

North East Derbyshire District Council

Cabinet

27 June 2018

Purchase of Leisure Centre Equipment

Report of Councillor G Baxter MBE, Leader and Portfolio Holder for Corporate Strategy and Transformation

This report is public

Purpose of the Report

- To seek the approval of Cabinet to purchase leisure centre gym equipment to replace that coming to the end of its useful life and enhance the current facilities available.

1 Report Details

- 1.1 The membership base across our 3 Leisure facilities is achieving its highest levels ever recorded. To ensure we continue this trend and progress further with membership sign ups, increase attendance and provide our users with modern, state of the art equipment, we need to upgrade an element of the kit at Sharley Park. The current CV equipment is experiencing regular break down and unreliability due to its age. 21 pieces in total are expected to be replaced.
- 1.2 Failure to take action at this stage will inevitably have an impact on usage/attendance, so we need to be proactive and re-new the equipment to mitigate any loss to membership numbers and income streams. In addition, due to the success of membership sales at both Eckington Swimming pool and Dronfield Sports Centre, further equipment is required to enhance the fitness offer and experience for our users with a view to increasing both attendance and income. The gymnasium mats at Dronfield Sports Centre are at the end of their useful life and need replacing.

Purchase of Gym Equipment

- 1.3 Due to the age of the kit at Sharley Park we are experiencing regular problems with the breakdown of the CV equipment. This is obviously being noticed by our users so action to replace the equipment is now required to help us sustain the current membership levels and therefore income levels within the facility.

The additional equipment at Dronfield (x2) and Eckington (x3) will enhance our offer and add to the 'unique selling experience' by adding new innovative equipment with a view to increasing our membership numbers and therefore income levels over the

coming years. The purchase of the new kit will come with 5 year maintenance and warranty cover.

- 1.4 The Council has a combination of both owned and leased gym equipment and on analysing the indicative costs for this replacement programme, purchase is financially more viable at the current time.
- 1.5 The cost of replacement/enhancement is shown in the table below and it is recommended that capital receipts be utilised in order to fund this additional expenditure to the Capital Programme.

	£
Replacement – Sharley Park	76,398
Enhancement – Dronfield	16,247
Enhancement - Eckington	13,598
Total	106,243

2 Conclusions and Reasons for Recommendation

- 2.1 The lease for leisure equipment at Sharley Park is coming to an end and a number of enhancements have been identified that will benefit users of all the leisure centres. Indicative costs show that purchase is financially more favourable than leasing at the current time. The additional cost to the Capital Programme can be met from capital receipts.
- 2.2 Failure to take action at this stage will inevitably have an impact on usage/attendance and income levels, therefore renewing the equipment at this time will mitigate this. The additional equipment at both Eckington Swimming pool and Dronfield Sports Centre is due to the success of membership sales and will allow us to continue to enhance the fitness offer and experience for our users.

3 Consultation and Equality Impact

- 3.1 The report has no direct implications for Consultation or Equality issues.

4 Alternative Options and Reasons for Rejection

- 4.1 To not replace the equipment at Sharley Park would leave the centre without a gym facility.

5 Implications

5.1 Finance and Risk Implications

- 5.1.1 A financial evaluation of lease versus purchase has demonstrated that purchase is more financially beneficial at the current time. The additional cost to the Capital Programme can be met from capital receipts reserves so there will be no requirement to borrow additional funds.

5.2 Legal Implications including Data Protection

5.2.1 This procurement is below OJEU levels and therefore it is to be conducted according to the Council's Contract Procedure Rules in the Council's Constitution.

5.2.2 In terms of procurement requirements, these items are not part of a framework nor has a recent specific tender exercise been undertaken. However the last time the tender exercise was carried out, Pulse won the tender and supplied its own equipment. This equipment is manufactured by Pulse and no one else. It is understood that to use another supplier's equipment would lead to problems with inductions and the need for 2 inductions for the 2 sets of equipment supplied by different suppliers to each member of the gym in addition to different maintenance arrangements etc.

5.2.3 The Council's Contract Procedure Rules provide exemptions to tendering at paragraph 4. Paragraph 4.1 (a) states:-

(a) In the case of the supply of goods:

(i) the goods or materials are proprietary articles and in the opinion of the appropriate senior officer no reasonably suitable alternative is available.

5.2.4 The Senior Officer in this case is the Joint Strategic Director of People who states:-

"The equipment needs to be consistent with the remaining 'resistance' equipment in the gym area at Sharley Park and across our other 2 facilities, to allow ease of use for our members and to avoid having differing makes/brands of fitness equipment throughout our sites in North East Derbyshire which would create user related operational confusion, user related health and safety issues and present an unprofessional image that could affect future sales and existing customer retention".

5.3 Human Resources Implications

5.3.1 There are no Human Resources issues arising directly from this report.

6 Recommendations

6.1 That Members approve the increase to the Capital Programme of £0.106m to purchase gym equipment for the Council's three leisure centres.

6.2 That the purchase of the equipment from Pulse as set out within the report be approved.

6.2 That Members approve the utilisation of capital receipts to fund the additional expenditure required.

7 Decision Information

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
<p>District Wards Affected</p>	All
<p>Links to Corporate Plan priorities or Policy Framework</p>	Providing our customers with excellent service. Transforming our organisation.

8 Document Information

Appendix No	Title
<p>Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)</p>	
Report Author	Contact Number
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