



Report of Head of Active Leeds

Report to Director of City Development

Date: 26.08.2019

Subject: Design & Cost Report for the replacement of gym equipment at Aireborough Leisure Centre

Are specific electoral wards affected? If yes, name(s) of ward(s): Guiseley, Yeadon	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Has consultation been carried out?	<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
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary

1. Main issues

- Aireborough Leisure Centre has undergone a refurbishment to the wet side part of the leisure centre (Swimming pool changing areas, swimming pools, and reception areas) and as part of the Vision for Leisure and Wellbeing Centres Executive Report in December 2016 it was identified the need to then refurbishment the dry side part of the building. This included modernising the gym, refurbishing the studio and converting an old bar area in to a cycling studio.
- The gym equipment at Aireborough Leisure Centre is over 10 years old and doesn't meet customer expectations in terms of how customer's workout routines have changed over this period of time. The equipment due to the age is also costly to maintain and thus each year repair costs are increasing for fixing equipment.
- 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 also reduces the income generating potential of that facility.

- In order to protect and help to further grow income and participation at Aireborough Leisure Centre, Active Leeds are seeking to purchase gym equipment as part of an equipment refresh programme.
- Active Leeds has an annual income budget for activities of over £13.6m, of which Aireborough Leisure Centre dryside development is targeted to provide an additional £120k per annum to the service income. The possibility of achieving this income target is dependent on providing gym equipment that is fit for purpose and meets customer expectations.

2. Best Council Plan Implications

- The gym equipment replacement will help to supporting healthy, physically active lifestyles, with ensuring the equipment is right for the demographics of the area and latest fitness trends. Meaning people will enjoy happy, healthy, active lives.
- The equipment will be tailored to ensure it is right for older people and help to contribute to promoting opportunities for older people to be healthy, active, included and respected.

3. Resource Implications

- The forecast spend on the scheme is £186,000, this DCR commits to spend £28,530 per annum over 7 years based on an interest rate of 1.81% as at 29/07/19.
- The £28,530 annual repayment figure has been identified from within the services prudential borrowing budget and therefore the unsupported borrowing request for this equipment does not represent any additional budget pressure upon the service.

Recommendations

- a) The Director of City Development to give authority to inject and spend £186,000 in 2019/20 supported from prudential borrowing at a cost of £28,530 per annum over 7 years on replacement gym equipment for Aireborough Leisure Centre.
- b) To note the Head of Active Leeds is responsible for the implementation of this proposal.

1. Purpose of this report

- 1.1 The purpose of this report is to seek an injection and authority to spend £186,000 2019/20 supported from prudential borrowing at a cost of £28,530 per annum over 7 years on replacement gym equipment for Aireborough Leisure Centre. This will help Active Leeds to safeguard the income generation potential within Aireborough Leisure Centre and help towards reaching saving targets for 2019/2020.

2. Background information

- 2.1 Active Leeds consists of 17 facilities across the city and an development function which together provides an all rounded physical activity service to people all ages and abilities. Over recent years this has resulted in exceeding 3.5 million visits per annum to its leisure centre portfolio and achieving an annual activity income target in excess of £13.6 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. Aireborough Leisure Centre accounted for over 268,000 of the services recorded leisure centre visits in 2016/17 prior to its partial refurbishment closure, with each visit providing a contribution to the service of £3.80 and achieving income in excess of £1m per annum, demonstrating the excellent return that this centre provides for the service.
- 2.3 The leisure market is substantial, and increasing revenue now offers the service much more significant contribution to sustainability than further costs reduction - although the latter does still remain an ongoing focus.
- 2.4 Active Leeds have developed a gym equipment refresh programme with the intention of replacing gym equipment between every 5-7 years depending upon the usage and condition of gym equipment. Aireborough Leisure Centre gym equipment needs to be replaced due to the condition and the increasing repair costs of the equipment.
- 2.5 It is essential to Active Leeds overall budget profile for Aireborough Leisure Centre to provide a positive contribution per user and the condition of gym equipment has a major impact on whether customers use the facilities or not. If the standards are poor then they will simply go and find an alternative for which in Leeds there are plenty of other gyms for people to go to. Therefore investment in its gym equipment is an essential part of the business strategy for the centre.
- 2.6 Aireborough Leisure Centre refurbishment will shortly conclude to offer and enhanced aquatics provision along with a new entrance, reception area and the inclusion of a community hub and café which is due to open in September 2019. The refurbishment of the gym facility will compliment refurbishment as well as completing a full refurbishment programme of the centre.

3. Main issues

- 3.1 Active Leeds saving proposals are built upon the ability for the services 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. The service has to position the offering by highlighting the unique selling points to compete in this extremely competitive environment. The services core role is not commercial, but has to be business like in delivering it's wider outcomes.
- 3.2 The dryside refurbishment for Aireborough were developed to ensure the service increased income at Aireborough by £120k per annum to lower Active Leeds overall subsidy level and the gym equipment replacement is required to ensure this income target can be achieved.
- 3.3 Aireborough is a key facility for the service not only in terms of the volume of users and the income the site achieves, but also because of the demographics of the people using the site and the catchment area it is in. We have Aspire day care services based in the facility which helps us to attract a wide range of new users who wouldn't ordinarily visit a leisure centre let alone actually use the facilities on offer. Along with the new café and hub it will attract further people that wouldn't necessarily step inside a leisure centre. We have seen a huge volume of people using the facilities due to this and this means that we need to ensure the equipment we have on offer meets the wide range of individual needs that we now see using our facilities. Modern equipment is more adaptable and functional to allow the

service to meet these needs and this investment will allow us to reach even more people.

