

**PROPOSED CAPITAL INVESTMENT AT
LEE VALLEY ATHLETICS CENTRE AND
LEE VALLEY RIDING CENTRE**

Presented by Corporate Director

EXECUTIVE SUMMARY

This paper provides Members with the background and specific information on the new Leisure Service Contract proposed first phase of investments at both Lee Valley Athletics Centre and Lee Valley Riding Centre.

As part of the Leisure Services Contract procurement process the Authority committed to continually invest in its world class venues, encouraging bidders to propose innovative investment solutions over the initial 10 year contract duration.

Authority officers have been working with its Leisure Services Contract operator, Greenwich Leisure Ltd (GLL) since the contract commencement on the first phase of investments. These investments have undergone a rigorous process of due diligence to ensure these proposals meet with the priority outcomes as set out within the Leisure Services Contract:

- deliver a sustainable partnership with a forward thinking, adaptable Contractor;
- ensure the long term viability of all six facilities;
- reduce reliance on the levy and tax payers within the Lee Valley region; and
- fulfil the requirements of the Authority's Strategic Aims.

It is proposed that subject to consideration and approval of the recommendation in the Part 2 paper (Paper E/797/23) Members consider the Authority making a financial capital commitment into two projects totalling £636,780 for improvements to the Health and Fitness facilities at Lee Valley Athletics Centre (£573,484) and a mechanical horse installation at Lee Valley Riding Centre (£63,296) the details of which are set out in this report.

RECOMMENDATIONS

Members Approve: (1) subject to consideration and approval of the recommendation in the Part 2 paper E/797/23 the inclusion within the capital programme of £573,484 for improvements to the Heath & Fitness facilities at Lee Valley Athletics Centre;

and

- (2) subject to consideration and approval of the recommendation in the Part 2 paper E/797/23 the inclusion within the capital programme of £63,296 for a stable refurbishment and installation of a mechanical horse at Lee Valley Riding Centre.

BACKGROUND – LEE VALLEY ATHLETICS CENTRE (LVAC)

- 1 During the Leisure Services Contract (LSC) procurement, the Authority committed to invest into the venues in partnership with the eventual operator to maintain their world class status, their relevance and to continually improve the Management Fee position. Since commencement of the LSC GLL have worked with Authority officers on the first phase of investment projects.
- 2 When LVAC was opened in January 2007, it originally had one dedicated gym area, which was fitted out to the English Institute of Sports specification, built around performance training needs of the British elite teams. The majority of the original equipment is still in use, with just some minor replacements of loose equipment having taken place.
- 3 In 2015, the then operator (Lee Valley Leisure Trust Ltd) in partnership with the Authority created a second dedicated fitness area (Cross Fit Box) situated besides the Indoor Throws Area, that was subsequently leased to a third party Cross Fit operator and fitted out to their specification. Due to below expected membership the Cross Fit operator withdrew in 2018 and handed the leased area back.
- 4 In 2018 this second gym area was launched as an additional training area for use of members and customers using the equipment originally provided for the Cross Fit Box, meaning both LVAC gym areas were focussed on functional performance, strength and conditioning type training.
- 5 During this time an external gym management company (Challenge Central) was brought in to oversee the Health & Fitness offer at the venue. At the time of handover to GLL (April 2022) Challenge Central's contract had ended and management of all the Health & Fitness facilities and services were solely controlled by GLL as venue operator, which is consistent with GLL's general practices.
- 6 Gym membership peaked in 2019 at 330 members, mostly made up of multisport athletes from grass roots to elite and those focussed on functional goals rather than general health and aesthetic goals.
- 7 Since reopening post Covid gym membership has hovered around 250 and currently sits at 262 members. Targeted growth for the membership based on the gym in its current condition was to achieve 350 members, which given its dated equipment and disjointed offer was always going to be difficult.
- 8 As well as the two dedicated health and fitness areas there are separate pieces of mid-range cardio equipment along the north of the venue. This does add to the offer, but its location creates another disjointed area, and it has not positively contributed to the attractiveness of the current health and fitness offer at the

venue.

