

6. LEISURE CENTRE INVESTMENT REPORT

REPORT OF: Divisional Leader- Commercial Services & Contracts
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Wards Affected: All
Key Decision: Yes
Report to: Scrutiny Committee for Customer Services and Service Delivery
22nd November 2017

Purpose of the Report

1. The purpose of this report is to provide a progress report on the programme of investment projects approved by the Council in 2016 and to outline proposals for future investment and associated costs.
2. In 2016, the Council created a reserve of £1.2m to fund further investment. This supported delivery of a 100 station gym and a new indoor climbing facility aimed at refreshing the leisure offer, providing new activities and maintaining the momentum of continuous improvement in service provision. This investment also generated an increased contract payment to the Council of £60,000pa. There is £300k remaining in the reserve for spending in 2018/19. In addition, PfPL provided a further £1.9m funding to finance further improvements listed in paragraphs 12 to 16.

Recommendations

The Committee is requested to recommend to Cabinet that

- (a) **£150,000 is allocated from the General Reserve to add to the £300k currently in the reserve to support enhancement of The Triangle leisure pool with new attractions; and**
- (b) **£100,000 is allocated from General Reserve to create additional car parking spaces at The Dolphin Leisure Centre.**

PfPL Investment Programme 2014-15

3. Places for People Leisure Limited (PfPL) were awarded a fifteen year contract to operate the Council's leisure services commencing on 1st July 2014.
4. In the period July 2014 to February 2015 PfPL financed a £2.7m investment at the leisure centres and halls as follows:
5. **The Triangle** – Refurbished reception area including new flooring and reception desk; refurbished, extended and re-equipped gym; refurbished café area including new flooring, display counter and furniture; new spin studio; new sauna cabin and steam room; Poolview underwater cameras installed.
6. **The Dolphin** – Refurbished reception area including new flooring and reception desk; refurbished and re-equipped gym; refurbished café area including new flooring, display counter and furniture; new spin studio; Poolview underwater cameras installed.
7. **Kings Centre** - Refurbished reception area including new flooring and reception desk; new significantly larger gym created in the old café area; café, soft play area and meeting/party room created in the old gym area; extended male and female dry changing rooms; Poolview underwater cameras installed.
8. **Clair Hall** – 350 new seats.

9. **All 5 facilities** - new IT cabling, hardware and software installed and new telephones.
10. These improvements significantly contributed to the record membership levels, and saw attendance exceeding targets and improved customer satisfaction levels across all centres.
11. At the commencement of the contract in July 2014 membership levels were at 7,833 and the attendance levels for 2013-14 were 1,638,589. By July 2016 membership levels had risen to 11,921 (an increase of 4,088 or 52%) and attendance levels for 2015-16 were 1,820,658 (an increase of 182,069 or 11%).

Investment Programme 2016/17

12. The 2016/17 investment programme brought further improvements across all three Leisure Centres, as follows:
13. **At The Triangle** the following projects were agreed to be implemented:
 - (a) the creation of a new 100 station first floor gym (MSDC financed);
 - (b) new first floor toilets by the gym;
 - (c) a new indoor climbing facility (MSDC financed);
 - (d) a new Costa kitchen / servery;
 - (e) large open plan café / spectator area;
 - (f) a new larger exercise studio;
 - (g) LED lighting in the sports hall, pool hall and wet changing room;
 - (h) new banks of higher quality lockers throughout the centre;
 - (i) the refurbishment of the male and female members' changing rooms.
14. **Kings Centre** benefitted from major investments in the first two years of the contract; the following further works were agreed for this facility:
 - (a) new floor tiling in the swimming pool changing area and pool surround,
 - (b) LED lighting in the pool hall and sports hall;
 - (c) an upgrade of the male and female toilets in the reception area.
15. **At The Dolphin** there was an identified need to carry out the following projects:
16. LED lighting in the sports hall,
 - (a) new floor tiling, lockers, bench seating and refurbished toilet and shower areas in the members changing rooms;
 - (b) new steam room, sauna cabin and spa pool.
17. It was agreed that following completion of these works a further report would be presented to this Committee to recommend to Cabinet any further investment for 2018/19.
18. All of the above works have now been completed with the exception of the refurbishment of the members changing rooms at The Triangle (which are due for completion in December 2017) and toilets in the Kings Centre reception area.
19. The total investment by the Council and PfPL up to 2017/18 has been £6m (£4.8m by PfPL and £1.2m by MSDC). The Council has identified a reserve of £1.5m for investment in the Leisure Centres. This means there is £300k available for further investment in 2018/19.

20. The full benefit of the above works in terms of attendances and membership levels is not expected to be felt until 2018-19. However membership levels have already increased from 11,921 in July 2016 to 12,793 in July 2017 and attendances have increased from 1,820,658 in 2015-16 to 1,886,646 in 2016/17.

