

7. LEISURE CENTRE INVESTMENTS

REPORT OF: Head of Leisure and Sustainability
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Wards Affected: All
Key Decision: Yes
Report to: Cabinet 11 July 2016

Purpose of the Report

1. The purpose of this report is to outline a programme of investment projects at the leisure centres for approval by Cabinet.

Summary

2. The Council on the 25th February 2015 as part of the Corporate Plan & Budget agreed to set up a Leisure Improvements Reserve to provide a fund for investments at the leisure centres to improve the quality and range of facilities to increase participation levels.
3. The Council's Leisure operator, Places for People Leisure Ltd will fund £1.9m of improvements at the centres to add to the £1.2m in the Leisure Improvements Reserve. The total funding is therefore £3.1m.
4. At The Triangle, Burgess Hill, the proposals include the provision of a new 100 station gym, a new indoor climbing facility, a new kitchen / servery, large open plan café / spectator area, a new larger exercise studio and meeting room. Other works includes the introduction of LED lighting, new banks of higher quality lockers and the redecoration of the swimming pool changing area and male and female Members changing rooms.
5. Kings Leisure Centre, East Grinstead has already benefitted from major investments over the past two years, and it is proposed solely to improve the flooring in the swimming pool changing area and an upgrade of the male and female toilets to bring them up to the standard of the adjacent new facilities.
6. At the Dolphin Leisure Centre Haywards Heath, the proposal is to upgrade and alter the layout of the existing male and female Members changing rooms including new banks of lockers, LED lighting and improved shower areas. This will significantly improve the leisure experience for regular users on a site that has seen an increase in membership of almost a third since the start of the contract in July 2014.
7. This level of investment and the expected increase in revenue from the operation of the contract will increase the payment under the contract by £60,000 per annum and be subject to yearly indexation.

Recommendation

Cabinet are recommended to approve the leisure centre investment proposals outlined in paras 14-23

Background

8. Places for People Leisure Limited (PfPL) were awarded a fifteen year contract to operate the Council's leisure services contract commencing on 1st July 2014.

9. In the period 1st July 2014 to 28th February 2015 PfPL financed and carried out £2.7million investment in all three leisure centres.
10. These improvements have significantly contributed to record membership levels, attendances exceeding targets and improved customer satisfaction levels.
11. The Council has created a reserve of £1.2million towards further facility improvements and refreshing the leisure offer to maintain the existing momentum of continuous improvement in the services provided.
12. PfPL have agreed to invest additional funding of £1.9m in a joint approach to enhance the Centres' facilities, increase attendance figures and income generation. This will also take into account their responsibilities for major capital renewals and maintenance under the terms of the contract.
13. Officers established a list of criteria as principles by which to guide investment, these are outlined in paragraph 26 and each project is assessed against these criteria in Appendix A (attached).

Leisure Investment Proposals

14. Investment is planned at all three of the Council's leisure centres in Phase One as outlined below:
15. The **Triangle Leisure Centre's** existing facility capacity offers the opportunity for the immediate introduction of innovative and exciting new facilities to refresh the leisure offer and further increase attendances and membership.
16. It is proposed to provide a new 100 station gym at first floor level to replace the existing 70 station gym on the ground floor to better cater for the increased demand. Gym attendances at the Centre since March 2014 have increased by 60%.
17. The second major new initiative proposed is the provision of a climbing facility replacing 2 of the existing 4 squash courts. The new climbing facility at The Triangle is likely to attract approximately 10,000 additional attendances in the first year of operation which taking into account loss of some squash bookings would result in a net increase of approximately 6,000 attendances per annum in the first year. This figure would be expected to increase over a period of time as people use the facility and as awareness of the new facility increases. Some of the Squash users could potentially be accommodated at the Dolphin Leisure Centre and the Weald Tennis & Squash Club in Hassocks following analysis of past usage figures for the Dolphin Leisure Centre and discussions with The Weald.
18. The initiatives detailed above require the remodelling of the ground floor featuring a new reception area, turnstiles to control access, relocated offices and studio, meeting rooms as well as a new catering area.
19. In addition to the above, a significant upgrade of the Members changing areas and swimming pool changing rooms is proposed which includes the introduction of LED lighting, new banks of lockers and redecoration.
20. **Kings Leisure Centre** has benefitted from substantial improvement in the last two years. However problems have been experienced with the swimming pool changing room floor covering following work carried out over two years ago and for which the Council is liable.