OUTLINE OF THE IMPROVEMENTS

- 9 The first investment project proposed is the refurbishment of the Health and Fitness areas at LVAC. GLL submitted their proposal and Authority officers have worked through the rationale and project specifics. The Authority has also had the figures and assumptions independently checked by external consultancy firm In Partnership With (IPW) to ascertain the robustness of the numbers and to look at how the market analysis and latent demand information feeds into the projected membership targets. IPW's feedback has been very positive in regards to the viability of the investment proposed as below.
- 10 **Refurbish strength and conditioning (S&C) / performance gym and update equipment**
- Refurbish existing Racks, lifting platforms and utilise majority of existing dumbbells, bumper plates, barbells, speciality bars and kettlebells
 - Replace outdated and end of life equipment – replacing with updated equipment to add to strength and conditioning / performance reputation of gym
 - Update flooring
 - Decoration of Walls, Skirting and Ceiling
 - Upgrade lighting to LED with daylight harvesting and sensors
 - Update sound system and install sound absorption boards
 - Branding – Gym 2.0 (GLL's new Gym model)
- 11 **Refurbish and remodel previous Cross Fit Box area to softer, broader appeal Gym 2.0 offer centred around cardio equipment and lighter weights and resistance machines**
- Remove central rig
 - Retain existing resistant equipment and install new CV and resistance machines
 - Change flooring to Kamdean Limited Oak
 - Install 43mm Weight layer (including stumble edge) tiled area for Dumbbell work area
 - Decorate walls
 - Supply and install 1 x set double doors
 - Branding – Gym 2.0.
- 12 **To provide a formalised flexible studio space which will also be utilised as a functions and meeting space**
- Strip out and decoration
 - Strip out carpet and install Junkers 2 strip beech 14mmx129mm solid hardwood flooring matt lacquer finish
 - Supply studio and functional equipment
 - Install LED lighting and sensors
 - Install air conditioning evaporators and condensers
 - Install sound system and speakers
- 13 **To modernise the changing rooms to improve customer experience and support growth**
- Replace benching and cubicles
 - Tiling of walls to 1.2m
 - Install LED lighting and sensors

- Install vanity units
 - General decoration
 - Update disabled shower seat and fittings
 - Update the showerheads that currently run at around 15-18 litres per minute. The Challs units proposed run at 6 litres per minute
 - The proposed units do not require electricity
- 14 **To modernise the reception area and move to concierge environment with full access control**
- Remove existing reception desk and install 2 x concierge pods
 - To install speed lanes and glass screening to 1.5m height
 - To vinyl wrap existing office situated behind current reception desk

Please see **Appendix A** for further plans and visuals

FINANCIAL

- 15 As per the LSC agreement, the Authority will provide the capital investment for the project to GLL and can chose to either deliver the project directly or to require GLL to deliver the project under the LSC. Given LVAC is under a full repairing lease and the works are largely refurbishments it is recommended that GLL manage the refurbishment and purchasing of equipment, but the Authority signs off all drawings and the works before any orders are placed. The new facilities will be owned by the Authority, and GLL will have no right to remove the facilities at the end of the contract (or if the venue is removed from the LSC and GLL cease to be the operator for the venue sooner).
- 16 Total capital required **£573,484** broken down as follows;

Description	Cost (Gross)
Studio Equipment	£38,758
In centre 2.0 branding inc installation	£8,333
Gym equipment	£124,497
Access control supply and install	£74,325
Gym / Studio / Meeting Room building works	£157,786
Changing Room refurbishment works	£81,903
Reception remodel / Concierge Pod works	£30,867
Prellms	£15,416
Contingency	£14,290
Sub Total	£546,175
Project Management Charge (5%)	£27,309
TOTAL	£573,484

- 17 The Authority will receive a benefit from the proposed investments that significantly exceeds the capital investment. Please see Part 2 Paper E/797/23 for further details on the financial implications of the project.
- 18 The return to the Authority is calculated based on the business plan financial forecast and will be a fixed adjustment but profiled across the contract in line with Profit & Loss expectations.

- 19 The venues membership base is proposed to increase by 175 members in year 1 above current target of 350 and is estimated will grow to 986 members in total at maturity by year 5. GLL have significant experience in this area given its operating history and size. The payments to the Authority are guaranteed.

PROJECT TIMELINE

- 20 The aim is to have the project completed and fully operational by the start of April 2023.