Future Investment Options

21. The Cabinet Report in July 2016 identified the following options for potential future investment in 2018/19 to provide new facilities and further improvement :
- (a) Leisure Pool enhancements at The Triangle,
 - (b) Creation of additional car parking spaces at The Dolphin
 - (c) Conversion of existing tennis / netball courts into 3G 5-a-side football pitches at The Triangle.
22. The Triangle Leisure Pool has been a major attraction for people over a wide geographical area beyond the District boundaries since the facility opened in 1999. The leisure waters presently comprise a shallow water area for young children, two enclosed flumes, a single Falling Rapids ride, an indoor and outdoor rapids section and a lido.
23. The outdoor rapids, lido and the two flumes continue to be very popular. However the shallow water area for younger children is beginning to look tired and in need of a complete refresh with new interactive features and a new safer more attractive pool surround surfacing. The single Falling Rapids ride is similar in design to the enclosed flumes but has a much lower gradient making it a significantly slower and a much less popular feature.
24. The proposal is to:
- (a) remove the Falling Rapids ride and replace it with a new multi-person family slide which introduces a different experience to that already available and is suitable for people of all ages;
 - (b) transform the current children's shallow water area into a highly interactive play area for children of all ages and abilities, featuring a water ball with cannon water jets, fill'n'spill tipping buckets, interactive water channels and hand wheels;
 - (c) introduce a Shark Shower Arm and Fish Squirt to add visual impact, and;
 - (d) replace the existing ageing poolside tiles with modern colourful wet pour safety flooring similar to that provided at Victoria Park Splash Pad.
25. There is confidence in the new facilities boosting the attraction, generating additional attendances and income whilst simultaneously improving the customer experience.
26. The cost of the above scheme is estimated to be £450,000 and PfPL are confident that it will generate sufficient additional income to allow them to pay the Council an increased contract payment of £22,500 over the remaining years of the contract.
27. The Dolphin has insufficient car parking at various times throughout the week which is at least in part due to non-Centre users parking on site. This continues despite the best efforts of the Council's Civil Enforcement Officers and PfPL staff.

28. Alternative practical effective methods of managing usage of the car park are being investigated with PfPL which, when combined with a small increase in the number of spaces, would be expected to result in a marked improvement for customers.
29. It is felt that the creation of 12-14 additional spaces on site at a cost of approximately £100,000 would be the most pragmatic and cost effective approach. As the changes proposed would not necessarily result in any significant increase in attendances / income PfPL are not able to offer an increased contract payment to the Council on this proposed project.
30. The potential conversion of the existing four netball / tennis courts into four 3G 5-a-side football pitches would introduce a popular new facility that would expect to generate greater usage than at present. However this would also have the effect of removing tennis and netball provision from the site which would be opposed by existing users and would also result in the loss of usage and income from those activities.
31. In July 2017 PfPL replaced the full size Artificial Turf Pitch with a new surface at a cost of £176,000 which is suitable for hockey as well as for football and is expected to attract more football bookings than in the past.
32. In light of the above, investment in a conversion scheme, estimated to cost around £200,000, is not considered by PfPL be financially viable at this time.
33. Usage patterns and levels of both the full size Artificial Turf Pitch and the netball / tennis courts will be monitored with a view to determining whether such a scheme may be appropriate in the future.

Assessment of Proposals

34. The Council established 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
35. A table which provides an analysis of the potential future schemes is attached in **Appendix A**.

Financial Implications

36. The council previously identified an investment sum of £1.5m, £00k of which remains unallocated in the reserve. Members are requested to approve an additional £250,000 from General Reserve to fund the further enhancements detailed in this report.
37. As a result of further anticipated income PfPL will be required to increase their contract payment by an estimated £22,500 pa following completion of the improvements furtherance to their right to operate the facilities. This is in addition of the £1,270,122 contract payment due to be received from PfPL in 2018/19.

Risk Management Implications

38. The risks involved with implementing the proposed projects are low as PfPL are delivering the project with a well-established, experienced company and Council officer input into the delivery to further safeguard the process.
39. PfPL operate over 130 Leisure Centres in the country and have extensive experience in delivering numerous projects of this nature and a track record of delivering projects on this contract over the last four years.
40. PfPL have an experienced dedicated team of officers who aim to deliver schemes on time, in budget and to the required standard.
41. The works identified do not require any building demolition and should therefore not present any unexpected issues, additional costs or time delays resulting in a low risk of the project costs exceeding the available budget.
42. If money is not invested in refreshing and improving the leisure pool offer at The Triangle the Centre is at risk of losing existing customers and failing to attract new users resulting in a reduction in attendances, income and the financial viability of the Contract.
43. Similarly increased car parking capacity at The Dolphin should at least maintain, and possibly increase, present membership and attendance levels.
44. The Contract is financially challenging for PfPL and all of the investment schemes are aimed at improving the facilities, providing better value for money and building upon the existing impressively high membership and attendance levels of physical activity.

Equalities Statement

45. 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.

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 Leisure Pool Enhancement Recommended | | An upgraded and enhanced children’s water area and an additional new activity suitable for people of all ages would add to the ‘Day Out’ offer. Replacing existing underutilised facilities there would be an expected increase in revenue sufficient to allow An additional payment to the Council. | The refreshing of the children’s area and the addition of a slide suitable for people of all ages will help to retain and increase market share. | The introduction of this new activity is expected to result in a marked increase in casual attendances. | The introduction of this new activity is likely to attract new users to the Centre. | The investment in this facility will greatly enhance the value of the asset. |
| | | 21/25 | 5/5 | 4/5 | 4/5 | 3/5 | 5/5 |
| 2. | The Dolphin Provision of Additional Car Parking Recommended | | An upgrade of the existing facilities should ensure retention of existing revenue levels and potentially generate a slight increase but not sufficient to allow a financial return to the Council on its investment. | 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 a significant number of existing non-users. | No enhancement in value of the asset as creating additional car parking would result in the loss of some green open space and a number of trees. |
| | | 14/25 | 3/5 | 3/5 | 4/5 | 3/5 | 1/5 |
| 3. | The Triangle Conversion of 4 x netball / tennis courts into 4 x 3G football pitches Not recommended | | Replacing the existing facilities with the proposed new ones would be expected to achieve a net increase in revenue but probably not sufficient to allow a financial return to the Council on its investment. | This should enable an increase in market share. | The introduction of this new activity would be expected to achieve a net increase on attendances. | Additional customers would be attracted but a significant number of existing users would be lost. | The investment in this facility will enhance the value of the asset. |
| | | 12/25 | 2/5 | 3/5 | 3/5 | 1/5 | 3/5 |

