



CABINET

5TH FEBRUARY 2015

AGENDA ITEM (11)

HEALTH AND FITNESS EQUIPMENT REPLACEMENT

Accountable Member	Councillor Mrs. CH Topple Cabinet Member for Health and Leisure
Accountable Officer	Martin Holland Leisure Services Manager 01993 861556 martin.holland@westoxon.gov.uk
Purpose of Report	To seek authority to undertake an OJEU procurement exercise.
Recommendation(s)	<p>(a) That a procurement exercise be undertaken in accordance with the OJEU regulations to replace health and fitness equipment at the Council's Leisure Centres at Bourton-on-the-Water, Chipping Campden and Cirencester;</p> <p>(b) the appropriate Strategic Director, in consultation with the Cabinet Member for Health and Leisure, being authorised to award the contract;</p> <p>(c) that the Council be requested to include the sum of £380,000 in the 2015/16 Capital Programme to fund replacement Health and Fitness equipment at the Council's Leisure Centres.</p>
Reason(s) for Recommendation(s)	For the replacement of Health and Fitness equipment at the Council's Leisure Centres.
Ward(s) Affected	All within the Leisure Centres' Catchment
Key Decision	Yes
Recommendation to Council	Yes
Financial Implications	<p>The Council's draft Medium Term Financial Strategy includes a provision of £380,000 for replacement equipment at leisure centres in 2015/16. The Strategy will be considered by Council in February 2015. The contract with Sport & Leisure Management (SLM) requires the Council to provide replacement equipment.</p> <p>The budget sought is the net budget requirement after trade in allowance from the existing equipment.</p>

Legal and Human Rights Implications	None
Environmental and Sustainability Implications	None
Human Resource Implications	None
Key Risks	Should the Council decide not to replace the equipment as proposed in this report, there is a risk that the leisure facilities will not be utilised by the community as forecast by the leisure contractor when submitting the tender for service provision. Therefore, there could be a claim against the Council for loss of revenue which would undermine the savings deliverable under the contract.
Equalities Analysis	No effect on protected groups identified

Related Decisions	Cabinet - 9 th May 2013 - Outsourcing Leisure and Cultural Services
Background Documents	None
Appendices	None

Performance Management Follow Up	None
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Options for Joint Working	None
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Background Information	
<p>1. The Council entered into a ten-year leisure management contract with Sport & Leisure Management (SLM) which commenced on 31st July 2013. The contract scope includes the following Leisure and Cultural facilities:-</p> <p>Cirencester Leisure Centre; Bourton Leisure Centre; Chipping Campden Leisure Centre; The Corinium Museum and Resource Centre.</p> <p>2. The letting of the contract will achieve annual revenue savings of £282,749 for the Council. This sum exceeds the targeted savings of £225,000 which formed part of the original outsourcing strategy.</p> <p>3. During the contract tenure, the Council will need to replace the health and fitness equipment at the three Leisure Centres. These costs will be realised irrespective of the decision to outsource the service.</p> <p>4. Due to the high level of usage the equipment experiences, it has an effective shelf life of five years. Components tend to fail after this time resulting in down time and a detrimental impact on service delivery. The Council last replaced the equipment at Bourton Leisure Centre in 2009/10 and Cirencester Leisure Centre in 2010/11.</p>	

5. The tender scope will provide for a complete replacement of cardio vascular (CV) equipment and resistance equipment at Cirencester Leisure Centre, and the CV equipment only at Bourton and Chipping Campden Leisure Centres.

6. To ensure value for money, Officers will maximise trade in values when replacing equipment. This will be achieved following selection of the equipment supplier by benchmarking their trade in quotation with other trade out companies within the market place. Expressions of interest have also been lodged by Farmor's School, Fairford and Sir William Romney's School, Tetbury for the gyms they now manage which were asset transferred to them by the Council. Furthermore, the resistance equipment at Chipping Campden and Bourton Leisure Centres will be retained and refurbished. The option to relocate CV equipment from Cirencester Leisure Centre to the other sites has been considered and discounted as this approach would transfer the equipment failure potential to those sites. The following table provides a breakdown of equipment volumes being replaced at each site and the estimated net costs (after trade in allowance):-

Site	Equipment total	Cost £000
Bourton LC	49 (CV only)	81,864
Chipping Campden LC	10 (CV only)	43,018
Cirencester LC	87 (CV & Resistance)	252,896
Totals	146	377,778

7. The procurement will be project managed by Officers in accordance with the Council's and OJEU public sector financial regulations. To inform the equipment specification at a macro level, research will be conducted at each site to determine usage patterns of the existing equipment. This is a critical, pre-tender, stage of the procurement which will provide Officers with the optimum equipment mix taking account of current and future demand. This approach is also financially efficient, ensuring the supply contract meets the requirements of each sites user profile and the budget. In order to benefit from their experience as the operator, SLM will be consulted at pre-tender stage regarding the equipment mix. It should however be emphasised that the client for the supply contract is the Council and, as such, the equipment specification will ultimately be determined by Officers.

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