

## TOTTON RECREATION CENTRE – FITNESS SUITE EXTENSION REQUEST FOR VIREMENT

### 1. BACKGROUND

- 1.1 The Leisure Portfolio Capital Programme includes £125,000 in 2001/02 for an extension to “Lifestyles”, the Health & Fitness Suite at Totton Recreation Centre.
- 1.2 The funds were approved in the Expenditure Plan proposals following a report outlining the excess demand which existed for the Health & Fitness facilities and projected additional annual net income of £55,750 which would give a 2.2 year payback on the scheme.
- 1.3 Two other schemes were included for Totton for 2001/02 they were the resurfacing of the roof above the gym (£30,000) and the refurbishment of the wet changing room (£76,000).
- 1.4 To maximise the efficiency of project management and in order to maintain a service to the public it was agreed to combine the projects and dovetail them so that closures were kept to an absolute minimum. The total budget available was £231,000

### 2. CURRENT POSITION

- 2.1 Tenders for the fitness suite extension were opened on the 29<sup>th</sup> June 2001 and the lowest tender was £124,000 in excess of the available budget. This was mainly because of the cost of the mechanical and electrical services which were included.
- 2.2 A complete review of the project costs and discussions with the Contractor has resulted in a reduction in the costs of the proposed extension to £228,566. It should also be noted that this figure contains £17,000 of provisional sums and Property Services are confident that most of this will not be required. The Council therefore has a number of options.  
  
**Option 1** - Combine the budgets for the Health & Fitness Suite and changing room projects, proceed with the health and fitness suite extension and submit a new bid for the changing room refurbishment for 2002/03.  
  
**Option 2** - Proceed with the changing room refurbishment and rebid for funds to extend the Health and Fitness Suite in 2002/03.
- 2.3 While both the Lifestyles extension and changing room refurbishment are key schemes in delivering quality service to our customers the Lifestyles extension should be seen as a priority in that it will:

- a) capitalise on an existing market opportunity to substantially increase our throughput
- b) provide the Centre with a competitive edge in the local Health and Fitness market
- c) protect existing levels of usage against increasing competition
- d) provide an additional £55,750 annually to the Centres income stream
- e) give a 3.6 year pay back on the capital cost
- f) allow the much needed expansion of the GP Referral and Cardiac Rehabilitation Programmes

2.4 Given that Option 1 will deliver these outcomes it is felt that the Council should proceed with this Option.

### **3. CONCLUSION**

3.1 Health and Fitness is the Recreation Centres fastest growing activity and the Council has already recognised the need to extend Lifestyles and has allocated funds in the Expenditure Plan.

3.2 There is however a shortfall in the funds available of £73,566 and an opportunity exists to vire funds from the changing rooms refurbishment which would allow the Lifestyles extension to proceed.

3.3 Despite the increase in costs this scheme still has projected payback of less than 4 years and will meet a number of key financial and service objectives.

3.4 The opportunity will exist to bid for funds to refurbish the changing rooms in 2002/03.

### **4. FINANCIAL IMPLICATIONS**

4.1 Leisure Services capital programme includes provision for the extension of the gym (£125,000) and roofing works (£30,000). The total budget available for these two schemes is £155,000. In addition, the programme also includes £76,000 for the refurbishment of the wet change area in the current year.

4.2 The revised cost of the extension of the gym, including the necessary works to the roof, is now £228,568, resulting in a budget shortfall of £73,568. This shortfall could be funded by virement of budget currently earmarked for the wet change refurbishment.

4.3 If the wet change refurbishment is to go ahead at a later date, this will need to be the subject of a new bid as part of the current Expenditure Plan process.

### **5. ENVIRONMENTAL IMPLICATIONS**

- 5.1 The increased amount of cardio-vascular equipment will mean an increase in the Centres electricity consumption.

**6. RECOMMENDATION**

- 6.1 It is recommended that the Cabinet agree to a virement of £74,000 from the Changing room refurbishment budget to the Lifestyles extension and recommend that Council approve that virement.

**For further information:**

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**Background Papers:**

None