

21 FEBRUARY, 2017

9

Active Living Performance Update

Ward(s) All

Portfolios: Councillor J Fitzpatrick – Leisure, Culture & Community

Executive Summary:

This report provides a statistical performance summary of the first six months operation of Bloxwich and Oak Park Active Living Centres. The review shows the first six months have delivered strong performance with the two new centres together delivering an increase in income of £362,573 (130%) and an increase in attendances of 138,579 (134%). A further positive indicator is that the opening of the new centres has not adversely impacted the performance of Walsall Gala Baths or Darlaston Swimming Pool.

Reason for scrutiny:

An update on the performance of the Active Living Centres was requested at January's Overview and Scrutiny Committee.

A key intention of the Active Living Project to replace Bloxwich and Oak Park Leisure Centres was to create financially sustainable leisure provision for Walsall residents. Future budget proposals intend that the Sport & Leisure Service achieve a full cost recovery position, based principally on increased income from the new Active Living Centres. On this basis, the performance of the Active Living Scheme is crucial to the future of the service.

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1. Report

Active Living Project

On 24 October 2012 Cabinet confirmed that the purpose of the council's Sport & Leisure service was to improve the health and well-being of Walsall's residents. The Chief Medical Officer, Dame Sally Davies, stated: "*If physical activity were a drug it would be a miracle cure.*" From this stemmed the philosophy of: "*more people, more active, more often*", essentially to improve the mental and physical health and well-being of the borough's residents.

The period 2007 – 2014 saw a substantial reduction in the Sport and Leisure Service. The revenue budget more than halved, delivering savings c.£1.7m including the closure of four leisure facilities (Darlaston Multi-Purpose Centre, Willenhall Leisure Centre, the Grange Golf Course and Bentley Leisure Pavilion) and the transfer of Bryntysilio Outdoor Education Centre to an external organisation.

The Sport & Leisure Service was subject to review by the Community Services Scrutiny and Performance Panel in 2010 and a Working Smarter review in 2011. These reviews identified that physical activity is crucial to the health and wellbeing of Walsall residents, ie the average age of a healthy male in Walsall being just 59.4 years. However delivering the further revenue savings that were required from the Sport & Leisure Service (as it was formatted at the time) could only be achieved by further service reductions up to and including a complete cessation of service.

The Working Smarter Review further identified that an alternative to continued service reductions would be to invest in replacing the old centres with larger better quality facilities. The strategy was also to close the Gala Baths and reduce the number of assets from four to three. Collectively these actions would have the outcomes of increasing physical activity and generating more revenue; to make the service more financially sustainable.

Work commenced on Bloxwich Active Living Centre in January 2015, with Oak Park starting the following month. The layout of the sites meant the existing Oak Park Leisure Centre could remain operational throughout the construction, however it was necessary to demolish Bloxwich Leisure Centre to clear the site prior to construction of the new building.

Bloxwich and Oak Park Active Living Centres opened to the public on 9 August 2016

Walsall Gala Baths

Alongside the Active Living Project, following a motion proposed from the floor in August 2014, Council allocated £1million to a refurbishment of Walsall Gala Baths. This project delivered a refurbishment and conversion of the changing rooms to a village change, redesigned reception area and the installation of a sauna and a boom in the main pool to create a separate teaching pool. The project also included extensive asbestos removal works costing c.£500k.

Whilst Walsall Gala Baths remained open throughout the refurbishment, the works necessitated a significantly restricted service from December 2015. The centre returned

to full operation after the completion of the refurbishment on 18 June 2016, seven weeks before the new Active Living Centres opened.

Darlaston Swimming Pool

Darlaston Swimming Pool, opened in 2000, has yet to receive any refurbishment work and at seventeen years old is showing its age. The capital programme has provisionally allocated £150k for a cosmetic update to the site, which will also create a dance studio to improve revenue performance. With the closure of Willenhall Leisure Centre it is now the only council leisure facility to the west of the M6. A capital programme scheme to improve the centre is planned during 2018/19.

Performance Update

The performance update will focus on the following key performance indicators:

- Income
- Attendances
- Gym memberships (the service's principal source of income generation)
- Swimming lessons (children's swimming lessons are the second largest source of income)

The performance update will review the first six months of operation August 2016 to January 2017 (noting that the Active Living Centres did not open until 9 August 2016).

