

Regeneration, Culture and Adult Education Scrutiny Committee - 2
November 2011

Report of the Director of the Urban Environment

Leisure Centre Developments

Purpose of Report

1. To inform Elected Members of the recent investment in leisure centres and the impact that this has had on service performance.

Background

2. In recent years the Council has provided significant levels of investment at the Council's Leisure Centres and the Dell Stadium and this report outlines the impact that this has had on usage and income levels.
3. Back in 2001 the Council's Sport and Recreation Service, focussing on the leisure facilities, was subjected to a Best Value inspection in which the following conclusions were made by the inspectors:-
 - Generally poor appearance of facilities
 - Health and Fitness facilities were limited
 - A lack of marketing resources addressing both financial and community needs
4. As a consequence of this the Council commissioned specialist health and fitness consultants to undertake detailed research into the market place for health and fitness facilities/products in the Borough together with an assessment of the performance of the Council's facilities.
5. In summary the report found that:-
 - The fitness offering from Dudley MBC achieved 5.6% market penetration, significantly below expected levels
 - The fitness products offered by the council were unlikely to be capable of capitalising on the market opportunity to maximise revenue from health and fitness products due to the poor facilities on offer.
 - Marketing, promotion, sales, training and systems needed to be on a par with the private sector if these sites were to compete effectively.
 - It was in the Council's best interests in terms of both financial performance and customer service that efforts be made to identify the

Health and Fitness – Partnership Arrangements

6. The evidence from the report was sufficiently compelling for the Council to act and in partnership with Alliance Leisure Services Limited a pilot development was undertaken at Halesowen Leisure Centre.
7. Alliance Leisure were the Council's selected partner due to their being the only supplier in the market place who provided a single source of funding, sales and marketing and project management services to deliver the project. Furthermore the way in which the contract and partnership arrangements with Alliance was constructed ensured that the risks associated with the development was shared and that it was in both parties interests to maximise the income and usage of the developed facility.
8. Halesowen Leisure Centre was identified as the most appropriate site to develop as the 'test case' for the partnership and the efficacy of the Matrix report's assessment of growth potential for health and fitness given the performance levels of the facility at that time, the potential level of growth identified, the relatively modest cost of the development and the approach to be taken in developing the facility.
9. The Matrix report had identified that the demographics of Halesowen suggested that the area could sustain a fitness user base of approximately 750 members compared with the then performance which equated to a membership of 250.

Health and Fitness Investment - Halesowen

10. Consequently the development was approved and over £250,000 was invested in the centre to modernise the existing health and fitness studio and re-equip it. Within the first 12 months of operating the new facility membership numbers increased from a base of 250 to over 800.
11. The success of this development at Halesowen was such that the Council proceeded with similar developments at Crystal and Dudley Leisure Centres and a further investment at Halesowen given that the limitations of the initial development had reached capacity such that further growth could not be generated.
12. In 2008 a phased development plan to remodel and expand the health and fitness provision across all three leisure centres was commissioned. The partnership agreement with Alliance Leisure Services (ALS) was re-negotiated with the schemes being funded from a mixture of Prudential Borrowing and funding from ALS. In total £1.5 million was borrowed over a 5 year period.

13. The health and fitness suite was transferred from the modest facility that had been such a success to occupy what had previously been the Lutley Suite, a room used for dry-side activities including bowls and keep fit. The room that was vacated became a dance studio and has become well utilised for the centre's expanded programme of fitness classes.

The new health and fitness facility opened in June 2008 at a cost of £250,000, making a total health and fitness investment of over £500,000 at Halesowen.

Health and Fitness Investment - Dudley Leisure Centre

14. In developing the Lottery funded health and fitness suite a squash court had been incorporated into the development to create additional space. The demand for squash has declined over the years and in the plans for the further development of health and fitness at Dudley it was decided to take two further squash courts to further extend the space available and increase the number of items of equipment. Together with the remodelled reception area the new facilities opened in July 2008 at a cost of £500,000.