21. PfPL have expressed a desire to take this opportunity to replace the existing Altro vinyl flooring surface with tiles. This would upgrade the present floor covering and the tiles will last well beyond the life of the existing contract and avoid any future problem of this nature. This option would only require a pool closure of one to two weeks.
22. In addition this First Phase of works would include a complete upgrade of the male and female toilets to bring them up to the standard of the adjacent facilities.
23. The Members changing rooms at the **Dolphin Leisure Centre** are ageing and being maintained to as high a standard as possible but a redesign of the layout and an upgrade of the facilities is required to better accommodate the increased number of users and to raise the level of fit out to modern day standards.

Future Phases

24. Following completion of this first phase of works, the remainder of the fund is proposed to be invested on enhancements to the Leisure Pool and the conversion of existing netball / tennis courts into 3G football pitches at The Triangle and a scheme to improve car parking and the ladies toilets at the Dolphin Leisure Centre.
25. These projects will be presented to Cabinet for implementation in 2017/18 once further details and costings have been developed.

Assessment of Proposals

26. The Council identified the following five criteria to guide the investment:
 - Increase revenue (including to this Council)
 - Retain / increase market share
 - Target non users (increasing participation)
 - Increase utilisation
 - Enhance the value of the assets
27. The Assessment of Projects table is attached in Appendix A which provides an analysis of the schemes that have been prioritised which feature in the first phase and assesses how far each meets the Council's set criteria.
28. Remodelling of the Triangle Leisure Centre: This scheme scored well as it is expected to contribute to both maintaining market share and increasing income and usage. The climbing element is also expected to enhance the 'Day Out' offer and attract new visitors to the Centre, whilst increasing the capacity of the gym is expected to attract additional members and increase overall attendances.
29. Refurbishment of some Changing rooms and toilets: Schemes to totally refurbish and upgrade some of the changing rooms and toilets and the introduction of LED lighting at all three of the Centres will raise customer satisfaction levels, help maintain and increase membership levels whilst simultaneously enhancing the value of the Council's assets and reduce energy usage.
30. Due to the significant upgrade in the quality of the facilities the schemes are expected to at least maintain the existing level of attendances and increase customer satisfaction at the Dolphin and Kings Leisure Centres whilst increasing attendances, income and customer satisfaction levels at The Triangle.

Timescales

31. Meetings have been held with PfPL to identify projects and the best period when the work would be undertaken. December is the quietest month in terms of attendances at the Centres.

32. Therefore where works are not urgent they will ideally be undertaken during December but may need to commence in November dependent upon the time required to complete each scheme.
33. The provision of a new gym at The Triangle would have to be commenced no later than late summer 2016 to be completed by the end of December 2016 if it is to be ready for the busy January-March period.
34. The installation of the proposed new climbing facility at The Triangle will take two to three months to complete so these works are proposed to be undertaken between October and December 2016.
35. The creation of a new kitchen and servery and removal of the existing one is planned to take place between August and November 2016 with alterations to the existing reception area planned for October to December 2016.
36. Works to re-provide meeting rooms, office space and an exercise studio at the Triangle Leisure Centre would commence once the new first floor gym is operational in early 2017.
37. Works to upgrade the Member's and pool changing rooms would take place in November and December 2016.
38. The re-tiling of Kings Leisure Centre changing room floor would ideally take place just before the school summer holidays with the works to upgrade the toilets to be completed in December 2016.
39. The upgrade and change to the layout of the Member's changing rooms at the Dolphin Leisure Centre would also be planned for November and December 2016.

Financial Implications

40. The total investment of £3.1m comprises £1.9m from PfPL and £1.2m from the Council's Specific reserve set up for this purpose. The investment will enable the contractor to increase its annual payment under this contract by £60,000. This income is not currently budgeted.

Risk Management Implications

41. The risks involved with not being able to implement the projects once determined are relatively low as PfPL are delivering the projects with Council officer input into the delivery to further safeguard the process.
42. PfPL operate over 130 Leisure Centres in the country and are experienced in delivering numerous projects ranging from simple refurbishments to building completely new Centres.
43. PfPL have an experienced dedicated team of specialist officers who engage architects and other consultants whose aim it is to deliver schemes on time, in budget and to the required standard.