Oak Park, Gala and Darlaston will compare performance to August 2015 – January 2016. However because Bloxwich was closed from December 2014, we will compare with August 2013 – January 2014, the last year Bloxwich was open throughout this six-month period.

Active Living Centres – Bloxwich and Oak Park.

The new Active Living Centres have performed strongly in their first six months. The performance details are presented in Tables 1 and 2 below. Across the two sites income, attendances and gym memberships have all more than doubled.

Swimming lessons have expanded significantly at Oak Park, with greater pool space in which to deliver lessons. The drop in swimming lessons at Bloxwich should be viewed in the context of a centre that was closed for nearly 20 months and has had to rebuild its swimming lesson programme from a zero base.

Table 1 – Bloxwich Performance comparison

Bloxwich	2013-14 (Aug-Jan)	2016-17 (Aug-Jan)	Change	% Increase (decrease)
Income	£121,866	£246,552	£124,686	102%
Attendances	41,483	106,515	65,032	157%
Gym memberships	697	1,447	750	108%
Swimming lessons	32,128	29,821	-2,307	-7%

Table 2 – Oak Park Performance comparison

Oak Park	2015-16	2016-17	Change	% Increase
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	(Aug-Jan)	(Aug-Jan)		(decrease)
Income	£155,800	£393,687	£237,887	153%
Attendances	61,426	134,973	73,547	120%
Gym memberships	893	1,928	1,035	116%
Swimming lessons	57,293	110,143	52,850	92%

Darlaston Swimming Pool and Walsall Gala Baths.

One possible risk of opening the new Active Living Centres was that they might have drawn usage away from Walsall Gala and Darlaston Pool. A review of August-January performance indicates that this has not been the case. Both centres have broadly maintained their performance from the previous year as indicated in Tables 3 and 4 below.

Walsall Gala's performance is particularly pleasing. In 2014/15 and 2015/16 centre's performance benefitted significantly from the closure of Bloxwich, with many Bloxwich customers relocating to Gala. That this performance has been sustained is in part due to the £1m investment in improving the centre.

The growth in Gala's income reflects the re-setting of the service's membership tariffs which is discussed in the Fitness Memberships section below.

Table 3 – Walsall Gala Performance comparison

Walsall Gala	2015-16 (Aug-Jan)	2016-17 (Aug-Jan)	Change	% Increase (decrease)
Income	£89,398	£124,125	£34,728	39%
Attendances	74,845	72,844	-2,001	-3%
Gym memberships	682	694	12	2%
Swimming lessons	34,444	33,165	-1,279	-4%

Table 4 – Darlaston Pool Performance comparison

Darlaston	2015-16 (Aug-Jan)	2016-17 (Aug-Jan)	Change	% Increase (decrease)
Income	£76,723	£82,205	£5,482	7%
Attendances	57,032	57,708	676	1%
Gym memberships	733	701	-32	-4%
Swimming lessons	51,611	56,556	4,945	10%

Fitness Memberships

Prior to the opening of the Active Living Centres, it had been necessary to reduce the membership prices for the generally small, poorly equipped gyms to remain competitive. By 2016, more than 90% of members were paying £14 or less, with the majority on a £10 tariff.

The revised membership prices saw standard (gym, swim and classes) membership increase to £25, with the concessionary *Move-it* price (gym & swim) increasing to £15. Furthermore the decision was made to restrict access to the gyms at the new centres so *Move-it* members could not use the gym facilities between 5pm-8pm Monday-Friday; this restriction did not apply at Gala and Darlaston. These changes retained a

competitive membership price, which remained accessible to most, whilst rehabilitating the income stream from this business critical product.