Health and Fitness Investment - Crystal Leisure Centre

15. The health and fitness suite at Crystal Leisure Centre, with Jacuzzi and sauna, had been in situ since the facility opened in 1989. It was clear that the market for health and fitness had moved on and customer demands had changed. The health and fitness facilities were completely remodelled and this also provided the opportunity to redesign the reception area also increasing the number of items of equipment available.
16. Soft play for younger children was added to the facilities available at Crystal Leisure Centre, making use of one of the rooms on the first floor that was adjacent to the catering facilities. Crystal's new health and fitness suite, reception and soft play area opened in January 2009 at a total cost of £750,000.

Membership/Usage/Income

17. By the end of 2010 membership levels for the three facilities had increased to over 3,000 members paying by direct debit generating an income in excess of £1.1 million per year as compared with 600 members in 2005 generating under £200,000.income per year.
18. Attached at Appendix 1 and 2 are graphs detailing the growth in memberships and fitness class attendances across the three leisure centre sites for the 2005 – 10 period. Clearly this investment has been successful in increasing membership and participation at our three sites, with the growth in fitness classes and attendances at them being

a particular reflection on the demands placed on the service by the increase in members. Also attached at Appendix 3 is a detailed breakdown of membership by age and gender.

Other Investment

19. In addition to the investment made in health and fitness the Council has also provided funding to refurbish and improve other areas within the leisure centres.
20. In 2004/5 Dudley Leisure Centre's 25 metre pool was significantly refurbished following an incident resulting in an inspection by the Health and Safety Executive, which recommended that the pool lighting required upgrading and the glare from windows reduced. At the same time that this work was undertaken it also became necessary to replace the tiling to the pool and its surrounds, replace the pool hall ceiling and carry out works to the chlorination system. In all the Council invested £500,000 in the pool's refurbishment.
21. In the period 2007 - 2010 the Council provided funding to undertake works at the 3 centres to address access issues in order to meet the Council's responsibilities under the Disability Discrimination Act. Similarly in 2010 the Council provided £88,800 across the 3 sites to address issues arising from fire risk assessments that had been carried out.
22. More recently the Council received a VAT refund derived from leisure centre admission charges and £850,000 was allocated to address major maintenance issues such as pool filters and air handling units. The replacement and refurbishment of pool filters was completed in early 2011 and this has improved the quality of pool water in all of the leisure centres. Further works associated with air handling units and electrical installations are scheduled for November and December 2011, to coincide with a period of the year where demand generally reduces. The impact of this additional investment will ensure that the fabric of the buildings is in reasonable order and have an extended life cycle.
23. A summary of the investments made /planned in DDA, fire risk and major plant works is shown in the table below:

Investment £ Site	DDA	Fire Risk	Major Plant
Crystal	100,000	30,000	474,000
Dudley	30,000	28,300	240,000
Halesowen	35,500	30,500	150,000

24. Attached at appendix 3 is a graph showing changes in casual swimming attendances at the 3 sites. The increase from 2005 onwards

are partly as a consequence of swimmers relocating from Brierley Hill and Coseley Swimming Pools, whilst the peak in 2009 was as a result of the Council's involvement in the Free Swimming initiative.

25. In addition to the leisure centres, the Council has also made significant investment at the Dell Stadium over the past 3 years. Members will recall that consideration was given to the option of developing a 'Sports village' in Dudley, with part of the rationale being associated with the aspirations of Dudley Town football Club to develop and have their own stadium. However, as reported to the Scrutiny Committee held on 29 October 2007, there were significant obstacles that would be unlikely to be overcome together with other factors militating against the requirement for the facility at that time which led Committee to resolve that any further work on the project be shelved.
26. One such factor was Dudley Town's occupancy of the Dell Stadium as their home pitch and the consequent investment that the Council has made.
27. In 2008 £100,000 was included in the Capital Programme to replace floodlights and to extend the lighting columns on the main pitch. This improved the lighting lux level to a standard that met requirements of the Football association which enabled Dudley Town Football Club to settle at the Stadium addressing the issue of identifying a long term base for the Club and establishing an anchor football user for the venue.
28. The athletics track was resurfaced and remarked at a cost of £90,000 in 2009. This should ensure that, with normal wear and tear, the track will last for a further twenty years, meeting the standards laid down by Athletics Governing Body to retain its accreditation with them. In 2009 Dudley College invested £30,000 in the Dell Stadium to fence the external grass pitch to provide a base for the College football academy which ensures regular day time use of the facilities.