The proposed project is scheduled for a 12 week completion timetable and will be undertaken in phases to minimise disruption to the customers and allow for completion of works in stages. The Authority have stipulated that no loss of revenue will be granted for this project and that works need to be managed to ensure there is a continuity of service for the venues users and no negative impact on the Leisure Operator's Base Trading Account (LOBTA).

- 21 If Members approve the recommendations of this report a project team will be formed consisting of key Authority and GLL officers from:
- Facility Management;
 - Operations;
 - Product Development; and
 - Marketing.

This project team will ensure there is full agreement on proposed timescales and GANTT responsibility areas and set milestones. All drawings, decisions, sign off etc associated with the project will be made by the Corporate Director.

BACKGROUND – LEE VALLEY RIDING CENTRE (LVRC)

- 22 LVRC is accredited as "Highly Commended" by the British Horse Society (BHS) as a riding school, livery yard and examination / training centre. The venue is affiliated to The Pony Club and hosts British Universities and Colleges Sport (BUCS) training and competitions. Career students are taken on as apprentices and study for NVQs and British Horse Society riding instructor qualifications while they work.
- 23 The venue is successful but suffers from the impact of the weather on activities during the winter months and the amount of hours each horse is allowed to be used for. The programme is currently delivered on two outdoor and one indoor menages. This results in LVRC traditionally losing two thirds of its programme capacity for periods of time between December to March in prolonged wet and frosty conditions.
- 24 The new product being proposed offers a revolutionary way to focus on skills and balance by viewing immediate visual feedback on seat position and riding movements. It is used worldwide by professionals and amateur riders as an essential aid to training.

OUTLINE OF THE IMPROVEMENTS

- 25 There are 12 Riding Centres in London, with only one that has a Mechanical Horse. This Centre is Wimbledon Village Stables, SW19. This centre is 18 miles

from LVRC and is therefore not considered as direct competition. As part of the market research into customer demand for this product and experience the manager of the Wimbledon Riding Centre was consulted.

26 Outline of the investment / scheme / scope of works

- Refurbish existing stable to make fit for purpose
- To install a manually operated galvanised roller shutter
- Prepare and paint all walls, flooring and wooden beams
- Upgrade lighting to LED with separate electrical circuit
- Installation of Mechanical Horse with fully Interactive Dressage Simulator

Please see **Appendix B** to this report for venue plan and proposed location.

- 27** The proposed product is the Racewood Dressage Simulator, which can be run all day, whatever the weather, allowing the venue to offer riding lessons and therapies round the clock, in a safe and controlled environment.
- 28** The Mechanical Horse Dressage Simulator has been designed by the manufacturer working in direct partnership with Riding for the Disabled Association (RDA) in the UK. Riders can explore over 4,000 acres of land, ranging from a stroll through a village, a hack through the woods or a ride on the beach. Interactive features allow the rider to engage with the environment e.g. posting a letter, collecting eggs, visit the farmyard. The software keeps track of how far each rider has travelled, the locations they have visited and the things they have seen. It also has the option to provide a printed certificate.
- 29** The proposed investment will enable a diverse range of people, of all ages and ability, the opportunity to ride and improve their riding skills and techniques. 7% of the current venue customer base has a registered disability.
- 30** The simulator will be part of the formalised and structured lesson and course programme and this will be an additional complementary developmental product for all level of riders in the programme from Beginners to Novice to Intermediate to Advance.
- 31** The Horse Simulator has an operation life of 15 years and maintenance will be the responsibility of GLL for the duration of the LSC.

FINANCIAL

- 32** As per the LSC agreement, the Authority will provide capital investment for the project to GLL and can choose to either deliver the project directly or require GLL to deliver the project under the LSC. Given LVRC is under a full repairing Lease and the works are largely refurbishments its recommended that GLL manage the refurbishment and purchasing of equipment, but the Authority signs off all drawings and the works before any orders are placed. The new facilities will be owned by the Authority and GLL will have no right to remove the facilities at the end of the contract (or if the venue is removed from the LSC and GLL cease to be the operator for the venue sooner).
- 33** Total capital required **£63,296** broken down as follows.