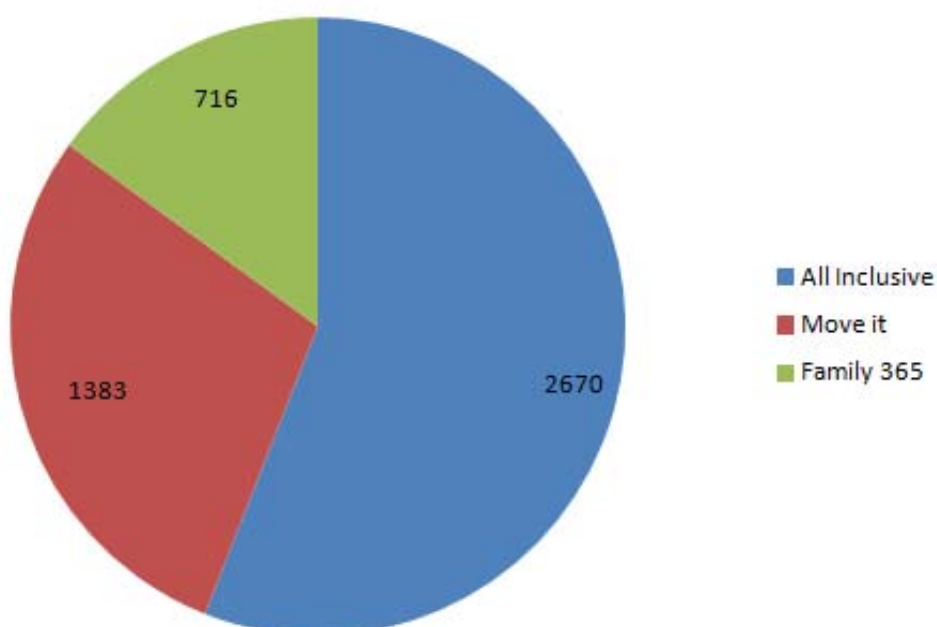
The Active Living Centres also introduced an additional gym membership – a family membership for 2 adults and upto 4 children, priced at £365. This has proven a popular product selling 716 memberships, and yielding £261,158.

The breakdown of the current memberships is presented in Table 5 and Figure 1 below:

Table 5 – Fitness Membership breakdown

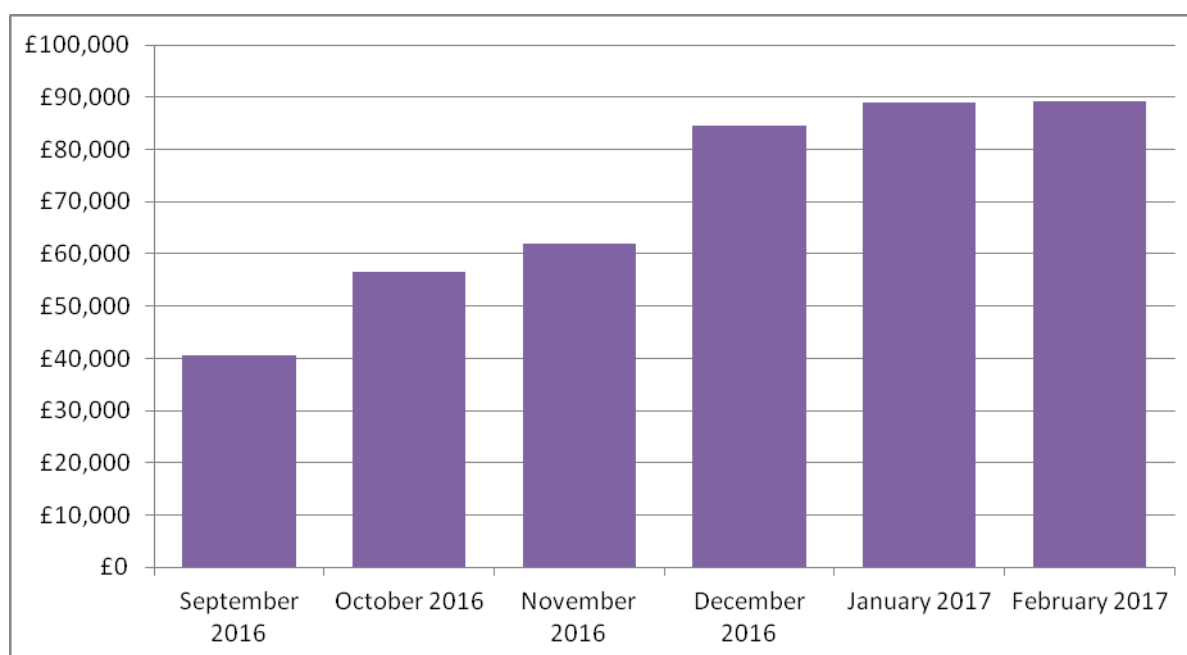
All Inclusive	2,670
Move it	1,383
Family 365	716