Options Plus – Scheme Developments

29. In undertaking all of these works the Council has sought to modernise facilities and make them commercially competitive, accessible and attractive for users from all sections of the community. Alongside these improvements the Council has sought to implement policies and programmes that are complimentary to these aims and the Options Plus scheme is a key initiative through which the Council seeks to derive increased participation.
30. The Options Plus scheme was introduced in 2003 as an amended version of the previous 'Key to Leisure' scheme as a means of stimulating participation in leisure activities by people from disadvantaged groups by offering discounted fees and charges. The gradual decline in the number of cardholders (6903 in 1993, and 2091

in 2003) prompted the Select Committee for Culture and Recreation to call for a wholesale review of the scheme that was overseen by a working party of the Select Committee.

The review focussed on:-

- Eligibility categories
- Levels of concessions
- Scheme administration.

- 31 Following the review the Select Committee for Culture and Recreation supported a proposal to replace the Key to Leisure Scheme with 'Options Plus' incorporating the following amendments to the previous scheme;-

Eligibility Criteria – the following categories were added:-

- Blue Badge Holders
- Disability Living allowance
- Incapacity Benefit
- Carer's Allowance or Dudley Carers Network
- Foster Families
- Looked after Children – Residential

Concessions – the following activities were added:-

- Sports Courses including swimming instruction
- Use of the Fitness Suites
- Fitness Classes eg Aerobics, Circuit Training etc.,

In addition concessions are standardised at a 50% discount and are applicable at all times, thereby removing any inconsistency across the service.

32. Appendices 5 – 7 provide further details of the impact that these changes have had on the number of cardholders in terms of the growth per eligibility category, the sites where the applicant registers, age, ethnicity and gender splits.
33. The report identifies the investment made by the Council in recent years modernising its leisure stock, the quality of health and fitness facilities is particularly high generating significantly increased user numbers and improved economic performance.
34. That said it would be prudent for the Council to protect the overall business by spreading revenue across other activity areas, where such opportunities become available. Our existing private sector partners, Alliance Leisure have successfully developed a number of new concepts for the public sector and are constantly exploring new opportunities.

35. Officers are currently in discussions to explore the potential for these new activity opportunities to be introduced at the Council's facilities as a means of spreading income growth and improving financial performance.
36. A further report will be presented to Members at the appropriate time once these discussions have been developed into a detailed Business proposition for the sites.

Finance

37. This report is financial in nature and the relevant information is contained within the body of the report.

Law

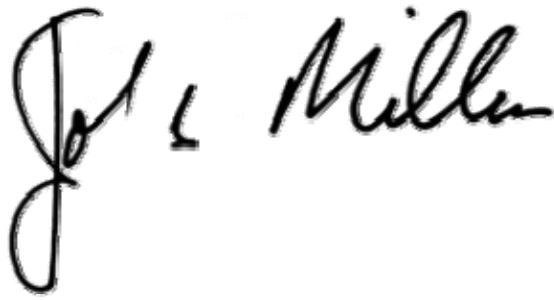
38. Section 111 of the Local Government Act, 1972, enables the Council to do anything which is calculated to facilitate or is conducive or incidental to the discharge of its statutory functions.
39. Section 19 of the Local Government (Miscellaneous Provisions) Act, 1976, empowers the council to provide recreational facilities in its area.
40. There is a duty under Section 17 of the crime and Disorder Act 1998 to account for the implications of the impact on community safety of actions and decisions relating to service areas.

Equality Impact

41. The contents of this report comply with the Council's Equality and Diversity Policy and the developments seek to enable all sections of the community, including children and young people, in the Borough to benefit.

Recommendations

42. It is recommended that:-
 - Members scrutinise the content of the report and comment accordingly.

A handwritten signature in black ink, appearing to read 'J.B. Millar'. The signature is fluid and cursive, with the first name 'J.B.' written in a more compact, stylized manner than the last name 'Millar'.

J.B. MILLAR
Director of the Urban Environment

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List of Background Papers