- 3.4 Research highlights the quality of equipment and reliability is a huge factor in which to influence customers to stay with the service or move on to another gym competitor. We are experiencing ever increasing competition from the growth of budget gyms which as they are all relatively new are able to offer new, good quality equipment. This has meant that customer have higher expectations in this area and if the service is to compete it has to provide what customers expect. The service is looking to continue to grow the membership from the current 1,056 members to 1,600, but this won't be achieve and could reduce without further investment in the new equipment. Fundamentally the investment is to make sure current income is maintained and grow through attracting new customers.
- 3.5 The equipment repairs and maintenance are increasing year on year and the equipment has already passed it maximum lifespan. Meaning it is becoming increasingly difficult to obtain parts due to the age of the current stock.
- 3.6 The equipment will be purchased from the services contracted approved supplier Technogym UK Ltd. The Technogym equipment will also help Active Leeds digital development plans with innovative equipment which is fit for this digital world. The equipment will also enable Active Leeds to undertake body composition tests and set programmes based on the outcomes of these tests. These tests allow the user to be re-tested and are utilised as a motivational tool, essential in keeping customers physically active, aiding retention, and increasing income.
- 3.7 The installation is planned to take place in December 2019 as this will maximise the revenue generating potential from the new equipment in the lead up to the industry sales peak time for health and fitness January – April. The service will also utilise this time to carry out some maintenance works such as redecoration and replacing old flooring and installing new branding to replace the outdated branding to improve the atmosphere and feel of the gym. December is a time of year where visits to the gym are the lowest as people are busy with the festivities. This means disruptions to customers whilst the works take place is minimal.
- 3.8 Replacement of the equipment is necessary to ensure the service are able to contribute to the Best Council plan and specifically the key performance indicators related to percentage of physically active adults and percentage of older people who have good health and wellbeing.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Consultation has taken place with a variety of colleagues in the Active Leeds. This included staff as well as senior officers and the finance team. The Executive Member, responsible for Active Leeds has been consulted with on 8th August 2019.
- 4.1.2 Research conducted with customers shows that investment in equipment has a favourable impact on health and fitness membership numbers leading to retaining more people, but also increase the number of new members to the facilities
- 4.1.3 Once approval is given for the spend on the replacement gym equipment, consultation will take place with customers in terms of the types of equipment installed and layout to ensure this influences the final plans.

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

4.3 Council policies and the Best Council Plan

4.3.1 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

4.3.2 These outcomes are directly supported through our ambition as an organisation being efficient and enterprising as well as trying to ensure Leeds is the best city to be active in

4.3.3 Active Leeds 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

Climate Emergency

4.3.4 The new gym equipment is more energy efficient than the current gym equipment meaning less energy will be used. A lot of the equipment is self-powered and requires no power to run the equipment.

4.3.5 The gym equipment supplier is working to be environmental friendly in its packaging and shipping materials as well as looking to use sustainable materials to build its gym equipment with.

4.4 Resources, procurement and value for money

4.4.1 Capital Funding and Cash Flow.

Funding Approval :	Capital Section Reference Number :-						
Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2017 £000's	FORECAST				
			2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0						
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	0.0						
TOTALS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2017 £000's	FORECAST				
			2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0			0.0			
FURN & EQPT (5)	165.0		0.0	0.0	0.0	186.0	0.0
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	0.0						
TOTALS	165.0	0.0	0.0	0.0	0.0	186.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2017 £000's	FORECAST				
			2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020 on £000's
LCC Supported Borrowing	165.0		0.0	0.0	0.0	186.0	0.0
Lottery	0.0						
Total Funding	165.0	0.0	0.0	0.0	0.0	186.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

EMPLOYEES		
PREMISES COSTS		
SUPPLIES & SERVICES	28.5	199.5
EXTERNAL INCOME GENERATED		

4.4.2 **Full scheme estimate** £186,000 2019/20, supported from prudential borrowing at an annual repayment figure of £28 530 based on an interest rate of 1.8% as at 29/07/19, 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

4.4.3 Active Leeds are looking to continue to grow the membership from the current 1,056 members to near on 1,600, but this won't be achieved and could reduce if investment is not made, impacting the service financially. Fundamentally the investment is to make sure current income is maintained, however on the back of this we expect that we will attract new customers as well. Growing by 500 members over the course of the year would be an annual increase of over £120,000 based on the current membership yield of £21. These increases in income have already been factored in to our income targets and saving proposals in the years 19/20 and 20/21

4.5 Legal implications, access to information, and call-in

4.5.1 Not applicable – significant operational decision.

4.6 Risk management

4.6.1 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.

- 4.6.2 The replacement gym equipment will protect the income generating potential of the centre and significantly enhance provision within the locality. The service is looking to continue to grow the membership from the current 1,056 members to near on 1,600 but this won't be achieved and could reduce if investment isn't made into the new equipment impacting financial targets.

5. Conclusions

- 5.1 By investing £186,000 in the replacement of the gym fitness equipment at Aireborough Leisure Centre it will directly support the required income growth for the Active Leeds Service. This investment will directly enable the centres to expand customer satisfaction and membership sales all of which will support the achievement of the required income targets for 2020 onwards
- 5.2 Active Leeds makes a significant contribution to reducing health inequalities and promoting wellbeing. The above Best Council plan 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.
- 5.3 The repayment of £28 530 per annum over 7 years, funded from within 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 The Director of City Development to give authority to inject and spend £186,000 in 2019/20 supported from prudential borrowing at a cost of £28 530 per annum over 7 years on replacement gym equipment for Aireborough Leisure Centre.
- 6.2 To note the Head of Active Leeds is responsible for the implementation of this proposal.

7. Background documents¹

- 7.1 None

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