Figure 1 – Fitness Membership Breakdown



The growth in fitness memberships can also be seen in the monthly direct debit income – the direct debit income is principally fitness memberships, with some swimming lesson income. Since the Active Living Centres opened, direct debit income has more than doubled from £40,676 to £89,300 as presented in Figure 2 below.

Figure 2 - Direct Debit Income



(Fitness income for a month is taken on 25th day of the previous month – so the February 2017 income was received 25 January 2017)

Sport & Leisure Services Overall

Overall the Sport & Leisure Service has delivered income growth of £402,782 (91%) in the first six months following the opening of the new Active Living Centres.

Attendances have also increased by 58%. The greater income growth reflects the successful re-setting of the gym membership price structure.

The service's overall performance is presented in Table 5 below (summary of Tables 1-4).

Table 5 – Service Summary Performance comparison August - January

Total	2015-16	2016-17	Change	%
Income	£443,787	£846,569	£402,782	91%
Attendances	234,786	372,040	137,254	58%
Gym memberships	3,005	4,770	1,765	59%
Swimming lessons	175,476	229,685	54,209	31%

(Bloxwich benchmark information in 2013-14)

The service's growth in the key performance areas is presented in Figures 3 – 6 below.

Figure 3 – Income growth 2015/6 – 2016/17 (Bloxwich benchmark information in 2013-14)

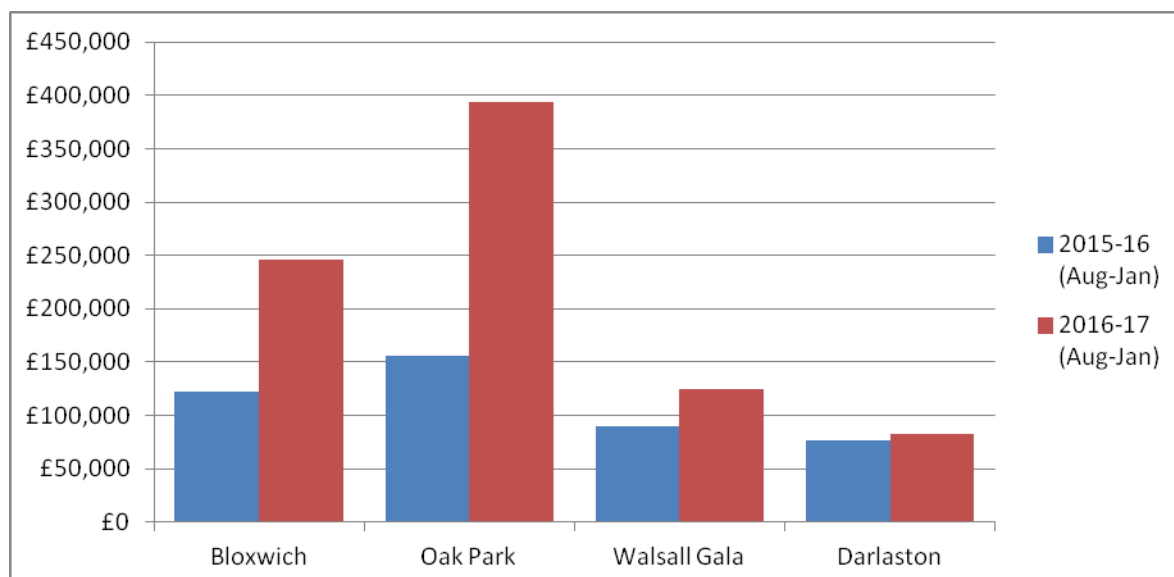


Figure 4 – Attendance growth 2015/6 – 2016/17 (Bloxwich benchmark information in 2013-14)

