

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

Date: 16<sup>th</sup> June 2023

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 £222,199.93 supported from prudential borrowing, for new gym equipment at Armley Leisure Centre. 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.
- 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 keeping up to date with 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 Armley.
- Subject to approval the work will be scheduled for the second 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 attract an additional 300 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 to achieve the 23/24 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 £222,199.93 departmental prudential borrowing into the 2023/24 Capital Programme.

The Chief Officer, Operations and Active Leeds to give:

- a. Authority to spend £222,199.93 in 2023 supported from prudential borrowing at a cost of £38,375 per annum over 7 years on gym equipment for Armley Leisure Centre.

## What is this report about?

- Armley Leisure Centre is situated in the West of the City, less than one mile from Leeds City Centre. Armley has a population of 26,725 people with the highest age group of residents been 30 – 39 years (5,077).
- Armley Leisure Centre is situated in one of the most deprived localities in Leeds. Health profile overview for Armley ward shows that the health of people in Armley is particularly poor. With higher than average rates of childhood & adult obesity, childhood Asthma, serious mental health issues and COPD along with lower life expectancies.
- The centre supports a range of programmes to support improves in the existing Health inequalities which are funded by the NHS and Leeds City Council Public Health team. Participants from the following programmes access the gym within Armley Leisure Centre
  - Armley offers an enhanced programme of rehabilitation. This programme supports people with heart and lung disease to become active and self-manage their health conditions.
  - Armley Man Club is run out of Armley LC – Hyperlocal programme for men with mental health concerns with high BMI.
- The investment in Armley LC is to support the reduction of health inequalities for all population groups. Providing a facility, equipment, products along with qualified staff to ensure these customers receive the right level of support to meet their needs which will enable them stay active. Increasing level and opportunities to be physically active will help reduce health equalities and improve health outcomes.
- Armley has slightly fewer elderly residents than Leeds average and more young people and adults. The average age of those taking out a membership is 38yrs old, with 24% of customers aged 12yrs to 25yrs. 44% of the membership base is between 26 to 45 years. The new equipment will support all user groups and bring Armley LC in line with current industry trends. This will ensure Active Leeds continue to be the provider of choice for people who reside in and around Armley. A section of the gym is designed to support group training and create social connectivity which is known to have a huge impact on exercise adherence and mental health.
- Currently the servicing costs for the equipment at Armley is projected to cost £24k this year and this will continue to rise as the equipment gets older.
- 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.
- This investment forms part of the retention and people development strategy for the service. Ensuring Active Leeds continually invests in staff to deliver the products available to meet the needs of the customers.
- This investment will not only drive new income through additional sales but will support the services objective of increasing the length of stay of a member. If we can improve this at Armley it could potentially income generate an additional £60k per annum
- For 23/24, Armley LC has a health and fitness income target circa £600k per annum. Achieving this target is dependent on providing a space and equipment that is fit for purpose and meets current and future customer expectations as well as diversifying to a new market to young people and people with health conditions.

## What impact will this proposal have?

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

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 1 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 Armley area and encourage more people to use the leisure centre.
- 2 Zero Carbon – The refurbishment will help to lower the carbon footprint with a more efficient lighting along with 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.
- 3 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”

**What consultation and engagement has taken place?**

Wards affected:

Have ward members been consulted?       Yes                       No

- 4 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 on 16<sup>th</sup> June 2023 and is supportive of the plans.
- 5 Ward members have been informed of the plans.
- 6 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?**

- 7 The forecast spend on the equipment investment is £222,199.93 and this DCR commits to payback this at £38,375 per annum over 7 years based on an interest rate of 4.98%
- 8 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 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 Armley 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.

**What are the legal implications?**

- 9 None.

**Options, timescales and measuring success**

**What other options were considered?**

- 10 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 24k and will continue to rise as the equipment becomes more dated.

11 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**

12 Membership levels and income will be the two main sources of measurement to ensure return on investment is achieved. The target will be to attract an additional 300 members, reaching a club live figure of 2600 by 31st March 2024 as well as reducing attrition rates. This will drive income and could potentially increase income by £90,000 to meet the target for 2023/24

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

13 The refurbishment works take 4/6 weeks starting July and finishing towards the end of August, allowing the gym equipment to be installed which will take 2 days.

### **Appendices**

- EDI screening for Morley and Armley Gym Equipment

### **Background papers**

- None.