

Agenda Item 16

Community Initiatives
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Report

Subject : Five Rivers Fitness Equipment
Report to : The Cabinet
Date : Wednesday 05 September 2007
Author : Robin Townsend, Head of Community Initiatives
Cabinet Member for Community Initiatives – Cllr Brian Dalton

1. Report Summary:

- 1.1. To gain approval from Cabinet to initiate the procurement process to both replace the fitness equipment and modify the Fitness Suite at Five Rivers Leisure Centre and Swimming Pool.

2. Introduction and Background:

- 2.1. The Fitness Suite at Five Rivers Leisure Centre offers an extensive range of cardiovascular, strength and toning equipment.
- 2.2. Since the Council took managerial responsibility for the Centre in 2004 the Fitness Suite in particular has gone from strength to strength. Although the success is obviously dependent on a number of factors, modern, well maintained equipment is a key element, with customers expecting it to be both state of the art and reliable.
- 2.3. An important part of the success locally has been the fact that a far higher priority and urgency has been assigned to repair and maintenance tasks. This change of approach has not only vastly improved the levels of customer satisfaction but has also resulted in a steady and sustained increase in memberships.
- 2.4. However as the age of the equipment increases so does the number of breakdowns associated with it. The current spend on gym equipment maintenance stands at £4,000 p.a. There is also an additional cost if equipment is deemed unserviceable and we are required to replace it, something which is far more likely as time goes on. Downtime is also increasing dramatically, which detracts from the service provided and impacts on customers and their levels of satisfaction.
- 2.5. These costs are as nothing when compared to the potential damage which will result from customers becoming dissatisfied and taking their custom elsewhere. From a revenue perspective, the financial performance of the Centre is reliant on the income generated from memberships and monthly pay as you go payments that collectively exceeded £480K last year.



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- 2.6. It is not only the reliability of the equipment that has an impact on this but also the age and design of the equipment itself. In a very competitive market, the ability to both retain existing members and attract new ones is of paramount importance. Competition in the area is increasing with one new facility having opened within the last 12 months and planning permission having been approved for another.
- 2.7. To match this, the Council needs to ensure that the Fitness Suite at Five Rivers is both updated and modernised to enable it to be competitive and meet customers growing expectations.
- 2.8. Whilst updating the equipment it is also recommended that some improvements to the design of the fitness suite itself are made that would have the added value of ensuring that:
 - equipment where possible is Compliant with the Inclusive Fitness Initiative (I.F.I). This is an initiative to encourage councils to ensure that both the fitness suite in general and the equipment where feasible, is fully accessible for use by those with disabilities.
 - a separate self-contained area is set aside for Spin Classes. This will prevent the current disruption that is caused to the rest of fitness suite users due to the noise (music) that emanates from the current area set-aside for Spin Classes.
 - Modifications are made to the design of the Fitness Suite area to ensure that air temperatures can be properly controlled.

3. Proposal:

- 3.1 Officers have undertaken an options appraisal of the various procurement solutions open to the Council and believe that the most economically advantageous solution is to seek a specialist company who can replace all the fitness equipment on a lease basis and also undertake all the necessary modifications to the Fitness Suite itself.
- 3.2 The proposal would allow for the equipment to be replaced all in one go through a lease agreement. The likelihood is that a far more favourable purchase price will be achieved. The intention would be to use these savings to tackle those design flaws previously outlined. Indications are that the cost to both replace all the equipment and make the necessary design alterations would be in the region of £150K paid for over 60 monthly instalments that can be financed from within existing budgets by reduced maintenance and equipment purchase costs as well as an anticipated increase in income through additional memberships.

The advantages with this method of procurement are:

- All issues which currently prevent use of the gym by those with disabilities would be resolved.
- All equipment will be replaced in one go, attracting favourable purchase costs.
- All the equipment will be matched, giving the gym a far more professional look.
- All equipment will be covered under a 5 year service/maintenance/warranty period, saving the centre approx. £4,000 per annum on maintenance costs
- The contract will include building works to:
 - Re-design partition walls around the gym that will enable the air conditioning to work effectively and reduce the noise to other areas of the centre.
 - remove the raised plinth making equipment more accessible to disabled users
 - fully enclose the Spin Classes area to reduce the noise impact on other gym users.
 - complete redecoration of the gym including new flooring, making the gym visually appealing
- Existing members will be presented with a brand new state of the art gym and therefore retention of customers is far more likely.
- A new state of the art gym is likely to result in an influx of new custom. A 1% increase (80 members) in our current levels of custom will cover the cost of the project. Since March '06 an additional 200 new members have joined the centre.
- Breakdown of equipment should be vastly reduced.
- There will be savings on energy costs resulting from the air conditioning only having to cool the gym area.
- All the ancillary gym equipment will be included as part of the contract.
- Raises the game locally for any other provider wishing to compete and therefore has a positive impact on the quality of leisure provision available to all council residents.
- Makes those pieces of equipment, which are still serviceable, available for utilisation at both Durrington Swimming & Fitness Centre and Tisbury & District Sports Centre
- The company awarded the contract will be in a far better position to be able to re-furbish / sell the older pieces of the equipment that are not transferred to Durrington or Tisbury.

4. Recommendations:

Cabinet is recommended to:

4.1 authorise Officers to undertake the procurement process to both replace the fitness equipment and modify the Fitness Suite itself at Five Rivers as outlined in the report.

5. Background papers - nil

6. Implications:

6.1. Financial: Under the Council's scheme of delegation the Head of Financial Services can sign any leases on behalf of the Council.

6.2. Legal: a lease will mean that the Council will not own the equipment. If payments are fixed the Council will pay a premium should interest rates fall but benefit if rates continue to rise. The Council is able to enter into contracts under the Local Government [Contracts] Act 1997. Any procurement must comply with the Council's contract standing orders and if applicable the European procurement regime. In the event that a lease is treated as a capital contract should the value of it exceed £1M or if it is treated as a non capital contract £100,000 or if the total value of all other similar contracts backdated to 31.12.2006 together with the value of the proposed lease exceed the respective financial thresholds the lease is potentially subject to control under the Local Government and Public Involvement in Health Bill. Under the Bill it is open to the Secretary of State to issue a direction that all controlled contracts require consent in the absence of which the lease would not be enforceable against any new Wiltshire authority.

6.3. Personnel : None at this stage

6.4. Community Safety : None at this stage

6.5. Environmental : None at this stage

6.6. Human Rights : None at this stage

6.7. Equality and Diversity :

6.8. Ward(s) Affected: Potentially all within the SDC area.

6.9. Core Values : Fairness & Equality, Progressive employer, Communicating with the Public, Supporting the Disadvantaged, Excellent Service, Thriving Economy;

6.10. Consultation : None at this Stage