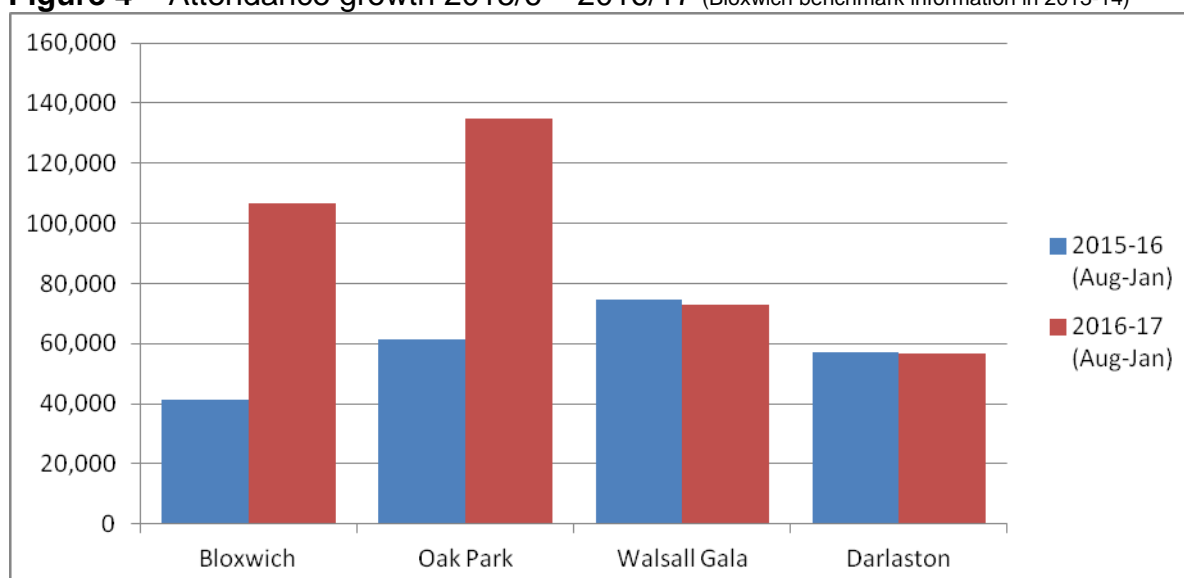


Figure 5 – Fitness Membership growth 2015/6 – 2016/17
(Bloxwich benchmark information in 2013-14)

