



Whitemark Community Gym

Community Business Case

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1 Introduction/Background

What is a Community Gym?

A community gym is a facility that offers or makes available equipment and/or programs that encourage levels of deliberate physical activity, *predominantly in locations that would generally not support a commercially viable operation.*

During the 80's and 90's Fitness on Flinders Inc. operated a small gym at The Lodge in Whitemark.

Below is a brief outline of its history.

- It operated on a key and buddy system which worked well until the Insurance Industry boom in the 90's.
- Then an issue of public liability caused it to close.
- During the Whitemark Hall Upgrade, the Fitness on Flinders Committee made provision for a Community Gym to be in the space which is now the Rose Garden Room. This did not eventuate.
- In the meantime, there has been no suitable building belonging to Flinders Council which could be used to house a gym and allow a committee of volunteers to apply for grants e.g. from TCF for its set-up and up-keep.

Currently there is a **privately** managed gym operating in Whitemark. The proprietor is David Heap who in part established the initiative on an initial trial basis in response to a number of community members who lived and worked in and around Whitemark but for various reasons were unable to use the facility at Lady Barron. David took on the payment of rent and insurance and collects a fee from users. He has supplied some of the fitness equipment in the facility and the remainder belongs to the Royal Flying Doctor Service (RFDS) from a previous funding program.

David made a presentation to Flinders Council on the 6th of July 2017, at which he stated that he is no longer able to continue the private operation of the gym and that he is about to cease his financial commitment to it in part as it is unviable as a commercial concern and that he is now potentially compromised with his Physical Activity Worker role with the RFDS/ Council Program.

In 2017 Council received funding from RFDS to commence three new positions including Rural Health Worker, Physical Activity Worker and Mental Health Worker. Under the funding program these positions aim to address specifically identified chronic health conditions. Delivery of services under this program commenced in April 2017 and the gym in Whitemark has been used to deliver these specific services 2 days per week.

This community business case is being developed to assess options and justifications to keep the Whitemark gym facility open as a going concern in order to continue to deliver the RFDS /Council health services as well as other community gym activities, much like the Council facility at Lady Barron.

2 Overview

2.1 Vision

A sustainable community gym model will contribute to improved health and wellbeing outcomes for the local community, as well as deliver positive health outcomes through its utilisation under the RFDS & Council rural health program.

The goal of this project is to provide a sustainable operational model for a community health gym in Whitemark.

2.2 Organisational Objective

This initiative is demonstratively in line with the following strategic directions in the *Flinders Council Annual Plan* to:

- 5.1 *Improve the health and wellbeing of the Island communities through leadership and coordination.*
- 5.1.1 *Integrated delivery of health promotion activities;*
- 5.1.2 *Primary Health Tasmania/RFDS program funding is administered for delivery of health services to the community and.*
- 5.1.3 *Improved health and wellbeing of the community is supported through education and health services.*

3 Purpose

This community business case is being produced to determine the costs and community benefits and model of operation for a community gym facility in Whitemark.

4 Situational Assessment and Problem Statement

The following points represent barriers to the gym in Whitemark continuing as a *private enterprise*:

- (a) High running costs of rent on premises, insurance and outlay for equipment.
- (b) The existence of a cheaper community gym down the road at \$5/week
- (c) Limited opening times due to operation under a 'supervision' model rather than a 'buddy system' which does not require supervision.
- (d) Inability to access grant funding due to its current '*for profit*' status.
- (e) Lack of any other suitable space available locally.

As such, unless a viable model of operation is found, the gym facility in Whitemark will close.

The benefit to Council in intervening to assist in finding a solution to keep the Whitemark gym open can be seen from the following:

- (A) Loss of this gym facility in Whitemark would jeopardise the continuation of positive outcomes coming from the delivery of Council's rural primary health program under funding from RFDS.
- (B) Council has already developed a successful operational model for community members at Lady Barron and the provision of a similar community gym in Whitemark delivers parity and equal access to health promoting activities.

5 Assumptions and Constraints

The special committee should include a member of the Lions Club.

The community gym could be a trial until the end of the RFDS funding arrangements June 2018.

As such Council may not decide to purchase the private gym equipment, however this may cause complications re the charging of private fitness class providers for use of the space.

Internal and external access issues will need to be resolved by Council in order to allow member access.

6 Identification and Analysis of Options

6.1 Identification of Options

The following options have been identified:

- Option 1** Do nothing, close the Whitemark gym, and relocate the RFDS service to Lady Barron.
- Option 2** Flinders Council covers rent and insurances on the Lions Club gym premises which is operated by the existing private gym manager.
- Option 3** Council/ Community Gym. That the gym ceases to be a privately operated business and Council operates a Community Gym on a similar basis as that undertaken in Lady Barron.

6.1.1 Option 1: Do nothing, close the Whitemark gym, and relocate the RFDS service to Lady Barron.

From an operational perspective, this option is of high risk. It would directly impact Council's key strategic objectives by affecting the core service delivery of the Council/RFDS health program. This is because clients who currently access the services of the Physical Health Worker would have to travel to Lady Barron to access the fitness facilities required. In addition, the considerable benefits of being located close to the MPC would be lost.

There would be a medium risk associated with reputation for RFDS and Council as this outcome would be visible to those community members who currently use the Whitemark gym privately or through services delivered by RFDS/Council and may bring into play issues of equitable access to fitness facilities.

6.1.2 Option 2: Flinders Council covers rent and insurances on the Lions Club gym premises which is operated by the existing private gym manager.

It is possible to subsidise the existing arrangements. Total financial cost to Council would be \$8,336 per annum. This amount would be funded in part by RFDS funds of \$3,380 per annum and a proposed Council contribution of \$4,956. This represents less than 5% of the funding allocation from RFDS for the delivery of health services under the program.