Description	Cost (Gross)
Dressage + RDA Simulator (inc. Installation)	£50,000
Stable – (Spec as per quote below)	£5,570
Saddle for the simulator	£3,442
Electrical work	£649
Contingency	£622
Sub Total	£60,283
Project management charge (5%)	£3,013
Total	£63,296

- 34 The Authority will receive a benefit from the proposed investments that significantly exceeds the capital investment. Please see Part 2 Paper E/797/23 for further details on the financial implications of the project.

PROJECT TIMELINE

- 35 The Mechanical Horse is manufactured at the point of ordering and has a 6 month lead time for delivery. Stable renovations will be completed within a 6 week period.
- 36 If Members approve the recommendations of this report a project team will be formed consisting of the key Authority and GLL officers from:
- Facility Management;
 - Operations;
 - Product Development; and
 - Marketing.

This project team will ensure there is full agreement on proposed timescales and GANTT responsibility areas and set milestones. All drawings, decisions, sign off etc associated with the project will be made by the Corporate Director.

ENVIRONMENTAL IMPLICATIONS

- 37 There are no environmental implications arising directly from the recommendations in this report other than all light fittings being installed will be LED's and will contribute to the ongoing invest to save projects relating to the LSC venues.

FINANCIAL IMPLICATIONS

- 38 The financial implications of these projects are covered in Part 2 Paper E/797/23.

HUMAN RESOURCE IMPLICATIONS

- 39 Authority officers will be required to sit on the project team for both projects and Authority sign-off of any decision will be required by the Authority's Representative as per the LSC.

LEGAL IMPLICATIONS

- 40 These investment projects will be subject to Schedule 21 of the LSC Control Change Protocol and this will allow the agreed financial arrangements to be formally documented. The Authority will also need to grant its consent to internal alterations under the leases.

RISK MANAGEMENT IMPLICATIONS

- 41 There are no risk management implications arising directly from the recommendations in this report.

EQUALITY IMPLICATIONS

- 42 There are no equality implications arising directly from the recommendations in this report.

