



EXECUTIVE MEMBER DECISION

REPORT OF:	Executive Member for Leisure and Culture Executive Member for Resources
LEAD OFFICERS:	Director of Public Health
DATE:	19.04.2019

PORTFOLIO/S AFFECTED:	Leisure and Culture
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WARD/S AFFECTED:	Darwen West
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SUBJECT: Purchase of Darwen Leisure Centre Gym Equipment

1. EXECUTIVE SUMMARY

This paper is asking for agreement to the cost of refurbishing and redesigning the whole gym area in Darwen Leisure Centre. This will include new cardiovascular and resistance equipment and with a five year full warranty, the cost is £165,000. The cost of this capital expenditure can be covered from within existing revenue allocations, repaid at £29,500 per year, over a period of 6 years.

Darwen Leisure Centre is approaching 10 years old and the gym equipment age ranges between 4-10 years old. This is a positive investment for Darwen Leisure Centre and all of the local residents who use the centre will benefit from that.

This investment will address the potential future problems of increasing maintenance costs, increasing equipment down time and potential negative customer comments as equipment ages. This proposal will control costs, meet business needs and ensure fit for purpose and support customer retention and growth.

2. RECOMMENDATIONS

That the Executive Member:

Note the decision to purchase gym equipment for Darwen Leisure Centre at a cost of £165,000 through the capital programme; to be covered over 6 years at an annual cost of £29,500 from the existing allocated revenue budget.

3. BACKGROUND

At the time of opening in 2010 the gym at Darwen was state of the art, but approaching a decade later customer trends and expectations have changed. Coupled with the increasing operating costs due to equipment age and regularity of breakdown are significant drivers for the need to change.

Over the same time period commercial competition has increased and competitors have been through a range of advancements to meet changing customer demands and fitness trends.

In 2014/15 a large amount of equipment was purchased via a lease agreement to replenish c 60% of fitness equipment at a cost of £27,000 per year over four years. That lease is coming to an end and the terms of that agreement state that all leased equipment must be returned to the lender at the end of that period; a succession plan is needed for beyond that period.

Equipment repairs and maintenance costs have been increasing year on year with Darwen costing disproportionately more than any other facility. Total gym equipment repairs spend for 2017/18 across leisure was c £14,000 with Darwen accounting for over £12,000 of that – additional to the lease costs.

Related to the above, customer complaints and frustrations have noticeably increased over the last 12-18 months as equipment breaks more often and downtime increases. This has a direct impact on customer satisfaction, retention, attraction and ultimately income.

4. KEY ISSUES & RISKS

The primary aim of this proposal is to control and reduce costs while transforming and modernising our fitness experience at Darwen Leisure Centre to meet the needs of current and prospective customers. This is the first major change of this scale since the centre opened nearly 10 years ago.

The existing lease agreement and terms will mean that $\frac{3}{4}$ of all gym equipment would need to be removed and returned at the end of that period; a pragmatic and cost effective plan is essential to have in place prior to this to maintain, and improve business.

Purchasing new equipment with a 5-6 year warranty in place will ensure costs are controlled and are predictable, assisting with effective budget management.

Modernising facilities to provide customers with an exciting, fresh gym environment that encourages increased participation and protects incomes levels.

Installation needs to take place at the earliest opportunity to support increased performance in 2019. For example; a net growth of 40 members on top of forecasted performance will result in £10,000 additional income over a year – a very achievable target

5. POLICY IMPLICATIONS

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

6. FINANCIAL IMPLICATIONS

The revenue costs of financing the capital cost of £165,000 - comprising both Minimum Revenue Provision (MRP) and estimated interest costs – have been estimated at £177,000 over six years, i.e. £29,500 a year. This is lower than the combined sum of current annual costs for leasing (of £27,000) and the additional gym equipment repair costs currently incurred (noted above in section 3).

7. LEGAL IMPLICATIONS

The UK Leisure Framework has been procured by Denbighshire County Council, the OJEU notice for which enables its use by other local authorities including Blackburn with Darwen Borough Council. A Development Management Agreement has been entered into pursuant to that framework. Directors have been advised on the risks contained in that agreement.

8. RESOURCE IMPLICATIONS

The refurbishment of Darwen Leisure Centre gym 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. Where appropriate please include the hyperlink to the EIA.

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. *(insert EIA link here)*

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. *(insert EIA attachment)*

10. CONSULTATIONS

Customer feedback was taken at site within the leisure centre and via a range of social media engagements for ideas and suggestions for the new gym. All customer feedback was useful and used to inform and shape the refurbishment design and configuration of equipment resulting in a more effective customer experience as a result.

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 and published if applicable.

VERSION:	4
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CONTACT OFFICER:	Richard Brown
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DATE:	12.04.19
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BACKGROUND PAPER:	
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