

# EXECUTIVE BOARD DECISION



**REPORT OF:** Executive Member for Public Health and Wellbeing

**LEAD OFFICERS:** Strategic Director of Place

**DATE:** Thursday, 14 October 2021

**PORTFOLIO(S) AFFECTED:** Public Health and Wellbeing

**WARD/S AFFECTED:** (All Wards);

**KEY DECISION:** Y

## **SUBJECT:**

Investment in health and fitness facilities

### **1. EXECUTIVE SUMMARY**

Witton Park Arena (WPA) opened in 2014 and Blackburn Sports and Leisure Centre (BSLC) opened in 2015. Both leisure centres still have their original gym equipment in place, which has become outdated and has reached the end of its practical life span.

Gym equipment is breaking down on a more frequent basis and is out of order for longer than necessary as parts are becoming more difficult to obtain. The leisure centres are facing increasing maintenance and repair costs and receiving increasingly negative comments from frustrated customers.

The leisure centres were closed for extended periods of time in 2020 and 2021 due to national and local Covid-19 restrictions. The closures have had a significant impact on health and fitness memberships and customer confidence.

When the leisure centres reopened in June 2021, income from Direct Debit memberships was 51% lower than in June 2019. By September 2021, direct debit income had improved by 9% but was still 43% lower than in September 2019, which is the equates to c.2100 direct debit memberships.

In order to recover the income to pre-Covid levels and achieve income targets, the leisure centres need to provide modern, fit for purpose health and fitness facilities which support membership retention and growth. To achieve this, it will be necessary to replace the gym equipment at both WPA and BSLC.

### **2. RECOMMENDATIONS**

That the Executive Board:

- Approves investment in health and fitness facilities at Witton Park Arena and Blackburn Sports and Leisure Centre for new gym equipment, new flooring and new lighting.
- Gives approval to the Director of Place in consultation with the Executive Member for Public Health and Wellbeing and the Head of Contract and Procurement to place an order with Precor (UK) through the ESPO framework.

### **3. BACKGROUND**

Witton Park Arena (WPA) opened in 2014 and Blackburn Sports and Leisure Centre (BSLC) opened in 2015. At the time of opening both WPA and BSLC were state of the art facilities, with gym equipment to match.

WPA & BSLC have not replaced any of their gym equipment since opening over 7 years ago. The equipment has been extremely well used, it is out of warranty and now incurring increased repair and maintenance costs due to the age of the equipment and frequency of breakdowns. During the past 7 years customer trends and expectations have also changed and gym equipment manufacturers have reflected these changes in the design and 'look and feel' of new equipment.

Private sector competition for health and fitness has also increased in Blackburn with Pure Gym operating in the town centre and JD Gym opening in May 2021 at The Peel Centre in Whitebirk. These operators are competing against WPA and BSLC for health and fitness memberships.

The pandemic has had a major impact on people's physical health and wellbeing, a significant number of gym memberships nationally, have been cancelled or frozen. The pandemic has also changed people's exercise habits with the expansion of on line virtual exercise classes, the boom in the sale of home fitness equipment and the increase in walking, running and cycling outdoors. Whether these exercise habits will permanently replace the "live experience" of exercising in a gym or group fitness studio remains to be seen, but if we are to attract more customers to our facilities, we have to offer people an activity experience which is welcoming, entertaining, engaging and socially interactive.

In 2019, Darwen Leisure Centre (DLC) benefited from £165,000 investment in health and fitness. The whole gym area was redesigned and refurbished and new gym equipment was purchased. Prior to the pandemic, DLC accounted for 43% of direct debit memberships. In September 2021, the DLC accounted for 51% of direct debit memberships which demonstrates that the recently refurbished DLC is recovering at a much faster rate than either WPA or BSLC. If we are to achieve income targets and recover the income to pre-Covid levels, it is vital that we replace the ageing gym equipment at WPA and BSLC.

