

Report of Head of Active Leeds

Report to Director of City Development & Chief Officer Financial Services

Date: 03.12.2019

Subject: Design & Cost Report for gym equipment for Middleton Leisure Centre

Are specific electoral wards affected? If yes, name(s) of ward(s): Middleton, Belle Isle, Hunslet and Holbeck	<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

- Middleton Leisure Centre is currently having an extension built on to the existing leisure centre to house a 65 station gym as part of the Vision for Leisure and Wellbeing Centres Executive Report in December 2016. The extension is set to be completed in May 2020.
- Gym equipment is required to fully kit out this new gym extension. Early approval is sought due to the lead in time required from order to delivery.
- 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 achieve the business plan for the new development the required gym equipment is needed to hit the target of 1,000 health and fitness memberships.
- Active Leeds has an annual income budget for activities of over £13.6m, of which the new Middleton Leisure Centre development is targeted to provide an additional £200k per annum to the services income. The possibility of achieving this income target is reliant on providing gym equipment for the space and equipment that is fit for purpose and meets current and future customer expectations.

2. Best Council Plan Implications

- The gym equipment replacement will help to support healthy, physically active lifestyles, with ensuring the equipment is right for the demographics of the area and the latest fitness trends. This will mean more people will enjoy happy, healthy, active lives.
- The equipment will be tailored for older people and people with disabilities to help to contribute to promoting opportunities for older people to be healthy, active, included and respected. The equipment has taken into consideration adult social care requirements who are a key partner at Middleton Leisure Centre.

3. Resource Implications

- The forecast spend on the scheme is £172k, this DCR commits to spend £27,770 per annum over 7 years based on an interest rate of 3%.
- The £27,770 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 based on the original business case for undertaking the development.

Recommendations

- a) The Chief Officer Financial Services is requested to inject £172,000 departmental prudential borrowing into the 2019/20 Capital Programme.
- b) The Director of City Development to give authority to inject and spend £172k in 2019/20 supported from prudential borrowing at a cost of £27,770 per annum over 7 years on gym equipment for Middleton Leisure Centre.
- c) 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 £172k supported from prudential borrowing on new gym equipment for Middleton Leisure Centre new gym development.

2. Background information

- 2.1 Active Leeds consists of 17 facilities across the city and a 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 Middleton Leisure Centre is only 1 of 2 sites in the Active Leeds portfolio offering only dryside activities and the only one that doesn't currently have a gym. However the site still accounted for over 70k of Active Leeds recorded leisure centre visits in 2018/19, with each visit providing a contribution to the service of £2.44 and achieving income in excess of £170k per annum.

- 2.3 Middleton Leisure Centre is currently having an extension built on to the existing leisure centre to house a 65 station gym as part of the Vision for Leisure and Wellbeing Centres Executive Report in December 2016. The extension is set to be completed in May 2020.
- 2.4 The leisure market is substantial, and increasing revenue offers the service much more significant contribution to sustainability than further costs reduction - although the latter does still remain an ongoing focus.

3. Main issues

- 3.1 The gym development for Middleton Leisure Centre was approved following a business plan to increase income by £200k per annum with achieving 1,000 new health and fitness memberships. The funding for the development has been approved, however the gym equipment is to be funded as part of the additional income generated. The gym equipment purchase was built into the business plan to ensure the £37.560 per annum was affordable and still achieve £100k towards lowering the subsidy level for Active Leeds. Without the gym equipment the service will not be able to achieve this target. This has already been built into the services savings targets for the forth coming years.
- 3.2 The gym development will make Middleton Leisure Centre a key facility for Active Leeds not only in terms of the volume of users and the income the site achieves, but also giving Active Leeds the ability to reach people the service hasn't reached before.
- 3.3 Aspire day care services are based in the facility which helps to attract a wide range of users who wouldn't ordinarily visit a leisure centre. A huge volume of people are 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 the needs of a wide range of users and this investment will allow us to reach and meet the needs of even more people.
- 3.4 The quality of the equipment is a very important component to ensuring the service can attract customers to the new gym but also longer term ensure they are retained. During the time it has taken to approve and build the gym extension a budget gym operator has opened a new site close to Middleton Leisure Centre meaning the quality of the offering is even more important if the target of 1,000 members is to be achieved.
- 3.5 The equipment will be purchased from Technogym UK Ltd, who were awarded the contract for supply of gym equipment using ESPO framework 345 'Fitness equipment (supply, delivery, installation & maintenance) for LCC Leisure Centres for the period from 20/4/2019 to 30/6/2020. The Technogym equipment will also help Active Leeds digital development plans with innovative equipment which is fit for this digital age. The equipment purchased will 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 attraction and retention of customers in this competitive marketplace.
- 3.6 The installation of the equipment is planned to take place in May 2020 once the gym development has been built and allow us to open the facility to the public in June 2020.

