

There will never be a better time



Building new leisure facilities may seem like a luxury in these austere times, but Tom Pinnington and Chris Marriott argue that it can actually be more cost-effective than refurbishing ageing sites



It's been over a year since the outcome of the comprehensive spending review was announced. The budget cuts have been taking effect throughout the public sector, including leisure services. In the meantime many local authority leisure facilities built during the early to mid-1970s are starting to come apart at the seams. There are currently some real opportunities for councils to secure savings, while also improving the quality and range of leisure facilities for their communities.

Rationalisation

Leisure facilities of around 30 to 40 years old tend to be clustered in regions; evidence of local authorities' unwillingness or inability to sort out their portfolios. These were built to suit different leisure needs and customer expectations. Many of them have been extended over time in a piecemeal fashion as and when odd funding became available. Facilities of this vintage are costly to manage and operate and are completely incapable of optimising revenue. The question is whether to merely refurbish them or to do the job properly and replace them.

Refurbishment of buildings of this age rarely provides anything other than a short-term solution and simply delays the inevitable. However, if councils consider their wider portfolio, there are often opportunities to rationalise provision, providing potential to reduce revenue deficits, increase income and unlock funding based on the potential revenue savings. The rationalisation of facilities doesn't need to stop with leisure. Increasingly, other services are being co-located within leisure buildings.

More commercial facility mix

The choice of facility mix for any new facility is important. There will be elements of any facility that are 'a given', to meet community needs (pools being a good example), but there are others that can be added, removed or reduced to maximise the potential to generate positive revenue. A cold assessment of the financial sustainability of a sports centre will typically dictate that pool water should be minimised, as should sports hall space, while health and fitness suites, studios and five-a-side

up to community use outside school hours, the schools could generate a valuable source of income and local authorities could be relieved of the burden of providing facilities that are underutilised for much of the day.

Low borrowing rates

Borrowing rates are currently at historically low levels. For those that can unlock the revenue, new buildings have never been so affordable. Prudential borrowing can be secured over a long-term at a fixed rate. While it's anyone's guess how long rates can remain this low, you can be pretty sure they are only likely to rise in the future. Why not secure cheap finance now and benefit from it for years to come.

Competitive tenders for building facilities

The building contractor market remains very competitive. Competition is intense for many projects and the beneficiaries of this in recent years have been councils procuring new facilities. There are plenty of examples of good quality leisure facilities built at very competitive prices. This is set to continue for at least the next couple of years.

There are further opportunities to improve the bottom line for councils through outsourcing the management of facilities. With the quality of specialist operators and a very competitive market it is a matter of time before almost all of the community leisure stock in the UK is managed externally.

For many councils there's never been a better time to review their facilities and management arrangements. ●

Tom Pinnington and Chris Marriott are directors at The Sports Consultancy

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football pitches all provide a far better return on investment.

Unlocking existing facilities

Pressure on local authorities to provide large and expensive indoor spaces as part of a new facility can be eased by establishing partnerships with other providers of community sports facilities. It's great that many new schools now have good sports facilities, but few share these spaces with their communities. Many are the legacy of poorly written PFI contracts and an unwillingness on the part of operators to provide anything outside the narrow scope of the original contract. This has resulted in under-utilised sporting assets. If these facilities are opened