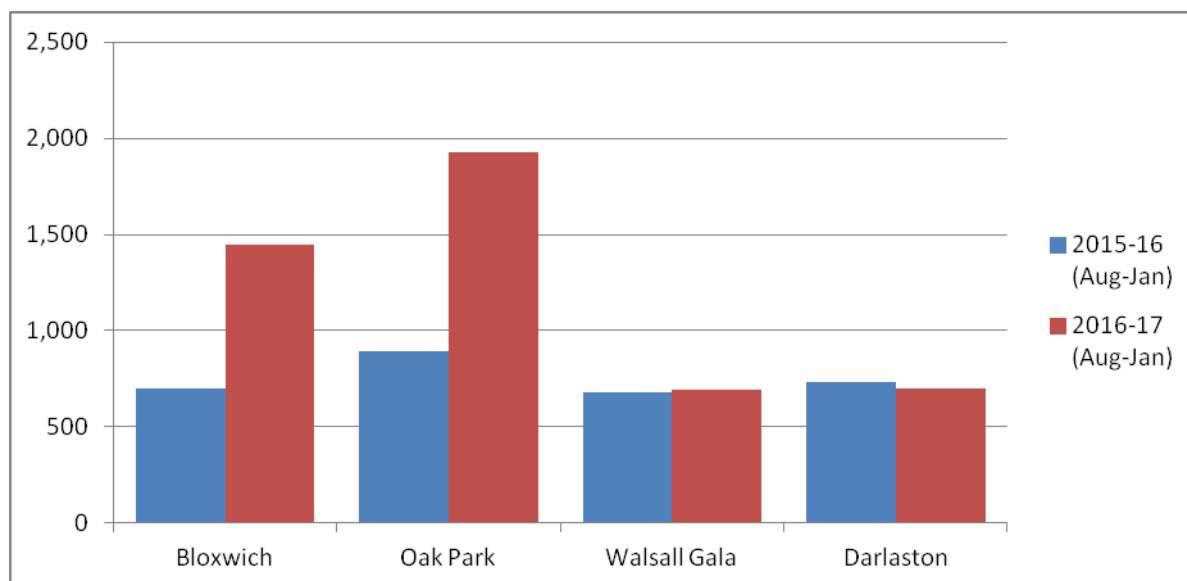
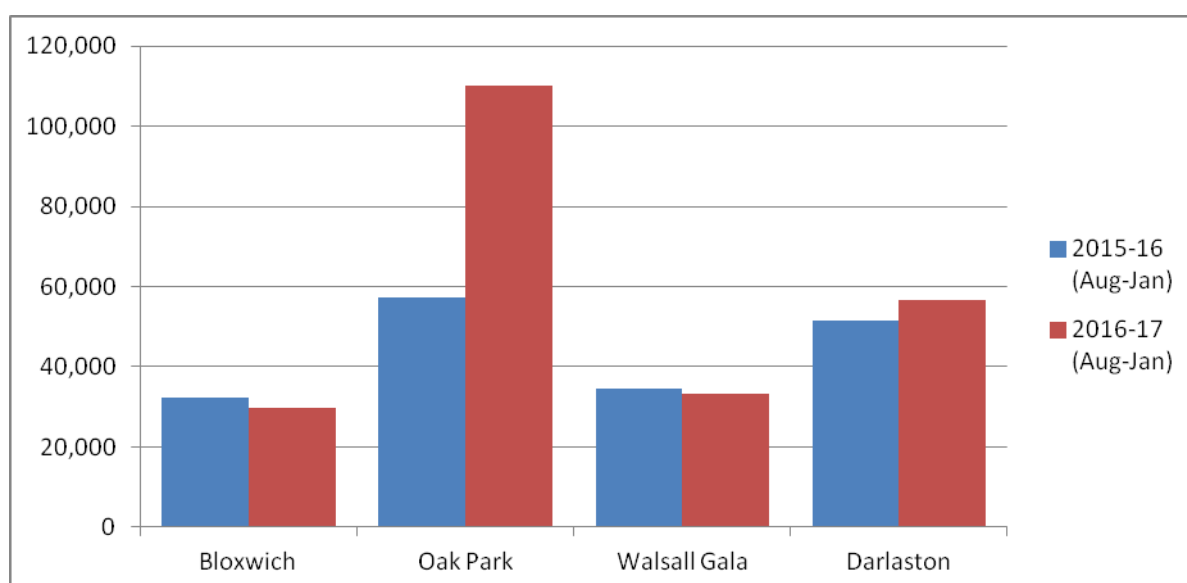


Figure 6 – Swimming Lesson growth 2015/6 – 2016/17
(Bloxwich benchmark information in 2013-14)



Performance in Context

- **Original Business Case**

The business case presented to Cabinet and Council in April and August 2014 took a cautious approach to revenue projections. The reports presented estimated that the new centres would be £372,000 a year more expensive to operate than the centres they replaced.

As both centres opened part-way through the year and incurred significant up-front revenue costs, it is difficult to accurately assess the full-year net performance of the new centres at this stage. However all indications are that they will cost significantly less to operate than the centres they replaced.

- **Revenue budget 2017-2020**

The proposed revenue budget to 2020 requires the Sport & Leisure Service to achieve a full cost recovery position; not solely the recovery of operational costs, but also the depreciation, asset impairment and central support costs allocated to the service. The proposed budget savings for the next three years are presented in table 6 below.

Table 6 – Savings Proposals, Sport & Leisure

Saving ref	Detail of Saving / Efficiency	2017-18	2018-19	2019-20	Total
37	Additional income from Active Living to fully recover costs of Darlaston Pool and Walsall Gala baths		£519,383	£383,783	£903,166
123	Additional income from the Active Living Centres	£875,444			£875,444
124	The Sports Development team to become self sustaining	£61,934			£61,934
	Total	£937,378	£519,383	£383,783	£1,840,544

If performance remains static, it is likely that current performance will be sufficient to achieve the £937,378 saving target in 2017-18. From an income profile perspective August-January is the quieter six months; November and December are the quietest months of the year and this period also misses much of the crucial January / February fitness membership peak (due to Direct Debit deadlines, memberships taken after 15 January fall into March's Direct Debit income).