3.7 The gym equipment is necessary to ensure Active Leeds 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 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 27th November 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 increasing the number of new members to the facilities.

4.1.3 Aspire day services based out of Middleton Leisure Centre have been consulted to understand their specific requirements for their users.

4.1.4 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 will be as energy efficient as possible with a lot of the equipment is self-powered and requires no power 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.

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	TO MARCH	FORECAST				
	£000's	2017	2016/17	2017/18	2018/19	2019/20	2020 on
		£000's	£000's	£000's	£000's	£000's	£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	TO MARCH	FORECAST				
	£000's	2017	2016/17	2017/18	2018/19	2019/20	2020 on
		£000's	£000's	£000's	£000's	£000's	£000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0			0.0			
FURN & EQPT (5)	172.0		0.0	0.0	0.0	172.0	0.0
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	0.0						
TOTALS	172.0	0.0	0.0	0.0	0.0	172.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL	TO MARCH	FORECAST				
	£000's	2017	2016/17	2017/18	2018/19	2019/20	2020 on
		£000's	£000's	£000's	£000's	£000's	£000's
LCC Supported Borrowing	172.0		0.0	0.0	0.0	172.0	0.0
Lottery	0.0						
Total Funding	172.0	0.0	0.0	0.0	0.0	172.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

4.4.2 Full

scheme estimate £172k 2019/20, supported from prudential borrowing at an annual repayment figure of £27,700 based on an interest rate of 3%. This has been identified from within the business plan for the development and therefore the **unsupported borrowing request for this equipment does not represent any additional budget pressure upon the service**

4.4.3 The development will increase income at Middleton Leisure Centre by £200k per annum. This will be achieved by attracting 1,000 new health and fitness memberships by the end of March 2021. The increase in income has already been factored in to Active Leeds income targets and saving proposals in the years 19/20 and 20/21

REVENUE EFFECTS	2019/20	2020/21 and subsequent years
	£000's	£000's
EMPL. FEES		
SUPPLIES & SERVICES	37360.0	149650.0
EXTERNAL INCOME GENERATED		

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 The purchase of the gym equipment will ensure Active Leeds maximises the potential income generated from Middleton Leisure Centre and significantly enhances provision within the locality. However, without the purchase of the equipment the service will not be able to achieve the £200k additional income target.

5. Conclusions

5.1 Investing £172k in new gym equipment at Middleton Leisure Centre it will directly support the required income growth for Active Leeds. The investment will directly

enable the centre to increase customer satisfaction and attract new health and membership sales all of which will support the achievement of the required income targets of £200k for 2019/20 and onwards.

- 5.2 Active Leeds makes a significant contribution to reducing health inequalities and promoting wellbeing. The investment will help the to achieve the Best Council plan priorities and key indicators and support the service through improving the quality of its facilities in order to encourage new customers new customers to engage in physical activity.
- 5.3 The repayment of £27,700 per annum over 7 years is funded from with the services revenue budget and 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 Chief Officer Financial Services is requested to approve the injection of £172,000 departmental prudential borrowing into the 2019/20 Capital Programme.
- 6.2 The Director of City Development to give authority to inject and spend £172k in 2019/20 supported from prudential borrowing at a cost of £27,770 per annum over 7 years on gym equipment for Middleton Leisure Centre.
- 6.3 To note the Head of Active Leeds is responsible for the implementation of this proposal.

7. Background documents¹

- 7.1 None



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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.