However, the main risks associated with this option are the high risk of reputational loss to Council, as well as the risks associated with the complexity of achieving this working model.

Reputational Risk

Under this option Council would be paying the rent and insurance for the operator of a private enterprise who is also a Council employee. If Council were to adopt this option, it would run the risk of the public perception of a conflict of interest between the roles of the Council employed Physical Health Worker and the private role of gym manager.

Operational Complexity Risk

The high risk associated with the complexity of operating the gym in this way relates to the use of the gym by the private operator on the days that it is not utilised for the delivery of health services under the Council/RDFS program. This complexity could be addressed by user fees for private operators wanting to use the space to deliver classes.

This option is also high risk in terms of complexity due to the privately owned equipment and Council responsibility for insurance and further complicated if or when the current operator decides to not continue, leaving the Council and Community in a difficult position.

6.1.3 Option 3: Council/ Community Gym. That the gym ceases to be a privately-operated business and Council operates a Community Gym on a similar basis as that undertaken in Lady Barron

Council operates a Community Gym on a similar basis as that undertaken in Lady Barron.

Under this option Council pays rent on the Lions Club premises for the two days a week that the RFDS health service program operates until the **end of the current lease** in August 2017.

At the end of the current leasing arrangement, Council negotiates a new lease agreement with the Lions Club to enable the sustainable operation of the community gym.

That council purchases existing privately owned equipment and covers insurance.

That Council staff undertake the role of user management of the gym using the same model as the Lady Barron Fitness Facility and that compliance issues are met.

That a Community Management Committee is formed as a special committee of Council. This is to support the management of the community gym and to source funding opportunities. Anecdotally there seems to be a number in the Community willing to become involved. Deputy Mayor Cr Marc Cobham has indicated his willingness to be a potential Council Representative on any such Committee.

The net cost to Council of this option, including set-up cost is \$11,037. This represents 6.8% of the \$160,044 funding from RFDS for the delivery of services under the program. This represents a low risk in terms of the program budget. This net cost could however be lower if the Council leases the gym space.

This option is of a lower risk in terms of the experience required to make it happen, as Council has successfully completed this type of project at Lady Barron.

Operationally it is of a low risk as it impacts only two departments in our organisation.

The stakeholder impacts associated with this option are the lowest of the three options. Therefore, the risk of damage to Council reputation is low.

6.2 Recommended Option

Council/Community Gym. That the gym ceases to be a privately-operated business and Council operates a Community Gym on a similar basis as that undertaken in Lady Barron.

In consideration of the above analysis, the Council/Community Gym Option is recommended and that the gym ceases to be a privately-operated business and Council operates a Community Gym on a similar basis as that undertaken in Lady Barron. The main features are:

- (a) Council to pay rent and insurance on the Lions Club premises for the days that the RFDS health service program operates, until the end of the current lease.
- (b) At the end of the current leasing arrangement, Council negotiates a lease agreement with the Lions Club in order to ensure the sustainable operation of the Community Gym.
- (c) Council to purchase existing privately owned equipment and covers insurance.
- (d) Council staff to undertake the role of compliance and user management of the gym using the same model as the Lady Barron Fitness facility.
- (e) A Community Management Committee be formed to manage the daily operations of the gym.

6.3 Comparison of Options

Please see the table below for a summary and comparison of the three options canvassed above. This is to be read in conjunction with the prepared budget, which demonstrates the costs to Council of the preferred option.

Criteria	Option 1: Do nothing, close the Whitemark gym, and relocate the RFDS service to Lady Barron	Option 2: Flinders Council cover rent and insurances on the Lions Club gym premises which is operated by the existing private gym manager	Option 3: Council/ Community Gym. That the gym ceases to be a privately-operated business and; Council operates a Community Gym on a similar basis as that undertaken in Lady Barron
Benefits:	None	Whitemark Gym Facility remains open. RFDS Physical Health Worker services can continue in Whitemark. Patients do not have to travel. Close to MPC.	Whitemark Fitness Facility remains open. RFDS Physical Health Worker services can continue in Whitemark. Patients do not have to travel. No further reputational loss in relation to the delivery of the new health services. Close to MPC.
Disadvantages:	Patients lose access to this health service in Whitemark. Clients & community members have to travel to Lady Barron to access gym RFDS & community gym services.	High Risk: Perception of conflict of interest/non-transparency re Council Physical Health Worker program delivery, and operation of a subsidised private gym. Complexity of making this model work.	None. Low risk for project complexity.
Costs:	Cost to RFDS/Council health service clients of travel to Lady Barron.	Low Risk: Financial cost to Council of lease and insurance, \$8,336. This amount represents 5% of the RFDS program budget.	Low Risk: Total cost to council, including purchase of privately owned gym equipment represents 6.8% of total program budget. This could be lower with a Council lease on the premises.
Risks:	High: Risk of Council being unable to deliver on core strategic objectives to deliver health services to the Community.	High: Risk of reputation damage to Council re implementation of RFDS funded health services, in relation to community perceptions of conflict of interest between the public and private roles of the Physical Health Worker. In addition to risks associated with public perceptions of Council subsidising a private business.	Low risk in terms of operational impact for Council. Low risk for reputation terms of Council delivery of health services under RFDS funding.
Stakeholder Impact:	Community members currently using the service: High RFDS & Council: HIGH Lady Barron Fitness Facility users: High	Flinders Council: High RFDS: High Community members currently using the service: Low	RFDS: Low Flinders Council: Low Community members accessing services out of the facility: Low

Community Development Team