

Design & cost report for purchase of gym equipment at Rothwell Leisure Centre.

Date: 09.02.2024

Report of: Head of Active Leeds

Report to: Interim Chief Officer, Operations and Active Leeds & Chief Officer Financial Services

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

- The purpose of this report is to seek authority to spend £226,335.64 supported from prudential borrowing, for new gym equipment at Rothwell Leisure Centre.
- The gym equipment and wider development will help to support healthy, physically active lifestyles, ensuring the equipment matches the needs and demographics of the area, whilst providing equipment to match the latest fitness trends. The development provides greater opportunity to engage with all user groups to increase their activity levels and improve the health of people in and around Rothwell.
- Subject to approval the work will be scheduled for the first quarter of 2024 to support increased income targets for 24/25. The gym is to be refurbished with new flooring, decoration, and branding, with the intention to drive the customer experience.
- The gym development aims to return membership to pre-covid levels and attract an additional 500 live members per annum, as identified in 2024/25 budget. Achieving this target is dependent on providing a better user experience to attract more customers into the facility and to help recover membership / income targets.
- The investment in equipment will support the city ambition of supporting young people into physical activity.

Recommendations

The Chief Officer Financial Services is requested to inject £226,335.64 departmental prudential borrowing into the 2024/2025 Capital Programme.

The Chief Officer, Operations and Active Leeds to give:

- a. Authority to spend £226,335.64 in 2024 supported through prudential borrowing at a cost of £26,290 per annum over 5 years at an interest rate of 5.25% for the CV equipment and £14,900 per annum over 10 years at an interest rate of 5.32% for the resistance gym equipment.

What is this report about?

1. The purpose of this report is to seek authority to spend £226,335.64 supported from prudential borrowing, for new gym equipment at Rothwell Leisure Centre.
2. Rothwell is a town in the South East of the City and is situated between Leeds and Wakefield, neighboured by Oulton and Woodlesford. The Rothwell ward has three Liberal Democrat councillors, Councillor Chapman, Councillor Golton and councillor Hart-Brooke. There is a population of over 20,000 people and is in the postcode district of LS26.
3. Rothwell area has smaller proportion of young people than Leeds, 11% compared to 12%. In terms of the older population, 16% of the PCN are aged 70 or more - larger than Leeds at 11%. It's important the provisions within the centre are reflective of this demographic, making the equipment accessible for this user group.
4. GP recorded health conditions are almost all significantly better than Leeds, the exceptions are obesity and cancer which are both significantly higher than Leeds. Rothwell is used as a Cancer Prehab Hub so is offering support to people suffering from cancer. This equipment will help support this programme and the outcomes that need to be measured and support the benefits of been physically active.
5. We know providing equipment that meets the users' needs is key to building confidence and empowering them to be more physically active has a positive impact on reducing health issues such as obesity.
6. The gym equipment and wider development will help to support healthy, physically active lifestyles, ensuring the equipment matches the needs and demographics of the area, whilst providing equipment to match the latest fitness trends. The development provides greater opportunity to engage will all user groups to increase their activity levels and improve the health of people in and around Rothwell.
7. Subject to approval the work will be scheduled for the first quarter of 2024 to support increased income targets for 24/25. The gym is to be refurbished with new flooring, decoration, and branding, with the intention to drive the customer experience. The total costs of all the work (excluding equipment) is circa 137k.
8. The gym development aims to attract an additional 500 live members per annum, as identified in 2024/25 budget, proposing to achieve £144k in additional income which is to help support the additional income targets been set. Achieving this target is dependent on providing a better user experience to attract more customers into the facility and to help recover membership / income targets.
9. The investment in equipment will support the city ambition of supporting young people into physical activity.

What impact will this proposal have?