Leisure Services has successfully promoted a 'join one, join all' health and fitness offer as a unique selling point over the competition. In order to maintain this approach, we need to invest in the same branded gym equipment at all three sites so that customers can train at any site and be familiar with and know how to use the gym equipment. In 2019, DLC installed gym equipment manufactured by Precor (UK). Precor is one of the world's largest commercial gym equipment suppliers, with CV and strength machines installed in thousands of gyms in over 90 countries. It is therefore proposed that Precor gym equipment is also installed in WPA and BSLC.

### **4. KEY ISSUES & RISKS**

The warranties for the existing gym equipment have expired therefore repairs and maintenance costs are increasing and difficult to predict and pose an ongoing pressure to revenue budgets.

The investment in new health and fitness facilities will transform and modernise our health and fitness offer at WPA and BSLC to meet the needs of current and prospective customers and encourage increased levels of participation.

This is the first major investment in gym equipment since the centres opened in 2014 and 2015. The investment will provide customers with a vibrant, new gym environment that encourages increased participation and protects income levels.

The purchase of new equipment with a 5 year warranty in place will ensure repair and maintenance costs are controlled and are predictable, assisting with effective budget management at the sites.

Nationally, c.40% of health and fitness members join a gym between January and March each year. The installation of new gym equipment needs to take place at the earliest opportunity to support improved financial performance in 2022 and recover income to pre-covid levels.

Precor (UK) has confirmed that they can manufacture and install the new gym equipment by the end of December 2021 if they receive a purchase order from the Council before the end of October 2021.

The key decision is urgent as the manufacturer of the gym equipment has confirmed that they can manufacture and install the new gym equipment by the end of December 2021 if they receive a purchase order from the Council in October 2021. If the key decision is delayed, the centres will be operating with ageing and unreliable gym equipment during the busiest quarter of the year for membership sales which will affect the financial performance of the centres and their ability to recover income to pre-covid levels in 2022/23.

## **5. POLICY IMPLICATIONS**

Providing modern fit for purpose health and fitness facilities is an important part of the Council's commitment to improving health and wellbeing through increased levels of participation

## **6. FINANCIAL IMPLICATIONS**

When WPA and BSLC were built, all the gym equipment was purchased as part of the capital projects so there was no provision in the revenue budget for the sites for the replacement of gym equipment in future years.

The purchase of new equipment for WPA and BSLC with a 5 year warranty in place along with new gym flooring at both sites and new lighting at BSLC will enable the centres to develop and grow the membership base.

The capital investment is to be funded from the budget the Council has allocated to COVID support and recovery, and subject to it being agreed, it will need to be funded by way of a contribution from reserves to the Revenue Account and an RCCO to the Capital Programme.

Over the next five years, a leasing budget will be established within each sites revenue budget to fund the lease purchase of gym equipment in the future years.

## **7. LEGAL IMPLICATIONS**

The Corporate procurement team have reviewed procurement framework agreements and after carrying out due diligence, the team obtained agreement with ESPO that the Council could purchase any items from Precor (UK) through the ESPO framework, at prices quoted to us directly by the supplier allowing us to benefit for our existing customer discounts, with warranties negotiated direct from Precor (UK).

This report is recommending a key decision which requires publication of a 28-day notice (the Forward Plan). However, this report is to be considered under the Special Urgency provisions - rule 16 Access to Information Procedure Rules. This report is also to be considered under Rule 15 of the Overview and Scrutiny and Procedure Rules, which waives the call-in procedure due to the urgency as stated above.

## 8. RESOURCE IMPLICATIONS

The refurbishment of the gyms at WPA and BSLC can be project managed internally using the existing knowledge and skills within the leisure management team.

## 9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below.

Option 1  Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2  In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision.

Option 3  In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision.

## 10. CONSULTATIONS

## 11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

## 12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

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<b>DATE:</b>	29 September 2021
<b>BACKGROUND PAPER:</b>	