

Design & cost report for gym refurbishment and purchase of gym equipment for Wetherby.

Date: 07.02.23

Report of: Head of Active Leeds

Report to: 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 an injection and authority to spend £124,344.24 supported from prudential borrowing, for new gym equipment at Wetherby Leisure Centre.

Subject to approval the work will be scheduled for the first quarter of 2023 to support increased income targets for 23/24. 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 200 live members per annum, as identified in 2023/24 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 levels following the pandemic.

Recommendations

- a) The Chief Officer Financial Services is requested to inject £124,344.24 departmental prudential borrowing into the 2023/24 Capital Programme.
- b) The Chief Officer, Operations and Active Leeds to give authority to spend £124,344.24 in 2023 supported from prudential borrowing at a cost of £21,078 per annum over 7 years on gym equipment for Wetherby Gym.

What is this report about?

Including how it contributes to the city's and council's ambitions

- The purpose of this report is to seek an injection and authority to spend £124,344.24 supported from prudential borrowing, for new gym equipment at Wetherby 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 more people to increase their activity levels and improve the health of people in and around Wetherby
- Subject to approval the work will be scheduled for the first quarter of 2023 to support increased income targets for 23/24. 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 200 live members per annum, as identified in 2023/24 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 levels following the pandemic.

Why is the proposal being put forward?

- Wetherby Leisure Centre sits in the Elmet and Rothwell constituency and the Wetherby electoral ward of Leeds. Wetherby is located in the north of the city close to North Yorkshire border the town has a population of 12,201 people, with the Wetherby ward having a population of 26,473.
- There is a high percentage of older people living in Wetherby. The average age of those taking out a membership is 45 yrs., with 53% of customers aged 46 yrs.+ . To support this older demographic, improvement to both building access and activity programming is required.
- Wetherby has a higher than average report of mental health issues (social isolation). It is essential that Wetherby LC provides a quality facility for the local community, supporting the community in engaging in physically activity and investing in their health, wellbeing and improving social connectivity.
- Existing gym equipment is over 15 years old and no longer meets the needs of users. The service has been fortunate to invest in new equipment for the gyms across the estate with Wetherby being one of the last remaining sites to benefit from new equipment and refurbishment. The equipment Wetherby received is well over 15 years old and has previously been passed over equipment from gym refurbishments that have happened across the city. The maintenance and service of this equipment is increasing year on year and is currently costing over £10k per annum in repair costs.
- Across the leisure industry it is recognised that customers look for and expect a good standard of facility and equipment to support their physical activity. If their expectations are not met then the number of users attending a facility reduces, having 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 leisure centre across the city also reduces the ability to maintain and generate income.

- Wetherby is one of only a few sites to not recover to pre-pandemic levels. Membership remains 20% below February 2020 levels and income is currently estimated to be £50k below target for 22/23. Improved access to the gym, as well as new equipment, aims to address these issues and provide the centre with a platform upon which to build its membership base.
- For 23/24, Wetherby LC has a health and fitness income target circa £290k. Achieving this target is dependent on providing a space and equipment that is fit for purpose and meets current and future customer expectations.

What impact will this proposal have?

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

- The impact of the investment will improve the 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.

What consultation and engagement has taken place?

- 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 have been consulted with.
- Ward members have been informed of the plans and are supportive.
- The age of the equipment means it can no longer sustain the amount of usage, resulting in equipment being regularly out of use and for lengthy periods of time. Wetherby has not received investment in new gym equipment for 15 years, the current gym equipment at Wetherby was provided second hand from another gym. Recent NPS (Net Promoter Score) surveys also reflects these levels of dissatisfaction. The recent January survey recorded a NPS score of -20.78% for Wetherby, compared to the service average of +26.43%. Wetherby customers are also voicing their concern over the poor standard of equipment to councillors.
- Active Leeds have recently invested in full gym refurbishments at Garforth, Pudsey and JCCS, where the results have been very positive in terms of more people engaging in physical activity and membership numbers increasing. The gym refurbishment at Wetherby intends to improve the customer experience which in turn generates income through increased memberships sales and improved retention of customers. This can only be achieved by enhancing the offer and bringing the gym in line with current trends. The investment will give greater opportunities for the communities of Leeds, specifically the area around Wetherby, to engage and increase their levels of physical activity. Investing in new gym equipment matches the needs and demographics of the area and are aligned to current fitness trends.

- Once approval is given for the spend on the replacement gym equipment, consultation will take place to ensure the correct layout and to ensure inclusion of the most appropriate equipment.

What are the resource implications?

- The forecast spend on the equipment investment is £124,344.24 and this DCR assumes a payback at the rate of £21,220 per annum over 7 years based on an interest rate of 4.65%.
- The annual borrowing costs have been provided for in the 23/24 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.

What are the legal implications?

- None.

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

- The purchase of the gym equipment will ensure Active Leeds maximises the potential for income generation at Wetherby 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.
- Clear communication and updates on the proposal will ensure all customers and stakeholders are aware of what is happening.
- 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 in the Spring.

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

- 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 Wetherby area and encourage more people to use the leisure centre.
- 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.
- 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’.

Options, timescales and measuring success

a) What other options were considered?

- 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.
- 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.

b) How will success be measured?

- 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 200 members, reaching a club live figure circa 1250 by 31st March 2024. This should also be equivalent to attaining income targets of £290k per annum by the same date.

c) What is the timetable for implementation?

- The refurbishment works take 4/6 weeks starting late March and finishing towards the end of May, allowing the gym equipment to be installed which will take 2 days.

Appendices

- None

Background papers

- None