10. The impact of the investment will drive customer experience, which in turn will drive customer satisfaction. We know there is a clear correlation between customer satisfaction and income, so this investment will improve retention rates and encourage repeat visits to the facility, as well as attracting new customers.
11. Last Summer we investment in gym refurbishment at Wetherby, Armley & Morley. All 3 gym refurbishments have had a positive impact and it's great to see all three centres club lives increase since works have been completed. The refurbishments combined could potentially achieve £1,246,510.80 additional income over five years for a total of a £828,297.61 investment, earning an additional £418,213.19 in total. This additional income will help to achieve the service budget saving proposals.
12. Rothwell has got local more local competition with the opening of Jetts Gym. Rothwell LC needs an investment to keep up with consumer demands and drive people through the doors, providing a

product in line with current industry trends will continue to encourage the community to be physically active and drive income.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing Inclusive Growth Zero Carbon

- 13. Inclusive Growth - Health and Wellbeing is one of 12 big ideas and it states the importance of active lifestyles in fully realising social, educational, and economic potential. Also, with the new development it will enhance the facilities on offer in the Rothwell area and encourage more people to use the leisure centre.
- 14. Climate emergency – The refurbishment will help to lower the carbon footprint with a more efficient lighting along and new gym equipment which is mainly self-powered. The gym equipment supplier is working to be environmentally friendly in its packaging and shipping materials, as well as looking to use sustainable materials to build its gym equipment.
- 15. Health and Wellbeing - Physical Activity is one of 12 priorities for the Leeds Health and Wellbeing Board (and the only lifestyle risk factor identified individually within a specific priority) – ‘More people, more physically active, more often’, along with the City’s Physical Activity Vision ‘Leeds is a place where everyone moves more every day’ The full customer journey has been well thought out, the layout and design has created a beginner zone to enhance our health and well being offer.

What consultation and engagement has taken place?

Wards affected:
Have ward members been consulted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

- 16. ` Consultation has taken place with a variety of colleagues. This included staff as well as senior officers and the finance team. The Executive Member, responsible for Active Leeds have been consulted with on 14th March 2024 and is supportive of the plans.
- 17. Ward members have been informed of the plans and again are supportive of the proposal.
- 18. Once approval is given for the spend on the replacement gym equipment, consultation will take place with customers to ensure the correct layout and to ensure inclusion of the most appropriate equipment.

What are the resource implications?

- 19. The forecast spend on the equipment investment is £226,335.64 and this DCR commits to pay back through prudential borrowing at a cost of £26,290 per annum over 5 years at an interest rate of 5.25% for the CV equipment and £14,900 per annum over 10 years at an interest rate of 5.32% for the resistance gym equipment.
- 20. The annual borrowing costs have been provided for in the 24/25 revenue budget and therefore the unsupported borrowing request for this equipment does not represent any additional budget pressure upon the service, and as outlined in the report the investment is essential to help maintain the income base.
- 21. The projected increase in additional income of £144k (full year) from this investment is to support the additional budget proposals for this year with the increasing income of 550k for this years budget.

What are the key risks and how are they being managed?

- 22. The purchase of the gym equipment will ensure Active Leeds maximises the potential for income generation at Rothwell LC and significantly enhances provision within the locality. However, without the purchase of the equipment the service will not be able to provide a fit for purpose facility.

23. Clear communication and updates on the proposal will ensure all customers and stakeholders are aware of what is happening.
24. Marketing support will ensure that the service is able to maximise on the investment and ensure the facility is ready for new customers who are looking to get active.
25. Active Leeds have a proven track record of managing successful gym refurbishments delivering over 15% growth in membership levels.

What are the legal implications?

26. None

Options, timescales and measuring success

What other options were considered?

27. Carry out a refurbishment but use the old equipment. However, with the new space the equipment will look and feel even more outdated, and the cost to repair and service the equipment will continue to increase and customer satisfaction levels will fall. Current servicing cost are circa 20k per annum and will continue to rise as the equipment becomes more dated.
28. Carry out the refurbishment but just purchase some more equipment to add to the old equipment. Again, this will not capitalise on the full experience and will just highlight the old equipment more which will lead to customer dissatisfaction.

How will success be measured?

29. Membership levels and income will be the two main sources of measurement to ensure return on investment is achieved. The first target will be to return memberships to pre covid levels and then attract an additional 500 members, reaching a club live figure circa 3500 by March 2025.

What is the timetable and who will be responsible for implementation?

30. The refurbishment works will be completed within 4 weeks, starting end May 2024 and finishing towards the end of June 2024, allowing the gym equipment to be installed which will take 2 days.

Appendices

- None.

Background papers

- None.