



Portfolio Holder Report

The portfolio holder will make a decision on this item after seven days have elapsed (including the date of publication).

Report of:	Portfolio Holder	Date of publication
Marianne Hesketh, Corporate Director Communities	Councillor Lesley McKay, Resources Portfolio Holder and Councillor Lynne Bowen, Leisure, Health and Community Engagement Portfolio Holder	11 January 2024

Purchase of Health and Fitness Equipment – YMCA Fylde Coast and acceptance of Swimming Pool Support Fund (SPSF) revenue funding

Key decision: No

1. Purpose of report

- 1.1 To request approval for the purchase of health and fitness equipment and related software for Fleetwood, Poulton and Thornton Leisure Centres.
- 1.2 To note the acceptance of Sport England's SPSF revenue funding of £142,107 to support Wyre's three swimming pools.

2. Council priorities

- 2.1 We will collaborate with residents and local stakeholders to maximise opportunities for improving health and wellbeing across our communities.
- 2.2 We will work with our partners to focus on supporting people to become more active and increase their physical activity.

3. Recommendations

- 3.1 That approval is given to purchase health and fitness equipment and related software for Fleetwood, Poulton and Thornton Leisure Centres to the value of £94,192 (excluding VAT) and that the scheme is added to the Council's 2023/24 Capital Programme. The investment will be recovered over the next four years (starting 1 January 2024), initially from the YMCA until March 2026, when their current contract ends and beyond that from the operator under any new contractual arrangement.

3.2 To note the acceptance of Sport England's SPSF revenue funding of £142,107 to support Wyre's three swimming pools.

4. Background

4.1 As key leisure facilities in Wyre operating in a very competitive market, it is important to ensure that all of our leisure centres offer customers a high quality experience with a good standard of health and fitness equipment. Spinning is an extremely popular activity at the leisure centres, with full classes and waiting lists at all sites. The existing spinning bikes at Fleetwood, Poulton and Thornton Leisure Centres are over fifteen years old. They have been well used, repeatedly repaired and are at the end of their useful life. The spinning bikes at Garstang Leisure Centre were replaced in 2019 and so are not yet due for replacement.

4.2 The capital investment will be spent predominantly on new exercise bikes to support the extremely popular spinning classes at the three leisure centres. The bikes need upgrading to improve the quality of the experience. The current spinning bikes were purchased through Athleticum Fitness and have lasted over fifteen years. The feedback from both instructors and customers around this provider has been excellent.

4.3 The YMCA currently have 21 spinning classes per week across Thornton, Poulton and Fleetwood Leisure Centres. The classes operate between 6.45am and 8pm each week over 50 weeks of the year, which equates to 1,050 classes per year. Overall attendance for the last 12 months at the aforementioned three Leisure Centre sites was approximately 17,550 visits, averaging at over 16 people per class. They are very popular classes that often have waiting lists to attend and are a key part of the YMCA's membership offer. Having new, high quality spinning bikes will demonstrate to members that we want to offer them high quality spinning classes in Wyre, helping to retain them as members as a result.

4.4 There are currently 13 operational bikes at Fleetwood, 17 bikes at Poulton and 25 bikes at Thornton Leisure Centre. Eight bikes are out of order at Thornton Leisure Centre and are awaiting parts as well as servicing at a cost of £1,100. The new bikes are intended to replace these old and well used bikes. The proposal for 25 bikes at Thornton, 20 at Poulton and 20 at Fleetwood Leisure Centres is a simplified split – the aim being to very carefully review all waiting lists to meet the highest demand and then distribute the bikes according to any changes in that demand.

4.5 The YMCA currently spend an average of £125 per bike or approximately £7,500 per annum for servicing and repairs. In the last few years, they have had to increase their 'full' services from annual to six monthly just to keep the bikes operational. A service has an average cost of around £50 per bike (62 bikes = £3,100). The YMCA would anticipate a saving on equipment maintenance against the spinning bikes as the package we are purchasing from Athleticum includes a warranty for 12 months and a two year servicing package. There would therefore be no additional servicing costs until year three and the servicing frequency would be once a year as

opposed to the twice a year that it is currently. Other than wear and tear on items like pedal straps, they would anticipate a significant reduction in maintenance costs for the bikes over at least one to three years. This experience reflects that of Garstang Leisure Centre, where new bikes were purchased in 2019. Since then, the maintenance costs for the spinning bikes at Garstang Leisure Centre have been less than £500 in total.

- 4.6** The council successfully applied to Sport England's Phase 1 Swimming Pool Support Fund in August 2023 for funding to support the increase in utility and chemical costs for 2023/24 for Fleetwood, Garstang and Pouton Leisure Centre Swimming Pools. The bid was successful with Wyre being awarded 80% of the amount sought (£142,107). A tight turnaround was required in order to receive the funding and the grant agreement has been signed off in accordance with central government's timescales.

