

EAST HERTS COUNCIL

EXECUTIVE - 6 DECEMBER 2011

REPORT BY EXECUTIVE MEMBER FOR
HEALTH, HOUSING AND COMMUNITY SUPPORT

REPLACEMENT OF GYM EQUIPMENT AT THE FANSHAWE POOL &
GYM AND LEVENTHORPE POOL & GYM

WARD(S) AFFECTED: All Sawbridgeworth and Ware

Purpose/Summary of Report

- To seek approval for an ‘invest to save’ capital expenditure of £113,000 bid to fund the replacement of gym equipment at the Fanshawe Gym and Leventhorpe Gym. The capital expenditure bid would create a reduction in the leisure revenue medium term financial plan (MTFP) of £154,700 over the remaining seven years of the leisure contract.

<u>RECOMMENDATION TO COUNCIL: that:</u>	
(A)	a £113,000 Capital Expenditure bid to fund the replacement of gym equipment at the Fanshawe Pool & Gym and Leventhorpe Pool & Gym on an ‘invest to save’ basis, be approved, £84,000 to be spent at Fanshawe Pool & Gym in the current year 2011/12 and £29,000 at Leventhorpe Pool & Gym in 2012/13; and
<u>RECOMMENDATION FOR EXECUTIVE:</u>	
(B)	a waiver of the EHC Procurement Regulations [in accordance with PR 12.1] be approved, to allow SLM Ltd, the Council’s contracted leisure management contractor, to purchase gym equipment and associated packages on the Council’s behalf to secure better value for money than the normal purchasing process.

1.0 Background

1.1 Both Fanshawe Pool & Gym and Leventhorpe Pool & Gym are

joint provision facilities that were originally owned by Herts County Council. Both facilities have been transferred recently to the schools as part of Academy status settlement. Both facilities are managed by SLM Ltd under contract as the council's leisure provider.

- 1.2 Originally, the funding for the replacement of the gym/fitness equipment for both the facilities was included in SLM Ltd's Fee Schedule within the Leisure Management Contract.
 - 1.3 SLM Ltd's business model, upon which their contract bid was based, included a sum of money for the cost of the replacement gym equipment and a value of depreciation spread over the last six years of the contract at the two sites, 2012/13 to 2017/18, £52,395, for Fanshawe and £27,552, for Leventhorpe.
 - 1.4 If the council were to fund the equipment replacement up to the value of £113,000, then the leisure revenue MTFP has the opportunity to show an engineered reduction in the contract payment of £22,100 annually, against the agreed contract fee to SLM from January 2012, generating a gross revenue saving of £154,700 over the remaining seven years of the contract.
- 2.0 Report
- 2.1 The purchase of the required gym equipment will be in the region of £113,000 split between the two sites, which is below European Union purchasing thresholds for tendering purposes but above £50,000 set in the council's procurement regulations.
 - 2.2 Replacement gym equipment at Fanshawe cost; £84,000 from December 2011, but there is a potential trade in value of around £16,500 for the existing gym equipment at Fanshawe Pool & Gym.
 - 2.3 Replacement gym equipment at Leventhorpe cost; £29,000 to be completed at an agreed date, with SLM Ltd, between April 2012 and March 2013, with a smaller potential trade in for the existing gym equipment.
 - 2.4 SLM Ltd will source and purchase gym equipment, all associated Network packages, the Wellness System, education packages, relevant Services – Wellness System Service contracts, delivery and installation, warranties and appropriate marketing packages from TechnogymUK Ltd and invoice EHC the actual cost incurred

as described in the approved Technogym Proposal for each site, passing ownership of the goods to the council.

- 2.5 A waiver of the council's Procurement Regulations [in accordance with PR 12.1] will allow SLM Ltd to purchase gym equipment and associated packages, as described in 2.4, on the council's behalf and will secure better value for money than the normal purchasing process.
- 2.6 Allowing SLM Ltd to purchase the packages directly from TechnogymUK Ltd will enable the council to obtain a saving of around 10% (£11,000) off the cost of the packages if the council was to deal directly with TechnogymUK Ltd through the Eastern Shires Purchasing Organisation (ESPO) contract 345 agreement.
- 2.7 SLM Ltd will purchase all subsequent warranties for the equipment over the remainder of the contract period, after the initial two-year warranty has expired, at no additional cost to the council.
- 3.0 Implications/Consultations
- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

Gym equipment replacement, Fanshawe & Leventhorpe Project Initiation Document

Technogym Proposal for: Fanshawe Pool & Gym, Ref# 02640275/0000440497

Technogym Proposal for: Leventhorpe Pool & Gym, Ref# 03090396/0000484151

Technogym Trade In of Technogym equipment

Technogym ESPO 345: Fanshawe & Leventhorpe price list

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Contact Officer: Will O'Neill – Head of customer & community services – Ext 1594

Report Author: Mark Kingsland – Leisure Services Manager

ESSENTIAL REFERENCE PAPER 'A'

<p>Contribution to the Council's Corporate Priorities/ Objectives <i>(delete as appropriate):</i></p>	<p>Promoting prosperity and well-being; providing access and opportunities <i>Enhance the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.</i></p> <p>Fit for purpose, services fit for you <i>Deliver customer focused services by maintaining and developing a well-managed and publicly accountable organisation.</i></p> <p>Pride in East Herts <i>Improving standards of the built neighbourhood and environmental management in our towns and villages.</i></p> <p>Leading the way, working together <i>Deliver responsible community leadership that engages with our partners and the public.</i></p>
<p>Consultation:</p>	<p>The Executive Portfolio Holder has been consulted on this project. The Director of Customer and Community Services and Director of Internal Services have been consulted on this project. The Procurement Officer has been consulted on this project.</p>
<p>Legal:</p>	<p>Legal issues have been addressed in the report..</p>
<p>Financial:</p>	<p>£113,000 Capital required to suitable equipment, potential to recoup around £16,500 through the trade in of the existing gym equipment at Fanshawe Pool & Gym and a smaller amount in 2012/13 for Leventhorpe Pool & Gym equipment.</p> <p>A supplementary estimate for a spend of £84,000 will be included in the current year, 2011/12, and the 2012/13 programme to will include an item of £29,000 for the subsequent equipment purchase.</p> <p>There is a potential for additional revenue to be generated at both centres through a mixture of publicity, aesthetic appeal of the new equipment improving the appearance of the gyms in general and the improvement of service offered to new and existing users.</p> <p>A £22,100 annual reduction in contract payments against the agreed contract fee to SLM Ltd from January 2012, generating gross revenue savings of £154,700 over the remaining seven years of the contract.</p>
<p>Human Resource:</p>	<p>None.</p>
<p>Risk Management:</p>	<p>Risk Management issues have been addressed in the report.</p>