Equalities Statement

44. The facilities will be designed to ensure that they comply with disability legislation and the Council requires the operator of the facilities to ensure that the services are accessible to all protected groups.

Background Papers

None

ASSESSMENT MATRIX

APPENDIX A

	Project	Score	Increase revenue	Retain / increase market share	Increase usage	Target non-users	Enhance value of the assets
1	The Triangle Indoor Climbing Facility, Relocation of Kitchen Area, Creation of a Larger Café / Spectator Area, New Reception and Access Control	5	This will provide an additional new activity suitable for people of all ages, casual visitors and add to the 'Day Out' offer. Replacing existing underutilised facilities there would be an expected increase in revenue. Currently at peak times there is not enough seating available in the café area. It will also provide improved viewing to Antics Soft Play and Clip & Climb. Increased revenue should be generated. Increased revenue will be achieved if the number of people using the facilities for free is reduced with the introduction of turnstile barrier controls.	Climbing is a very popular activity and indoor climbing walls of this nature are a relatively new phenomenon. This will result in an increase in market share as we don't have any share of the market at the moment.	The introduction of this new activity is confidently expected to increase casual attendances significantly as the facility will replace two of the existing four squash courts which are limited mainly to two players per court and are experiencing reduced usage. The extra seating in the Café will help cope with the expected increased usage levels expected to be generated by the new activity. Turnstile access will enable better control and therefore increased attendances.	The introduction of this new activity is likely to attract new users to the Centre as previously climbing hasn't been available and there isn't a similar facility available in the area.	The investment in this new activity and associated facilities will enhance the value of the asset.
2	The Triangle New Larger Fitness Gym and Provision of Larger	5	This will significantly increase the size of the gym and subsequently the number of stations to cater for more members and additional revenue. A possible	This should enable an increase in market share. Possible small increase in market share as a result of a new larger gym	The increased size of gym will allow extra stations which should result in reduced membership attrition and therefore increased membership	This initiative is expected to attract a significant number of additional customers some of whom may be	This would provide new facilities within the Centre which would enhance the value of the facility.

	Exercise Studio		small increase in revenue could be achieved as a result of a new larger studio being created.	and studio being created	levels and usage. Possible small increase in usage as a result of a new larger studio being created.	existing non-users.	
3	The Triangle Upgrade of Members and Swimming Pool Changing Facilities	4	An upgrade of the existing facilities should ensure retention of existing revenue levels and potentially generate a slight increase	An upgrade of the existing facilities should ensure retention of existing market share and potentially generate a slight increase	An upgrade of the existing facilities should ensure retention of existing usage levels and potentially generate a slight increase	The proposed upgrade is not expected to attract existing non-users	There would be an enhancement in value of the asset due to the areas being newly upgraded.
4	Dolphin LC Upgrade of Members Changing Facilities	4	An upgrade of the existing facilities should ensure retention of existing revenue levels and potentially generate a slight increase	An upgrade of the existing facilities should ensure retention of existing market share and potentially generate a slight increase	An upgrade of the existing facilities should ensure retention of existing usage levels and potentially generate a slight increase	The proposed upgrade is not expected to attract existing non-users	There would be an enhancement in value of the asset due to the areas being newly upgraded.
5	Kings LC Upgrade of Swimming Pool Changing Room Flooring	4	An upgrade of the existing facilities should ensure retention of existing revenue levels and potentially generate a slight increase	An upgrade of the existing facilities should ensure retention of existing market share and potentially generate a slight increase	An upgrade of the existing facilities should ensure retention of existing usage levels and potentially generate a slight increase	The proposed upgrade is not expected to attract existing non-users	There would be an enhancement in value of the asset due to the areas being newly upgraded.

6	Kings LC Upgrade of Toilets in the Reception Area	4	An upgrade of the existing facilities should ensure retention of existing revenue levels and potentially contribute towards generating a slight increase	An upgrade of the existing facilities should ensure retention of existing market share and potentially contribute towards generating a slight increase	An upgrade of the existing facilities should ensure retention of existing usage levels and potentially contribute towards generating a slight increase	The proposed upgrade is not expected to attract existing non-users	There would be an enhancement in value of the asset due to the areas being newly upgraded
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