 supported from prudential borrowing at a cost of £31,000 per annum over 7 years on replacement gym equipment for Rothwell Leisure Centre.

## **1 Purpose of this report**

The purpose of this report is to request authority to spend approval of £199,000.00 2016/17 in order to replace the gym equipment at Rothwell Leisure Centre, aligned to capital scheme number: 32003/SPT/COM. This DCR commits the Sport and Active Lifestyles Service to an annual revenue spend of £31,000 to fund this scheme.

## **2 Background information**

- 2.1** The Sport and Active Lifestyle Service consists of 17 facilities across the city and a sport development function which together provides sport and active lifestyle services to all ages and abilities. The service has over recent years regularly exceeded 3.7 million visits per annum to its leisure centre portfolio and has an annual income target in excess of £18 million.
- 2.2** The number of annual visits to leisure centres and the income achieved demonstrates that these facilities are valued within their local communities. Rothwell Leisure Centre accounted for over 306,000 of the services recorded leisure centre visits 2015 / 16, with each visit providing a net contribution to the service of £0.25 demonstrating the excellent return that this centre provides for the service.
- 2.3** It is essential to the service that the budget profile for Rothwell Leisure Centre continues to provide a net positive contribution per user and therefore investment in its gym equipment is an essential part of the business strategy for the centre.
- 2.4** The Sport and Active Lifestyles Service repairs and maintenance budget is under pressure to maintain the gym equipment at Rothwell Leisure Centre as a significant amount of the equipment is in excess of 10 years old and has, due to the high levels of use reached the end of its serviceable life.
- 2.5** The equipment required for the refurbishment of the gym consists of a range of fitness equipment from the Sport and Active Lifestyles approved supplier Technogym UK Ltd (YORE 9A5PQA.)
- 2.6** The services ongoing partnership with Alliance Leisure is built upon the ability for our fitness proposition to compete and grow significantly to support the increased income targets identified for the service. This new equipment will play a pivotal role in achieving the stretch income and membership targets for the service.

## **3 Main issues**

- 3.1** The equipment purchased from our approved supplier Technogym UK Ltd, will replace in full, all the existing equipment that is currently within the gym at Rothwell Leisure Centre.
- 3.2** The installation is required to take place in November 2016 as this will maximise the revenue generating potential from the new equipment in the lead up to the industry sales peak for health and fitness January – April.
- 3.3** Approval is required to ensure the business critical delivery and installation requirements for this project can be achieved.

**3.4** The installation of the new equipment at Rothwell Leisure Centre, is an essential element of the service being able to fulfil its income growth forecast for 2016 / 17 from its partnership with Alliance Leisure of £285,000, in addition to income forecasts for 2017 – 2020.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

4.1.1 No specific consultation on this expenditure has taken place however the complaints relating to gym equipment failures are regular and therefore customers are at high risk of leaving due to service failure. In addition customer opinion has been catalogued through the annual customer survey which concluded:

4.1.2 If the impact of capital investment has a favourable impact on customer satisfaction, then the opposite can be said of the lack of investment.

### **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 Due regard has been given throughout the decision making process through following the Corporate procurement rules which ensured that the gym equipment supplier fulfilled the equality requirements of the service including the needs of disabled customers. The result of this is that neither an Equality Impact Screening nor Impact Assessment is required.

### **4.3 Council policies and City Priorities**

4.3.1 The Best Council Plan 2015 – 2020 sets Council outcomes of:

We want everyone in Leeds to;

- Enjoy happy, healthy, active lives
- Live with dignity and stay independent for as long as possible
- Enjoy greater access to green spaces, leisure and the arts.

These outcomes are directly supported through our ambition as an organisation being efficient and enterprising.

2016 / 17 priorities for the council are, amongst others; promoting physical activity, building capacity for individuals to withstand or recover from illness, supporting healthy ageing and enhancing the quality of our public realm.

Progress against these outcomes will be measured through a series of key indicators including; percentage of the adult population active for 30 minutes once per week, obesity levels at age 11, overall satisfaction with cultural provision in Leeds.

4.3.2 The Sport and Active Lifestyle Service makes a significant contribution to reducing health inequalities and promoting wellbeing. The above outcomes, priorities and key indicators will all be supported by the service through improving the quality of its facilities / equipment in order to encourage existing customers to maintain participation and to encourage new customers to engage in physical activity.

#### 4.4 Resources and value for money

**4.5 Full scheme estimate** £199,000.00 2016/17, supported from prudential borrowing at an annual repayment figure of £31,000, which has been identified from within the service and therefore the unsupported borrowing request for this equipment does not represent any additional budget pressure upon the service.

