

NEW MILTON RECREATION CENTRE – EXTENSION TO FITNESS SUITE

1. BACKGROUND

- 1.1 A scheme to extend the existing fitness area over the main reception and ground floor offices was included in the capital expenditure plans for the Leisure Portfolio in 2002/03. A sum of £120,000 was allocated.
- 1.2 Following the Best Value review of the catering areas in all of the Recreation Centres it was decided to close the Bar and Kitchen facilities at New Milton Recreation Centre.
- 1.3 This closure resulted in these areas of the building, which are adjacent to the existing fitness suite at first floor level, becoming available for the proposed extension to the fitness suite.
- 1.4 It was considered that this proposed scheme would be suitable for a design and build contract similar to the recently completed scheme at Applemore Recreation Centre.
- 1.5 An advertisement was placed in the trade journals requesting suitably experienced contractors to apply for inclusion on a selected list of tenderers. Thirteen companies applied and after financial and technical appraisals were carried out five companies were invited to submit designs and tenders for the scheme.
- 1.6 They were provided with tender documents which included the clients design requirements and plans of the existing area of the building. Tenders were invited on the 27 August 2002 and returned on 27 September 2002.

2. CURRENT POSITION

- 2.1 Tenders were received from three Contractors the lowest price was £227,975.00 and the highest £305,610.00.
- 2.2 Detailed discussions have been taking place with the lowest tenderer to reduce the cost of the scheme and this has resulted in a revised cost of £159,611.00 a reduction of £68,364.
- 2.3 This has been achieved by a detailed examination of each of the individual items that make up the complete tender. Some items have been omitted altogether, some have been changed to a different specification and some have been omitted from this contract and will be dealt with by other specialist contractors.
- 2.4 The main item that has been omitted is the work to the existing studio to convert it into a specialist mind/body studio. However some work can be done in-house to convert to a multi-purpose hall for aerobics, children's parties and a general meeting room for up to 30 people. This will save approximately £15,000.
- 2.5 The main item in the latter category to be dealt with by a specialist contractor is the air conditioning plant which has been changed to a "central plant" system

which will be more economic over the 20 year life of the equipment and will use more environmentally friendly refrigerant sometimes referred to as “green” refrigerant. This will save approximately £20,000. The alternative was to use “cassette units” which only lasts for 10 – 12 years, are more costly to run and maintain and cannot be filled with “green” refrigerant.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The current budget, which was for a different scheme, is £120,000. If approved the cost of the current revised scheme will be £160,000 and would require additional funding of £40,000.
- 3.2 The Leisure Portfolio capital programme has been reviewed in the light of the additional costs required for this scheme. The schemes below are not considered to be as high a priority as the fitness suite extension and therefore it is proposed to fund the additional costs by virement from the following schemes.

<u>Centre</u>	<u>Scheme</u>	<u>£</u>
Lymington	100707 – Extension to Sports Hall Store	23,000
New Milton	100502 – Squash Court Refurbishment	5,000
Totton	100808 – Car Park Barrier	<u>12,000</u>
		<u>£40,000</u>

- 3.3 In the light of previous experience on fitness suite extensions at our other centres the Centre Manager has reviewed his business plan for the proposed scheme and estimate that overall additional income of £5,000 per annum will be achieved over and above his previous forecasts.
- 3.4 The proposed investment of £160,000 will generate an additional net income over 5 years of £191,000 giving a payback period of 4.3 years.
- 3.5 There will also be additional ongoing savings of £2,000 per annum on revenue costs for reduced running costs and future maintenance costs for the new “green” air conditioning plant it is proposed to install.

4. ENVIRONMENTAL IMPLICATIONS

- 4.1 The installation of the central plant air conditioning system to serve both the old and new fitness areas will enable the existing cassette units in the old area to be removed. These units are at the end of their useful life expectancy and are due to be replaced. They do not contain the “green” refrigerant and therefore do not comply with the Council’s LA21 policy.

5.0 CRIME AND DISORDER IMPLICATIONS

- 5.1 There are no significant implications from this proposed scheme.

6.0 CONCLUSIONS

- 6.1 The existing budget was prepared for a different proposal.
- 6.2 Working with the lowest tenderer significant reductions have been made to the cost of the proposed scheme without compromising the clients brief.

- 6.3 The installation of the “central plant” air conditioning system with the “green” refrigerant is in line with the Council’s LA21 Policy and will provide ongoing revenue savings of £2,000 per annum on reduced electricity consumption
- 6.4 Additional funding of £40,000 will be required to be vired from other existing schemes in the Leisure Portfolio for 2000/03.

7.0 PORTFOLIO HOLDER COMMENTS

- 7.1 In light of the fact that these proposals can be contained within existing budgets, the Portfolio Holder supports the recommendation.

8.0 RECOMMENDATION

- 8.1 It is recommended that Cabinet recommend to the Council that the virement of £40,000 to the proposed Fitness Suite extension at New Milton Recreation Centre from existing schemes in the Leisure Portfolio Capital Programme be approved.

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Background Papers:-

Leisure Portfolio Capital
Estimates 2002/03

Best Value Review of
Catering Facilities in
Recreation Centres

RY/Consult/Reports/NMRec.doc