

Report of Sport Operations Manager

Report to Chief Office - Culture and Sport

Date: 18th March 2014

Subject: Cardiovascular and Strength Equipment Contract; YORE – 9A5PQA

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. Contract Procedure Rule 21.3 states that “the decision to award a contract shall be made by the relevant Authorised Officer”. The Sport and Active Lifestyle Service wish to award the contract for the supply of cardiovascular and strength equipment.
2. The contract is a new award of the contract to supply cardiovascular and strength fitness equipment to our leisure centres. A tender exercise has been completed and the evaluation panel have identified Technogym as the preferred bidder, based on the results of the tender evaluation process as set out in the tender documents. The contract is for 2 years with the option to extend for a further 2 years with an estimated contract value of £175,000 per annum.
3. The Sport and Active Lifestyle Service has an annual income budget of over £12m and the viability of achieving this income target is predicated on the service retaining a suitable fitness offer within its network of gyms across the city through the replacement of equipment that no longer fulfils a serviceable role for the service.

Recommendations

4. That the Chief Officer Culture and Sport, with reference to Contract Procedure Rule 21.3, approve Technogym to be identified as preferred bidder for this scheme and subsequently award the contract following successful expiry of the EU 10 day standstill period. Anticipated start date of the new contract April 1st 2014.

1 **Purpose of this report**

- 1.1 The purpose of this report is to seek approval for the Sport and Active Lifestyle Service to award the contract for the supply of cardiovascular and strength equipment, which will support the service in attaining its income targets.
- 1.2 The contract is for two years with the option to extend for a further two years with an estimated contract value of £175,000 per annum. It is anticipated that the contract start date will be April 1st 2014.

2 **Background information**

- 2.1 The tender was advertised in August 2013 in the European Journal, in accordance with European Procurement Regulations and on the Council's electronic tendering portal – www.yortender.co.uk, two companies responded with a tender, Life Fitness (the existing supplier) and Technogym. All tenders were evaluated on price and quality with Technogym demonstrating best value for the service.
- 2.2 Bodyline gyms within the Sport and Active Lifestyle Service act as a major catalyst of income for the service and as such it is imperative that the equipment provided within the services gyms are state of the art and are supported by excellent servicing and after sales. The award of this tender is therefore business critical to support the attainment of income targets.

3 **Main issues**

- 3.1 A full tender evaluation exercise was conducted to assess the relative merits and benefits of both suppliers. The assessment was split between price (40%) and quality (60%) which upon completion of the evaluation identified Technogym as the preferred supplier.
- 3.2 The quality evaluation consisted of two parts – evaluation of the bidders written method, or quality statements and site visits to test and evaluate the equipment offered. There was a minimum quality threshold of 60% for the equipment evaluated as part of the site visits.
- 3.3 Tendered prices from both bidders were close and within budget. The main difference accounting for the scoring of Technogym as the preferred bidder was due to the difference in the quality scores between the two.
- 3.4 The tender evaluation results, showing price and quality scores, are listed as a background document. This background document is confidential and exempt under Access to Information Procedure Rule 10.4 (3) as it contains information relating to the business affairs of each organisation involved throughout the process. It is felt that if disclosed this would or would be likely to prejudice the commercial interest of the Council.

Further details of the scoring including the panels comments are retained on file and available if required.

- 3.5 Technogym have been vetted by procurement, e.g. company details, accounts, insurance etc and references sought. They have passed the vetting process.
- 3.6 Under the EU Regulations, following the decision to declare Technogym as preferred bidder, the Council must write to all bidders providing them with the evaluation scores and results and the `relative advantages and benefits of the winning bid. A ten day standstill period must then follow where bidders have the opportunity to seek further information and submit a legal challenge to the decision, should they wish to do so. Therefore, Technogym can only be awarded the contract after the expiry of this 10 day period, provided no legal challenge has been received.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Consultation has been undertaken with the Procurement Officer in supporting the tender process. No other specific consultation has been undertaken outside of the approach as outlined within the tender evaluation methodology.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The service specification associated with the tender documentation made clear in section 3.2.6 that “as Leeds City Council is committed to promoting equality of provision and accessibility to all its users, provision must include a range of equipment that can be used by or adapted for use by able bodies, disabled, adult and junior users.”
- 4.2.2 In addition specific reference was made within the equipment specification to allow, for example, high visibility adjustment, support hand rails where appropriate, moveable seats for wheelchair users, easy hold adjustment pins for disabled customers and the ability to offer multiple language selection.

4.3 Council policies and City Priorities

- 4.3.1 The councils plan on a page outline the authorities’ six key strategic priorities for the next three to four years. The supply of fitness equipment to ensure that the Bodyline gym offer is fit for purpose supports the following key priorities;
- Supporting communities and tackling poverty
 - Building a child friendly city
 - Delivery of the Better Lives Programme
 - Becoming a more efficient and enterprising council

4.4 Resources and value for money

- 4.4.1 The costs of this procurement will be met by existing budgets.

4.4.2 The income generated from Bodyline Gyms will exceed all expenses incurred in the procurement of the fitness equipment required and will actively contribute to minimising the net subsidy required to operate the service.

4.4.3 Technogym offered the best value for the combines purchase of cardiovascular and strength equipment.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The background document is confidential and exempt under access to Information Procedure Rule 10.4 (3) as it contains information relating to the business affairs of each organisation involved throughout the process. It is felt that this would or would be likely to prejudice the commercial interest of the council.

4.6 Risk Management

4.6.1 By following the approved tender European tender process any risks regarding the approach used have been appropriately managed and mitigated against.

4.6.2 There remains the risk that the current contract holder Life Fitness may present a legal challenge to the results of this procurement exercise. However this risk has been mitigated through the extensive evaluation programme developed for this tender. They will be given feedback as to why their bid was unsuccessful and the 10 day 'alcatel' standstill period will allow the tenderer to consider the feedback and to submit a legal challenge if they wish and feel they have grounds to do so,

5 Conclusions

5.1 The Sport and Active Lifestyle Service supports a number of the council's key strategic outcomes through the direct provision of its fitness gyms (Bodyline gyms.) To maintain this service the approval of the contract award is considered to be business critical to help ensure participation and income growth.

5.2 In accordance with contract procedure rule 23.3 the Sport and Active Lifestyle Service wish to award the contract for the supply of cardiovascular and strength equipment to Technogym.

6 Recommendations

6.1 That the Chief Officer Culture and Sport, with reference to Contract Procedure Rule 21.3, approve Technogym to be identified as preferred bidder for this scheme and subsequently award the contract following successful expiry of the EU 10 day standstill period. Anticipated start date of the new contract April 1st 2014.

7 Background documents¹

7.1 Tender evaluation results (Exempt under Access to Information Rule 10.4(3))

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.