Author: Dan Buck, 01992 709 896, dbuck@leevalleypark.org.uk

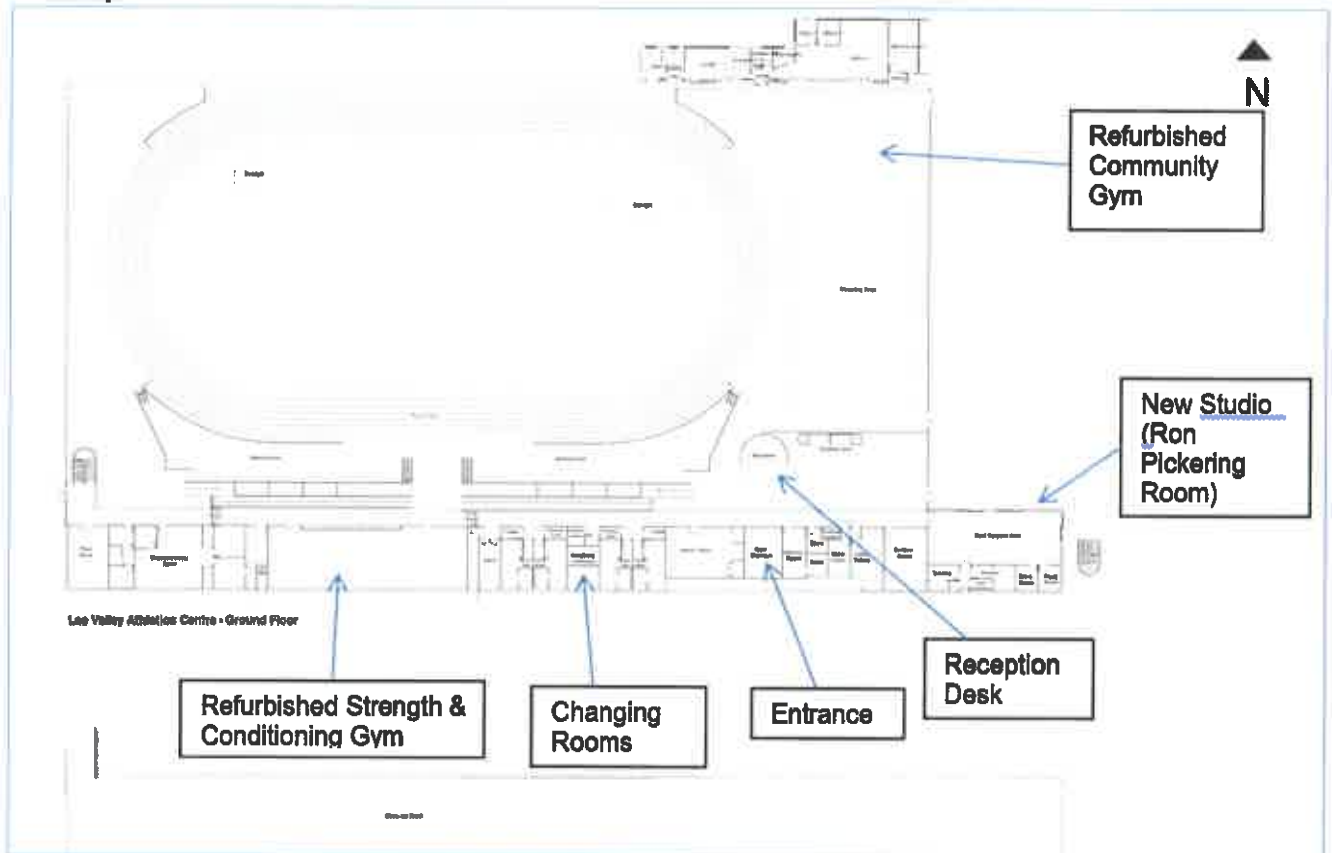
APPENDICES ATTACHED

Appendix A	LVAC Plans
Appendix B	LVRC Plans

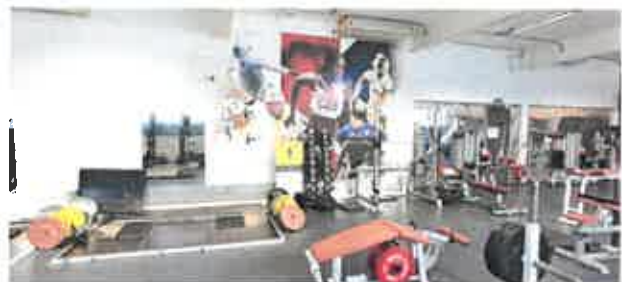
LIST OF ABBREVIATIONS

the Authority	Lee Valley Regional Park Authority
GLL	Greenwich Leisure Limited
Leisure Services Contract (LSC)	Leisure Operating Contract between the Lee Valley Regional Park Authority and Greenwich Leisure Limited dated 31 March 2022
LOBTA	Leisure Operator's Base Trading Account, the financial model agreed to in the LSC
LVAC	Lee Valley Athletics Centre
LVRC	Lee Valley Riding Centre
LSC	Leisure Services Contract
BHS	British Horse Society