5. Key issues and proposals

- 5.1** It is proposed that following a competitive procurement process, the council will purchase 65 new Spinner® NXT Studio Bikes from Athleticum along with software to create a spinning studio experience. These will replace the existing bikes that are now at the end of their useful life and will help to create a more modern, high quality fitness experience.
- 5.2** The price quoted includes: the Spinner® NXT Studio Bikes, build, delivery and installation at the three sites, a training package for instructors, a standard warranty, Spinning® Facility Licence, Spinning® digital marketing kit access and a two-year service package.
- 5.3** It is proposed that the council will purchase the equipment and recover the investment cost, together with a capital financing charge in any years when the subsidy target is not met, from the operator over the next four years. The YMCA will repay the council from 1 January 2024, for the remainder of their contract, which ends in March 2026. From April 2026, the repayments will fall to the leisure centre operator under a new contract, which is still to be procured. In either circumstance, the operator will meet the annual repayment amount from the agreed operational subsidy. The minimum annual repayment will be £23,548.
- 5.4** The report also notes the acceptance of Sport England's SPSF revenue funding of £142,107 to support Wyre's three swimming pools. There are conditions associated with the acceptance of the grant including a lengthy clawback provision. However, Sport England have indicated that they would work with councils on a reasonable and proportionate basis should the configuration of centres need to change in the future.

6. Alternative options considered and rejected

6.1 Four quotes were obtained for the spinning bikes from four different companies. Three of the quotes were similar in value and one was much cheaper. The quality of the products was assessed and the cheapest quote was rejected on the basis of the quality not being sufficiently high enough. The company chosen, Athleticum, was selected following a review of the remaining three quotes. They are our current supplier and the feedback on their product and service has been excellent. The spinning bikes they have already provided at our centres and the quality and longevity of the product has meant excellent value for money and a high quality of experience over many years for customers. The package offered by Athleticum also includes the added value of regular training for staff.

6.2 The YMCA could lease the spin bikes directly with a provider rather than the council purchasing them. This option was explored but discounted as being more expensive and as most lease terms are three years or more, a standard arrangement wouldn't align with the time left on the current leisure contract. The lease annual repayment cost is much higher than the recommended approach. Having obtained three quotes, the lowest annual lease cost was £33,000 and the highest was £41,580. Purchasing the bikes and effectively renting them to the YMCA is more cost effective and means the council owns the bikes which will make any handover more straightforward for the new leisure contract procurement.

7. Delegated functions

7.1 The matters referred to in this report are considered under the following executive function delegated to the Leisure, Health and Communities Portfolio Holder (as set out in Part 3 of the council's constitution): "To consider matters relating to sport and recreation, including sports facilities" and the executive function delegated to the Resources Portfolio Holder "To consider arrangements for a strategic approach for the Council's procurement of goods and services".

Financial, Legal and Climate Change implications	
Finance	The equipment will cost £94,192 plus VAT. The council will purchase the equipment and will be reimbursed by the operator over the next four years, from 1 January 2024. This arrangement is similar to the YMCA renting the equipment from the council. The YMCA's contract ends in March 2026 at which point the payments will then fall to whomever is appointed as the operator under a new contract. The payments will be at a minimum cost of £23,548 per year (excl VAT). There will be no capital financing payable in any years, provided the subsidy target is met.

	<p>The capital expenditure will be funded from the Leisure Management Reserve.</p> <p>To incentivise the operator to meet the agreed subsidy target each year then should they fail to do so, interest will be charged. A bank would currently charge us 5.71% interest over a 4-year period, which would equate to an interest payment of £5,378 per year.</p> <p>Whilst the annual costs payable by the operator, if interest is applied, mirror those offered by a national bank, this arrangement ensures that the council is not incurring capital financing charges unnecessarily and incentivises the operator to continue to drive the subsidy down. In years when no interest is applied, the operator is benefiting from 0% financing but has to meet the agreed subsidy.</p> <p>Any interest payable will fall outside of the normal contractual arrangement whereby the surplus or deficit is shared on a 50/50 basis and instead will be met wholly by the operator (subject to any changes in the contract arrangements at the end of the current contract). Invoices will be raised by the council annually for the repayment element and any interest owed.</p> <p>To note the acceptance of Sport England's SPSF revenue funding of £142,107 to support Wyre's three swimming pools.</p>
Legal	<p>On termination of the leisure agreement, the equipment will be owned by the Council.</p> <p>A contract variation will be entered into to reflect the rates agreed in this report and that any interest that becomes payable will fall outside of the normal contractual arrangement whereby the surplus or deficit is shared on a 50/50 basis. It will instead be wholly the responsibility of the leisure operator to fund.</p> <p>The council has signed the agreement with Sport England to accept the funding.</p>
Climate Change	<p>There are no climate change implications arising directly from this report.</p>

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist

officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with an x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
health and safety	x

risks/implications	✓ / x
asset management	✓
ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

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List of background papers:		
name of document	Date	where available for inspection
None		

List of appendices

None