

REPORT TO: CITY GOVERNANCE COMMITTEE – 24 JUNE 2024

REPORT ON: PROCUREMENT OF RENTAL, SERVICE AND MAINTENANCE OF GYM EQUIPMENT (MANAGED SERVICE)

REPORT BY: CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR OF CHILDREN & FAMILIES SERVICE

REPORT NO: 175-2024

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide an update on the development of a sourcing strategy for the tender process for Rental, Service and Maintenance of Gym Equipment and to seek approval to commence a compliant tender process, leading to the award of a contract.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee:
- a) approves the commencement of a procurement exercise in respect of the project described below, based on the sourcing strategy, summarised in this report.
 - b) notes the outcome of the tender will be brought back to committee for approval in due course.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications associated with this report, other than the estimated cost of the contract to be awarded, the sum of which has already been approved in the Chief Executive Services and Children & Families Service Revenue Budgets. From previous experience and market testing carried out, the total cost of the contracts awarded is anticipated to be £700,000 over 5 years. The final costs of the tender award will be reported to committee when seeking approval to award this in due course.

4. DETAILS OF THE PROJECT BEING COMMISSIONED

- 4.1 The objective of the contract is to provide gym equipment to both Schools and Leisure Active members across many of the sites in Dundee. Leisure Active members pay a monthly fee for access to the facilities and equipment. By arranging a rental contract, it allows current trends to be kept up with by being able to change equipment with 30 days of notice to the supplier. By using a single supplier to rent, service and maintain all gym equipment, it allows Dundee City Council to have a strategic relationship with the supplier and ensure that gym equipment provision is up to date with all trends and ensures no downtime in equipment items ensuring continuity of service for the patrons of Dundee.
- 4.2 There are many companies that can provide servicing and maintenance; however, the rental model aspect is quite unique with a small number of suppliers who can provide such a managed service.
- 4.3 Having up to date working equipment, along with in-trend equipment which can be introduced throughout the lifetime of the contract, for patrons of Dundee to use, is a significant community benefit. With multiple styles of leisure active memberships, it is affordable for all. This contract will contribute to providing a sustainable way to exercise for the community of Dundee.

5. SOURCING STRATEGY SUMMARY

- 5.1 This will be an open tender procedure and the successful supplier will receive an award of contract for an initial period of 3 years with two options to extend for 1 year, totaling 5 years.
- 5.2 Having a single supplier to provide this managed service allows the programming of servicing of equipment to be scheduled in a way which minimises engineer travel which in turn reduces environmental impact.
- 5.3 This Sourcing Strategy seeks approval to progress with an appropriate, compliant tender process and the tender opportunity will be advertised via Public Contracts Scotland (PCS). Bidders will go through a selection process to assess capability to the needs and requirement of the contract and a tender evaluation process to determine best value.

6. RISK ANALYSIS

- 6.1 There are four standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge.

Description of Risk	Actions to be taken to manage Risk
Commercial Risk - That either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	There is medium commercial risk as the equipment must always be in operation for public and school use. Failure to have equipment can lead to a loss of revenue for leisure memberships and can affect the school curriculum. A contract for a managed service as proposed in this report, mitigates this risk.
Technical Risk - This concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification	The provision of gym equipment is not a significant technical requirement and there are multiple companies who can provide equipment, service and maintain it. The specification for these elements is straight forward. Suppliers in this market may extend their service model to include rental (and provide a fully managed service).
Performance Risk - This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits	There is a limited performance risk as there will be a detailed specification regarding the requirements to ensure the equipment is up to par. The service specification will detail performance requirements to ensure that there is no equipment downtime, as having a piece of equipment out of service for longer than a day can have an adverse effect on membership. By having a tight specification this will eliminate any risk.
Contractual Risk - Being able to remedy the shortcomings in the contractor's performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops.	The specification will hold KPI's to limit contractual risk due to these factors.

<p>Procurement Risk - where a procurement is found unsound in law, through the public procurement rules</p>	<p>The supplier market for a managed service (rental of equipment) is not saturated with suppliers.</p> <p>This procurement exercise will involve an open tendering procedure which will be carried out in accordance with Procurement Regulations.</p>
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7. POLICY IMPLICATIONS

- 7.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

8. CONSULTATION

- 8.1 The Council Leadership Team were consulted in the preparation of this report.

9. BACKGROUND PAPERS

- 9.1 None.

GREGORY COLGAN
CHIEF EXECUTIVE

Date: 6 JUNE 2024

AUDREY MAY
EXECUTIVE DIRECTOR OF CHILDREN & FAMILIES SERVICE

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