**Lee Valley Athletics Centre
Venue plan:**



Current Strength and Conditioning Suite



Current Community Gym Area



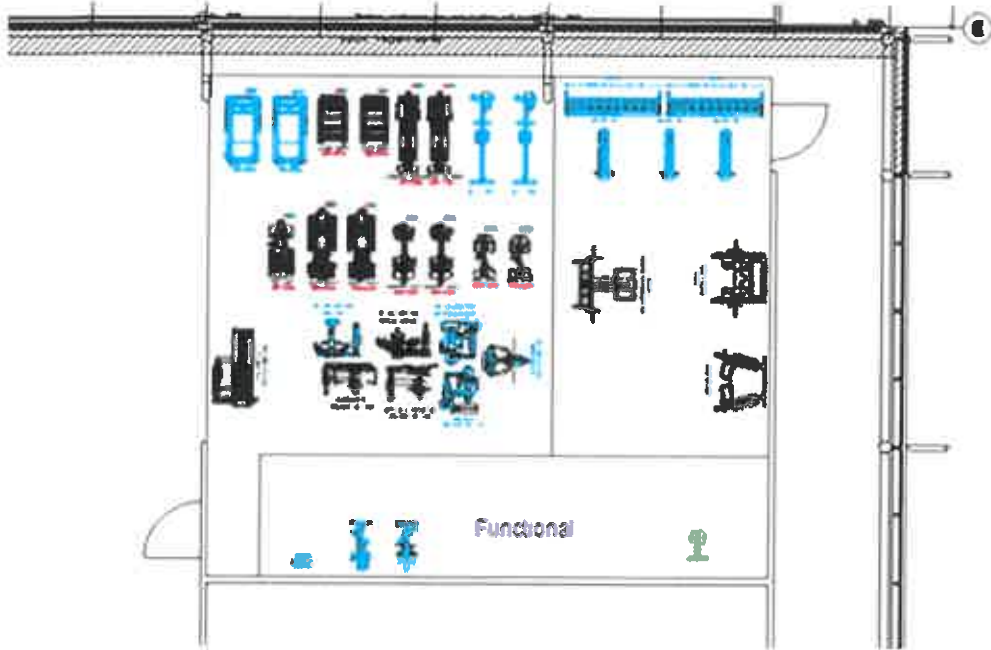
Current Changing Rooms



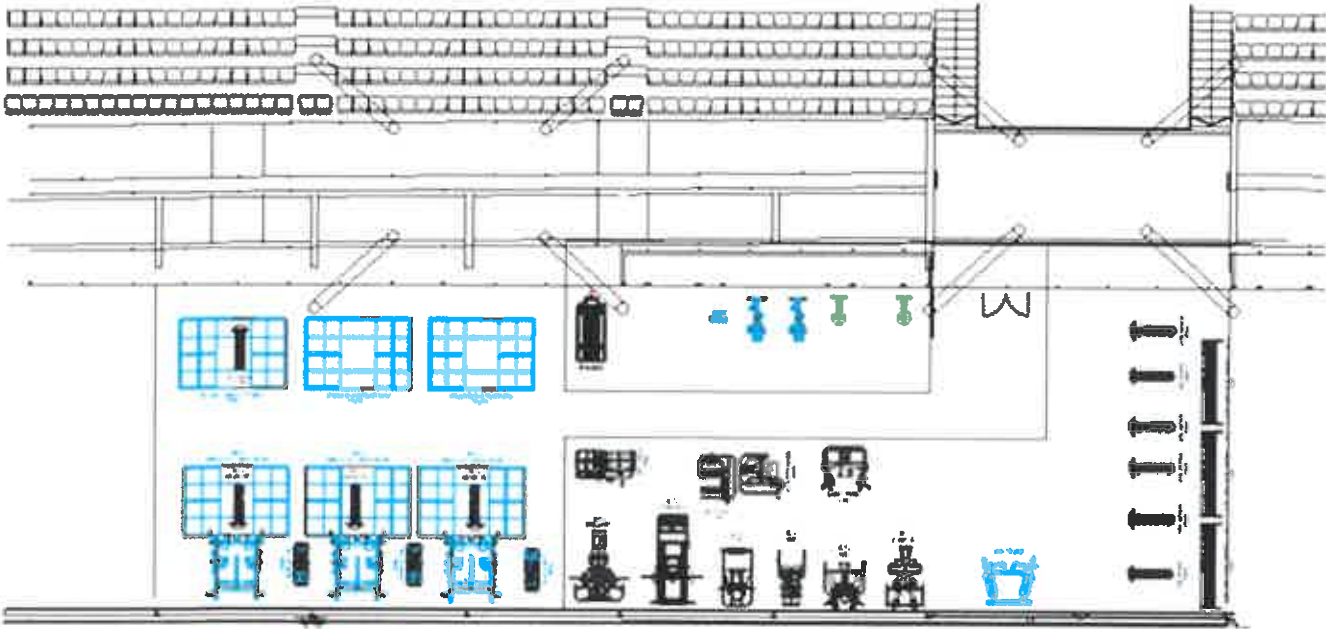
Current Reception and Entrance



**Proposed Gym Area Layout:
Community Gym**



Strength & Conditioning Gym



This page is blank

**Lee Valley Riding Centre
Venue Plan and stable location:**



Current stable



Simulator details



Standard features

Our most popular simulator; with the addition of RDA software offering a number of different interactive and engaging environments to ride around. Accommodating riders of all levels. Practise advanced dressage movements such as: Piaffe, Passage and Half Pass along with arena work and test practice. Focus on interaction, skills and balance by viewing immediate visual feedback on seat position, rein pressure and riding movements. TV, mounting block, bridle and reins included as standard.

