



**CABINET**

**17<sup>TH</sup> SEPTEMBER 2015**

**AGENDA ITEM (10)**

**REPLACEMENT AIR CONDITIONING PLANT AT COTSWOLD LEISURE CENTRE, CIRENCESTER**

<b>Accountable Member</b>	Councillor Lynden Stowe Leader of the Council
<b>Accountable Officer</b>	Andrew Dike Joint Property and Facilities Manager 01285 623000 andrew.dike@cotswold.gov.uk  Martin Holland Joint Leisure Services Manager 01993 861556 martin.holland@westoxon.gov.uk

<b>Purpose of Report</b>	To seek approval for the reallocation of funding contained within the Council's approved capital programme; and to appoint a contractor to carry out works at Cotswold Leisure Centre, Cirencester.
<b>Recommendations</b>	<b>(a) That a re-allocation of £59,000 from the Health &amp; Fitness Equipment replacement budget in the Council's 2015/16 Capital Programme be approved to fund the replacement of air conditioning equipment at Cotswold Leisure Centre, Cirencester;</b> <b>(b) that Contractor B be appointed to deliver the air conditioning works.</b>
<b>Reason(s) for Recommendation(s)</b>	To replace obsolete and unreliable air conditioning plant at Cotswold Leisure, Cirencester

<b>Ward(s) Affected</b>	All within the Leisure Centre catchment area
<b>Key Decision</b>	No
<b>Recommendation to Council</b>	No

<b>Financial Implications</b>	<p>The costs of the air conditioning works will amount to approximately £89,000.</p> <p>The works are estimated to generate revenue savings from energy costs of £4,000 per annum which, under the terms of the contract, fall to SLM during the contract term.</p> <p>It is also anticipated that there will be reduced maintenance demands on the Council and consequent savings to the maintenance budget, which are estimated at around £2,000-£3,000 per annum (on average).</p>
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	<p>The quotation breakdown (para 4 refers) includes provision for the installation of suspended ceilings in the gym and dance studio. This reduces the cooling load/volume which in turn reduces the cost of the air conditioning equipment.</p> <p>Underspends in the Property Maintenance budgets in 2014/15 were set aside to support additional works scheduled in 2015/16. £30,000 has been made available from Property Services maintenance budgets to support the scheme.</p> <p>It is being requested that the remaining £59,000 for the project be re-allocated from funding allocated to the Leisure Centre Health &amp; Fitness Equipment capital budget, as detailed below.</p> <p>A sum of £380,000 resides in the Council's 2015/16 capital programme for the replacement of health and fitness equipment at the Council's leisure centres. Tenders have now been received for this project, the lowest being significantly under the allocated budget. When trade-in values for the existing equipment are also factored in, there will be a budget underspend which could be utilised to contribute towards the air conditioning plant replacement, as follows:-</p> <table border="0"> <tr> <td>H &amp; F Equipment Replacement Lowest Tender</td> <td>£303,000</td> </tr> <tr> <td>3<sup>rd</sup> Party Costs</td> <td>£37,000</td> </tr> <tr> <td><b>Total Project Budget Required</b></td> <td><b>£340,000</b></td> </tr> <tr> <td>Budget within the Capital Programme</td> <td>£380,000</td> </tr> <tr> <td>Remaining Balance</td> <td>£40,000</td> </tr> <tr> <td>Receipt from Equipment Trade-in</td> <td>£35,000</td> </tr> <tr> <td><b>Predicted underspend</b></td> <td><b>£75,000</b></td> </tr> </table> <p>If £59,000 of this underspend is utilised to finance the air conditioning works, the balance of £16,000 can be released to capital reserves.</p>	H & F Equipment Replacement Lowest Tender	£303,000	3 <sup>rd</sup> Party Costs	£37,000	<b>Total Project Budget Required</b>	<b>£340,000</b>	Budget within the Capital Programme	£380,000	Remaining Balance	£40,000	Receipt from Equipment Trade-in	£35,000	<b>Predicted underspend</b>	<b>£75,000</b>
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<p><b>Legal and Human Rights Implications</b></p>	<p>None</p>														
<p><b>Environmental and Sustainability Implications</b></p>	<p>The existing system produces approximately 11.56 tonnes carbon and 42.8 tonnes CO2 per annum. The proposed replacement, A+ rated, system provides increased capacity and is estimated to save 5.04 tonnes carbon and 18.65 tonnes CO2 per annum.</p> <p>The Daikin reputation for quality and reliability is amongst the best in the current market - with the increased capacity and this reliability, the required conditions within the Gym and Dance Studio will be achieved on a consistent basis.</p>														
<p><b>Human Resource Implications</b></p>	<p>None</p>														

<p><b>Key Risks</b></p>	<p>Should the Council decide not to replace the equipment as proposed in this report, there is a risk that due to inconsistent climate conditions and system failures, the leisure facilities will not be utilised by the community as forecast by the leisure contractor when submitting the tender for service provision.</p>
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	<p>Increased annual maintenance costs due to increased component failures, resulting in system downtime.</p> <p>Therefore, there could be a claim against the Council for loss of revenue which would undermine the savings deliverable under the contract.</p>
<b>Equalities Analysis</b>	No effect on protected groups identified

<b>Related Decisions</b>	Cabinet, 5 <sup>th</sup> February 2015 - Health and Fitness Equipment Replacement
<b>Background Documents</b>	None
<b>Appendices</b>	None

<b>Performance Management Follow Up</b>	Implement Cabinet decision
<b>Options for Joint Working</b>	None

<b>Background Information</b>	
<p>1. The Council entered into a ten-year Leisure Management contract with Sport &amp; Leisure Management (SLM) which commenced on 31<sup>st</sup> July 2013. The contract scope includes the following Leisure and Cultural facilities:-</p> <p style="padding-left: 40px;">Cotswold Leisure Centre, Cirencester;  Bourton Leisure Centre;  Chipping Campden Leisure Centre;  The Corinium Museum &amp; Resource Centre.</p> <p>2. Over the contract term, SLM will make payments to the Council which exceed the targeted savings which formed part of the original outsourcing strategy.</p> <p>3. Under the terms of the Leisure Management Contract, the Council is responsible for the end-of-life replacement of major plant within the contracted out facilities. Installed in 2006 when the Leisure Centre was constructed, the existing three air conditioning systems have consistently caused both increased maintenance and controllable climate condition issues over the past few years due to low capacity ratings and multiple component failures. This has resulted in higher than desired internal temperatures during particularly hot periods and increased annual plant replacement spend. The VRV cooling systems were identified for renovation or replacement in year five (2017) within the condition survey commissioned and carried out in 2012, at an estimated cost of £35,000. The plant is now deemed to be obsolete with parts increasingly difficult and expensive to source. This is increasing costs and system downtime, clearly demonstrating the need for the replacement scheme to be brought forward.</p> <p>4. Officers in the Legal and Property Services Section have been maintaining the plant over the preceding nine years. Accounting for the cost incurred to date and projected costs, it has now become economically unviable to continue to maintain the plant and replacement is therefore recommended.</p>	

5. Competitive quotations for the supply and installation of a replacement system have been sought from suitable contractors to establish a best value supply and installation solution. The quotations received were as follows:-

Contractor	A	B	C	D
Quotation	£74,750	£61,572	£64,593	£62,171
Suspended Ceilings	£10,324	£10,324	£10,324	£10,324
Builders Work In Connection	£17,000	£17,000	£17,000	£17,000
Total	£102,074	<b>£88,896</b>	£91,917	£89,495

6. The quotation provided by Contractor B represents the best value for the Council.

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