

REPORT TO CULTURE & SPORT SUB COMMITTEE – 12 SEPTEMBER 2019

LIVE LIFE ABERDEENSHIRE – PROVISION OF FITNESS EQUIPMENT

1 Recommendation

The Committee is recommended to:

- 1.1 **Instruct the Head of Lifelong Learning and Leisure to undertake a more detailed appraisal of the costs and benefits of procuring fitness equipment through lease arrangements and bring a further report to this committee with the outcome of this appraisal and specific financial implications.**

2 Background / Discussion

- 2.1 The provision of Fitness Equipment (for example treadmills, exercise bikes and weight machines) is seen as a key component in terms of encouraging Live Life Aberdeenshire membership sales and promoting active and healthy lifestyles. Typical annual membership income is £1.5M per annum.
- 2.2 LLA facilities currently include 10 fitness rooms which range from small (less than 15 stations) facilities, for example Inverbervie, to medium size (approx. 30 stations), for example Fraserburgh Community and Sport Centre.
- 2.3 The current approach to the procurement of fitness equipment is to purchase equipment outright, either using revenue budgets; in some cases, developer obligations, or building ownership costs into capital budgets for new build facilities (e.g Banchory Sports Village). This approach is perceived to be cost effective in terms of capital cost but has the following perceived disadvantages:
 - No provision for the regular replacement of equipment, leading to the provision of ageing equipment in some facilities which does not always meet modern user expectations.
 - A proliferation of different types of equipment in different facilities – leading to the need for more than one safety induction for regular users.
 - Logistical challenges in terms of regular maintenance and establishment of agreements. This can lead to long repair times and subsequent customer dissatisfaction.
- 2.4 An LLA Project team has undertaken an initial options appraisal of alternative ways to procure new fitness gym equipment, considering potential impacts on capital cost, revenue cost and income. Options considered have been:
 - Continuing as is.
 - Continuing as is but planning to purchase new equipment at set timeframes.
 - Moving to lease arrangements (as opposed to ownership) of fitness equipment.

2.5 Initial findings were that there are a significant number of potential advantages to moving towards leasing equipment, albeit recognising that this would come at an increased revenue cost. These were:

- Improved ability to meet customer demand for modern equipment with increased functionality (in particular, the ability for equipment to communicate with personal ICT equipment e.g. smartphones, home PC's) enabling users to personalise fitness programmes.
- Improved ability to promote the Live Life Aberdeenshire branding on equipment
- Improved ability to standardise equipment facilitating an improved customer experience for those that use a range of sites.
- Improved ability to minimise 'downtime' due to improved speed of repair or replacement of equipment

2.6 Having assessed the above, officers perceive an opportunity to increase customer usage and income through memberships and gym entry sales through a lease arrangement, which may in turn offset additional costs involved. An outcome of this would be an improved impact on the physical health of our residents and improved financial sustainability.

2.7 Officers have identified that there are a range of sub-options within the 'lease option', based around varying levels of equipment quality and speed of replacement of equipment. Consideration can also be given to the leasing of equipment used for exercise classes (for example spin bikes)

2.8 Moving from an initial options appraisal to a more detailed options appraisal and market testing would enable Live Life Aberdeenshire to:

- i) Identify the most appropriate form of lease arrangement for the Aberdeenshire market.
- ii) Quantify the additional costs inherent with that option, additional income and risks inherent.
- iii) Identify models of good practise and obtain practical guidance from other public bodies and fitness providers.
- iv) Subsequently make a formal recommendation as to the future process for procurement of fitness equipment.

2.9 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments have been incorporated within this report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.

3 Scheme of Governance

3.1 The Sub-Committee is able to consider and make a decision on this matter as Communities Committee has sub-delegated the delegations in Sections D.6 in Part 2A, List of Committee Powers in the Scheme of Governance which allows this committee through delegated authority to "to ensure the adequate provision, development and support of facilities for sporting and leisure activities. The sub delegation is detailed in the Terms of Reference for the Sub-Committee as agreed by Communities Committee on the 31 May 2018.

4 Implications and Risk

- 4.1 An equality impact assessment is not required at this stage as the report is requesting permission to move to a more detailed appraisal of fitness lease options. However, consideration of equality implications will be an inherent aspect of more detailed appraisal work should this report be agreed.
- 4.2 There are no staffing implications at this stage.
- 4.3 There are no financial implications implicit within this report. However, the initial options appraisal has identified the potential for increased costs (relating to lease payments) of between £60,000 and £110,000. This will then be offset by a reduction in annual service, replacement and maintenance costs of typically £30,000 as well as any increase in income as a result of an enhanced service. The more detailed options appraisal will identify the scope for additional income and any additional expenditure items.
- 4.4 There are no risks implicit with this report, but future work will identify the level of business risk with income projections as well as more formal corporate risks.

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