#### 4.5.1 Capital Funding and Cash Flow.

|  |               |                      |                 |                |                |                |                |
|--|---------------|----------------------|-----------------|----------------|----------------|----------------|----------------|
| TOTALS   | 0.0           | 0.0                  | 0.0             | 0.0            | 0.0            | 0.0            | 0.0            |
| <b>Authority to Spend required for this Approval</b>           | <b>TOTAL</b>  | <b>TO MARCH 2017</b> | <b>FORECAST</b> |                |                |                |                |
|  | <b>£000's</b> | <b>£000's</b>        | <b>2016/17</b>  | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020 on</b> |
|  |               |                      | <b>£000's</b>   | <b>£000's</b>  | <b>£000's</b>  | <b>£000's</b>  | <b>£000's</b>  |
| LAND (1)   | 0.0           |                      |                 |                |                |                |                |
| CONSTRUCTION (3)   | 0.0           |                      |                 | 0.0            |                |                |                |
| FURN & EQPT (5)  | 199.0         |                      | 199.0           | 0.0            | 0.0            | 0.0            | 0.0            |
| DESIGN FEES (6)  | 0.0           |                      |                 |                |                |                |                |
| OTHER COSTS (7)  | 0.0           |                      |                 |                |                |                |                |
| TOTALS   | 199.0         | 0.0                  | 199.0           | 0.0            | 0.0            | 0.0            | 0.0            |
| <b>Total overall Funding (As per latest Capital Programme)</b> | <b>TOTAL</b>  | <b>TO MARCH 2017</b> | <b>FORECAST</b> |                |                |                |                |
|  | <b>£000's</b> | <b>£000's</b>        | <b>2016/17</b>  | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020 on</b> |
|  |               |                      | <b>£000's</b>   | <b>£000's</b>  | <b>£000's</b>  | <b>£000's</b>  | <b>£000's</b>  |
| LCC Supported Borrowing  | 199.0         |                      | 199.0           | 0.0            | 0.0            |                |                |
| Lottery  | 0.0           |                      |                 |                |                |                |                |
| Total Funding  | 199.0         | 0.0                  | 199.0           | 0.0            | 0.0            | 0.0            | 0.0            |
| <b>Balance / Shortfall =</b>                                   | <b>0.0</b>    | <b>0.0</b>           | <b>0.0</b>      | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>     |

**Parent Scheme Number:** 32003/SPT/COM Sport Equipment Bodyline  
**Title:** Gym Equipment 2016/17 City Development

#### Revenue Effects

The revenue effects of the budgeted unsupported borrowing charges shown below:

| REVENUE EFFECTS           | 2017/18<br>£000's | 2018/19 and<br>SUBSEQUENT<br>YEARS<br>£000'S |
|---------------------------|-------------------|--|
| EMPLOYEES                 |                   |  |
| PREMISES COSTS            |                   |  |
| SUPPLIES & SERVICES       | 31.0              | 186.0  |
| EXTERNAL INCOME GENERATED |                   |  |

## 4.6 Legal Implications, Access to Information and Call In

4.6.1 Not applicable – significant operational decision.

## 4.7 Risk Management

4.7.1 Further to the conclusions drawn from customer satisfaction surveys from 2013 to current and from the services own experience from delivering services to customers across Leeds, failure to replace the gym equipment will result in the continued decay of the equipment and therefore the continued reduction in customer visits, income and the reputation of the council in fulfilling its stated outcomes, priorities and key indicators.

4.7.2 The replacement gym equipment will protect the income generating potential of the centre and significantly enhance provision within the locality.

## 5. Conclusions

5.1 By investing £199,000 in the replacement of the gym fitness equipment at Rothwell Leisure Centre it will directly support the required income growth for the Sport and Active Lifestyle Service within the period 2016 / 17 as part of the £285,000 additional income target from the Alliance Leisure partnership. This investment will directly enable the centres ability expand customer satisfaction and membership sales all of which will support the achievement of the required income targets for 2017 – 2020.

5.2 The repayment of £31,000 per annum over 7 years, funded from with the services revenue budget represents excellent value to the council to support the services income growth targets in addition to enabling the wider health outcomes from engaging in physical activity

## 6. Recommendations

6.1 That the Chief Officer Culture and Sport give authority to spend £199,000.00 2016/17 supported from prudential borrowing at a cost of £31,000 per annum over 7 years on replacement gym equipment for Rothwell Leisure Centre.

## 7. Background documents<sup>1</sup>

7.1 None

<sup>1</sup> The background documents listed in this section are available for download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.