The 2018-19 and 2019-20 saving proposals represent a significant challenge, requiring a further £903,166 of additional income over two years. The service is already considering plans to ensure this additional income can be drawn in.

There are a number of reasons to believe that income levels will continue to grow, including:

- The growth trend indicated in Figure 2 – especially considering that memberships taken out after 15 January 2017 will contribute to the March Direct Debit income.

- Bloxwich income should continue to grow organically as the centre re-establishes the market-share lost during closure.
- The new Oak Park Artificial Grass Pitch will open in March 2017.

However these are *net* income targets and as such any additional expenditure required to achieve the income, will further raise the income targets.

- ***Other Leisure Centre Rebuilds***

As part of the business case for the Active Living Project, a benchmarking exercise was carried out on the impact of major capital investments on leisure centre attendances. The attendance growth of a number of projects at the end of the first full year or trading is presented in Table 7 below, with Oak Park and Bloxwich's performance at six-months included. As can be seen, the two Walsall facilities are performing well above the average.

Table 7 - New-for-old Leisure Centre Rebuilds

Authority	Description	Attendances Increase
St Helens Council	Queens Park LC opened Nov 2010	677%
Calderdale Council	Built new Sowerby Bridge Pool to replace old facility. Opened Nov 2010	344%
Wolverhampton City Council	Bert Williams LC (£18m) replacing Bilston Leisure Centre	217%
Wolverhampton City Council	Aldersley Stadium addition of large newbuild sportshall, gym and social facilities	200%
Walsall Council	Bloxwich Active Living Centre	157%
Portsmouth City Council	Mountbatten LC opened 2009, replaced pool and extended fitness suite	150%
Walsall Council	Oak Park Active Living Centre	120%
Gateshead	New build Blaydon Leisure Centre to replace Blaydon Swimming Pool	119%
Average Growth		112%
Birmingham City Council	Rebuild Harborne Leisure Centre £12m. Council capital funding; managed by DC Leisure.	110%

Northumberland County Council	Wentworth LC closed a pool and replaced at the existing dry side. The dry side gym was extended.	62%
Rotherham MBC	2001 – 12 centres with pools 2008/9 – 4 new Leisure Centres Uneconomical and required major investment	50%

Future Developments

The income targets for the Sport & Leisure Service are extremely challenging over the three year period to 2019/20, it will be essential that the momentum from the successful launch of the Active Living Centres is maintained. The following developments are therefore planned for delivery over the next 3 months:-

- ***Corporate Membership***

The service is developing a Corporate Membership offer to be initially piloted with Walsall Council staff, allowing staff reduced admission specifically to Walsall Gala Baths. This will promote greater staff health and wellbeing and help reduce absenteeism; it will also encourage usage of Walsall Gala Baths before work, after work and during lunch-breaks.

- ***Leisure Management System***

The new Leisure Management System will be launched in April 2017, greatly improving access to the service. The new system will deliver the following benefits:

- Encouraging and easing access – allowing customers to self-serve and swipe directly through turnstiles, reducing queuing times
- On-line booking
- On-line payment
- Administering the *Move-it* concessionary scheme – ensuring price is not a barrier to those in greatest need
- Member retention – enabling better tracking of and communication with members
- Performance management – measuring the outputs and evidencing the outcomes of the service

- ***Oak Park Artificial Grass Pitch***

The final stage of the Active Living project is the new third generation (3G) artificial grass pitch at Oak Park, due to be completed at the beginning of March 2017. Delivered in partnership with the Football Association, this floodlit facility can be configured as either 4 small-sided (5-a-side) pitches or one full-sized pitch and will be capable of being played throughout the day, all-year round.

The demolition of the old Oak Park site is also scheduled to be completed at the beginning of March; the area will then be re-instated with two junior grass football pitches. The demolition will also allow the completion of the footpath from the new centre to the old centre's remaining car park, which will then serve as over-spill parking for the new centre.